

should strive to reduce their rate of increase in expenditures to something less than the trend rate of growth of the gross national product. At their last conference, the ministers of finance agreed that restraint was necessary. It is with this high degree of consensus that the Canadian government implemented a substantial reduction of expenditures totalling \$2.5 billion last summer.

I have heard members of the opposition expressing surprise and attempting to convey the message to the Canadian public that all of these matters were done unilaterally, without consulting the provinces. This is totally untrue and unfair.

Some hon. Members: Hear, hear!

Mr. Ouellet: They should know better than to attempt to convey such a message again tonight.

Miss Bégin: It is a big joke.

Mr. Ouellet: It is more than a big joke. It is a very sad approach by an opposition which expects to form the government one day. They act so irresponsibly that I am sure the Canadian public will never give them the mandate.

Mr. Yewchuk: Mr. Speaker, I rise on a point of order because I am sure the minister does not want to mislead the House intentionally. I know he is doing it unintentionally, because he is uninformed on this matter. I personally was in touch with each of the provinces, and all of them told me that they were not consulted in advance.

Some hon. Members: Hear, hear!

Mr. Ouellet: The hon. member should confirm his facts. This was decided at the first ministers' conference.

Miss MacDonald: It was never mentioned.

Mr. Ouellet: I have notes in my possession which were used by the Minister of Finance (Mr. Chrétien) in the last meeting with the provincial finance ministers. He said the following:

The federal government cannot reduce the level and rate of growth of its expenditures and at the same time carry the main burden for the achievement of a satisfactory growth rate for the whole economy, without affecting transfer payments to the provinces. Reducing expenditures is a difficult task. While there is widespread support for a reduction in government expenditures in general, each particular sector of our society seems to feel it is being asked to carry more than its fair share of the burden. But only if we are all prepared to accept some discipline will we be able to achieve our common economic objectives.

Also the minister indicated that transfer payments to the provinces in 1978-79 amounted to more than \$10 billion, plus the transfer of tax room amounting to over \$3.6 billion. Thus, a total of close to \$14 billion was given to the provinces by the federal government.

Miss MacDonald: Given?

Mr. Ouellet: When the Minister of Finance indicated that some cuts must take place, he outlined various options to the provinces. He indicated that it could be done through the financing of established programs, the financing of social

Health Resources Fund Act

services, the community services grants program, the existing equalization program, or the Public Utilities Income Tax Transfer Act. Through the Minister of Finance, the federal government told the provinces that they had a choice.

Miss MacDonald: Take it or leave it.

Mr. Ouellet: He was ready and willing to receive their recommendations and suggestions concerning the appropriate cuts. The federal government felt that it had no alternative but to take the obviously difficult step of proposing to the provinces that some features of fiscal arrangements must be modified.

● (2122)

I must say that the bill we are studying today is a direct consequence of a joint effort by the federal and provincial governments to arrive at some restraints in public expenditures, be they federal or provincial, which ought to take place in order to help the Canadian economy. I think the opposition cannot have it both ways.

[*Translation*]

There is no doubt that the attitude of the Progressive Conservative party, the official opposition in this House, is to try to be on both sides of the fence at the same time, to go and tell the businessmen that government expenses are outrageous and, that if they were the government they would cut those expenses drastically. Just as we have a bill which is the obvious result of a discussion, of a consensus which was reached at the last finance ministers' conference, the official opposition have a good laugh at us, pretend to be disgusted because the Canadian government takes its responsibilities and cut certain expenses. They try to make believe that if they were the government, they would make those cuts.

In my opinion, Mr. Speaker, hon. members of the opposition have showed us irresponsibility tonight and that clearly reflects their lack of seriousness. When they are talking to a certain group of people they use a certain language; when they speak to businessmen they say that they are going to cut government expenses. But when they speak to the citizens who can indeed be directly affected by the proposals which they advocated before the first group, they say that they are going to do something different.

Mr. Speaker, I think the bill we are considering now comes as a logical consequence of serious decisions which were difficult to make, but were essential and that it is in the best interest of the Canadian economy and I believe the House should pass it.

Mr. Pinard: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: The hon. parliamentary secretary on a point of order.

Mr. Pinard: Mr. Speaker, I think it is important at this stage to inform you of an agreement reached by representa-