

in the province of Quebec in 1977 a federal income tax rebate of \$85 maximum, providing he paid income tax. If that person had moved to another province in 1978 he would also receive the benefit of the 3 per cent sales tax reduction in the province to which he or she had moved. However, the Albertan who might have moved since 1977 to the province of Quebec would not get the benefit of that rebate. That is just one of the inequities, and there are others.

I have already pointed out that everyone in Alberta is not rich. Not everyone in Alberta has an oil well in their backyard next to the swimming pool. That is just not realistic. They are ordinary Canadians like the rest of us. The Minister of Finance has created a special status for some people, and once you give special status to any group you give less than equal status to someone else.

Let me return to the Manitoba situation by reading from the budget statement of the hon. Don Craik. It was made approximately one hour after the federal budget was brought down in Ottawa. Perhaps this will clarify some of the questions in relation to consultation. Mr. Craik stated:

It has been barely two weeks since the provinces were first advised that the federal government might be prepared to underwrite a portion of a provincial sales tax reduction . . . and confirmation that the plan would proceed only came late last week. As members will appreciate, negotiations were quite intense during that period, and, in fact, further discussions will have to take place to resolve a number of outstanding details. We would have preferred more time to negotiate possible variations in the size, term and selective application of the abatement.

I think that is very clear, and it comes from a province that accepted the proposal.

This is a federal country, a partnership of equals, so let us begin treating them like equals and not like individuals we can browbeat, blackmail, and put over the proverbial barrel. This type of victory is a hollow paper tiger, but the losers are the Canadian people.

What should have been in the budget? I for one would favour tax cuts, and in that sense I think the Minister of Finance took the right approach. However, in our tax cuts we must provide more room for the provinces. This would not be a dismantling of central government. Some critic of that statement might immediately suggest that we are trying to dismantle the central authority, but that is not what I am suggesting.

In my brief experience in municipal affairs I discovered that municipalities are being required to deliver more and more services to the local residents within their jurisdictions, but they do not have the ability to increase land taxes because such increases add to the cost of housing and the cost of doing business, so that enterprises become non-competitive. Municipalities receive per capita grants in aid from the provinces. The provincial governments have been strapped in respect of getting sufficient revenue to pass on to the municipalities while at the same time carrying on the provincial obligations of each province. What is needed is more tax room available to the provinces in order that money can be spent for projects of local concern.

One of our difficulties today stems from the fact that the average taxpayer does not identify with some of the grandiose

programs that emanate from Ottawa. However, he does identify with local projects that improve the quality of life.

What has happened in the last ten years is that both the provinces and the municipalities have not had the tax room in which to provide and deliver services needed locally. The budget did not do anything to address itself to the deficit. This year the government projects a deficit of \$11.5 billion, to be added to the deficit of roughly \$8.5 billion of a year ago.

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The federal government has said that it will reimburse the provinces with the lost revenue they would have received if the sales tax proposal had not taken effect. The fallacy here is that in dividing taxpayers into provincial taxpayers and federal taxpayers, when I pay my federal taxes the province does not say to me, "Look, you have already paid your federal taxes, you do not have to pay your provincial taxes." Municipalities also want their share, and here we are speaking about the same taxpayer.

If the federal government had reduced its amount of spending by the total amount of money it was reimbursing to the provinces, the program would have had more credibility. I notice that the parliamentary secretary thinks that that is passing strange, and in fact he thinks it is funny. However, we cannot continue with the amount of deficit spending this government is piling upon future generations. It cannot continue, because the cost of servicing the debt is becoming a major component in our federal public spending.

The nature of the beast is that governments do not want to cut back for they fear the wrath of the taxpayer. But what is our alternative? We can go back to the money markets and obtain money through foreign borrowing, which in turn increases the amount of servicing the debt, thus putting additional pressure on the dollar. This is where we are right now, and every Canadian is paying for the legacy of this government at this point in time.

I say to the government: rhetoric is no longer needed, show us action. Where is the government willing to cut back, or does it suggest that an \$11.5 billion deficit for this year, on top of an \$8.5 billion deficit last year, is keeping a good account of Canada's fiscal position? For too long the federal government has thought that it could spend money ad infinitum and reap the rewards politically. Now Canadians, not the government, are reaping the results of a government that has never put its financial house in order.

A lot of words have poured forth about the tax proposals in this budget, but there is another area of federal intrusion into provincial jurisdiction, and I would like to mention that briefly. That is the carrot in federal-provincial relations or negotiations, which has been that when the federal government puts forth a proposal to the provinces, the provinces can not reject it because the government is going to pay half the cost, or what is sometimes described as "the province is only going to pay 50 cent dollars." If one uses that criterion, then the proposal of the Minister of Finance is even better for the western provinces because he is giving 66 2/3-cent dollars instead of the