

*Federal Transfers to Provinces*

the minister's mention of \$105 billion. He will appreciate that it is only \$105 billion if he counts the money the provinces raise in taxes. When the government starts counting money that the provinces raise in taxes as its contribution to established programs and other clearly provincial responsibilities and, through a press release, claims that it is giving the money to the provinces, it creates a rather false impression. I think the minister would probably want to correct the amount of cash he says is being transferred. Perhaps he should talk about the cash being transferred, not about what is supposed to be a nominal tax point average and so on, that the provinces might receive if they happen to levy taxes in accordance with the suggestions in his iniquitous budget of November 12.

The minister suggested that the provinces were going to be well off if they followed his budget. He said they would receive \$685 million more this year if they went along with the budget. How would that happen, Mr. Speaker? In the case of the province of Quebec, it would have radically to change the corporate tax structure, as would Ontario and Alberta. Only if they made the massive amendments suggested by the minister would they get that kind of money. The money comes from capital cost allowances.

The November 12 budget tore industry apart in those provinces. It provided that industry and people in business in those provinces would have to settle for half capital cost allowances in the first year. But Mr. Speaker, that is when people need the money to buy assets; it is when business needs stimulus in order to get going. It is only if a government wants to rip business apart or wants to hurt its industry that it will adopt the stupid, idiotic course outlined in the November 12 budget which was declared a political disaster. That is the only way the provinces could come anywhere close to \$685 million. That projection is based on an increase in the GNP. We know what has happened to Canada since November 12. We know that the projections in the November 12 budget, as the minister's projections usually are, were fraught with something that the minister must have been smoking.

The budget of November 12 called for equity. The minister said that the budget stood for equity, renewal and restraint. We know what kind of equity it produced—absolutely none. He made sure that people who earn over \$53,334 per year pay less income tax and that 54 per cent of those earning under \$30,000 pay more income tax. That is the minister's idea of equity.

The minister talked about renewal but made sure that there is no development in business and industry. We have seen people thrown out of their jobs. We have seen bankruptcies and farm foreclosures. We have seen the kinds of things that he promised in renewal. I do not know what kind of renewal it was, but the other day the Solicitor General (Mr. Kaplan) called it a political disaster. I say it was an economic disaster. The minister knows that his budget provided no renewal.

Where is the restraint, Mr. Speaker? The only restraint shown in the budget of November 12 was the restraint on the

money being transferred to the provinces—a restraint of nearly \$1 billion in the reduction of EPF transfers to the provinces.

Let us go over the figures, Mr. Speaker, and not talk about the man in the moon ideas of the minister. The minister said that the provinces will get more money, but the blue book gives the answer, Mr. Speaker. The blue book shows that for health related matters about \$4 billion will be transferred to the provinces this year. Last year roughly \$4.3 billion was transferred in nominal dollars, ignoring inflation. The provinces will get \$300 million less for health care, for hospitalization, medicare nursing homes for old people and extended health care. It will be \$300 million less cash, Mr. Speaker.

For the year ending March 31, 1982, the minister will transfer \$1.68 billion for post-secondary education. For the year 1982-83 only \$1.5 billion will be transferred, which means a difference of \$180 million less in nominal dollars going to the provinces. Yet the minister says more is going to the provinces. The blue book gives a different answer. In total, \$480 million less cash will be transferred than was the case a year ago.

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The established programs financing arrangements call for the amount of money to be transferred in accordance with the moving average of GNE. If the amount last year was increased on the moving average of GNE, instead of receiving \$480 million less, the provinces would have been receiving \$450 million more. In total, nearly \$1 billion is being taken out of the hands of the provinces or is being taken out of post-secondary education and health care.

Let us not have any more smoke, mirrors or suggestions about what one obtains in taxes according to the budget. Let us not hear any more about how wonderful is the minister or how he is not cutting anything. The facts are that he is cutting \$500 million from the cash last year and there should be another \$500 million next year because of escalation and the moving GNE. Everyone knows that goods will be more expensive next year than they are this year; the rate of inflation has been 11 per cent to 12 per cent. Of course the minister should be transferring more. He should be transferring \$500 million more, but he will be transferring \$500 million less. This is what it is all about. This is what the blue book indicates, this is the record. Let us not have any more drivel and nonsense from the minister. The former member for Broadview-Greenwood spoke about smoke and mirrors. The minister provides lots of smoke, lots of mirrors and lots of illusions. This is what it is all about!

Let us talk about how expenses have been curtailed. I thumbed through the blue book and noticed that while the government can restrain medicare, hospitalization expenses by the provinces by \$1 billion, it can give the National Film Board \$7 million and the National Arts Centre another \$3 million; it can increase foreign aid under CIDA from \$802 million to \$945 million, which is almost another \$141 million; it can increase the CBC by \$73 million, which is well over 15 per cent. These are the priorities of the government. Restraint