

Federal-Provincial Fiscal Arrangements Act

compensation for those people who had deposits of more than \$60,000 in those banks. Deposit insurance is provided up to the \$60,000 limit, and so is compensation. But this Government came up with a special Bill to compensate those people.

On that occasion they forgot about reducing the deficit. But now the federal deficit is to be reduced, and they cut back their payments to the provinces. They do not abide the usual five-year period for reducing the deficit.

Mr. Speaker, they are reducing the deficit but on the backs of the provinces. Not too long ago, we saw the Quebec Minister of Finance in his first Budget introducing very significant tax increases, very specific tax increases as a result of this legislation.

Mr. Speaker, there has been discussions all across the land for a number of years, because the Conservatives, even when in Opposition, had a task force travelling across the country asking whether deductions at the source, or taxes that are deducted from wages and salaries for such things as unemployment insurance, health insurance, the Canada Pension Plan or the Quebec Pension Plan, were not too heavy a tax burden, especially for small businesses.

It had even recommended a change in the system either with the transfer of those costs in a general fund or an assistance to those employers in the form of a tax credit. And now, Mr. Speaker, the Quebec Minister of Finance, as a result of Bill C-96 which cuts back payments to the provinces, moneys for health care, is compelled to increase employers' contributions to health insurance.

Those contributions were already too high; employers were already paying 3 per cent of their payroll to the provincial government for health insurance. This was a rather high expenditure which decreased competitiveness whenever we tried to export our goods and our services. The Quebec Government, as a result of Bill C-96, has increased that contribution which will remain so until the problem raised by Bill C-96 which cuts back federal payments, is settled.

Mr. Speaker, how can we say today that small businesses need help? How can we say that small businesses create all the jobs if at the same time by indirect means such as this bill, we are trying to stifle any hope that those people could entertain?

Recently, Mr. Speaker, I personally asked Canadian businessmen what were their problems and what were the solutions they recommended so that as legislators sitting on both sides of the House or as the Government we could help to improve that very important sector of the Canadian economy. One of the suggestions made by over 80 per cent of the respondents was this one: Find a way or a system to reduce contributions which the employer has to pay for social programs.

Businessmen are not against social programs; on the contrary, they would even like to have a pension fund for small businesses because they believe that financing should be reorganised to make sure that it is well distributed within an

envelope, a tax base. Mr. Speaker, with Bill C-96, the opposite is happening. As a result of reduced payments, the provinces, especially those with a limited tax base, have to increase taxes or reduce services. Quebec did not cut services but decided to increase taxes. Finally, Mr. Speaker, the poorer Canadian taxpayers will have to pay the cost and the Government will reduce its deficit to increase the provincial deficits.

To appreciate the extent of that deficit, I would like to quote some figures. For instance, and not because the other provinces are less important, but some of my colleagues from Ontario have already raised the matter, so I will refer to my own province, that is Quebec. For 1986-87, federal transfers to Quebec will be reduced by \$82.3 million; for 1987-88, by \$174.9 million; for 1988-89, by \$277.2 million; for 1989-90, by \$189.2 million; for 1990-91, by \$512.4 million, and for the last of these five years, 1991-92, by \$647.6 million, which makes a total of \$2,083.6 million.

For Canada, this represents a total of \$317.4 million this year, in 1986-87; for 1987-88, \$676.8 million; for 1988-89, \$1,076.7 million; for 1989-90, \$1,516.9 million; for 1990-91, \$2,004.2 million; and for 1991-92, \$2,541.8 million, for a total of \$8,133.8 million.

Mr. Speaker, that is how the federal Government will reduce its deficit, that is how the Minister of Finance (Mr. Wilson) will be able to come back to the House and brag that he has reduced the deficit. He is doing so at the expense of the provinces and of Canadians for whom post-secondary education is very important if they are to face the future and free trade with the United States, which the Conservative Government considers its special project and perhaps its only important economic project. Yet, this is where the cut-backs will be.

We are going through a period when the number of senior citizens in need of medical care is increasing. Yet, funds for hospitals are being reduced. In addition, we have been told that we are going through a period of negotiations, of cooperation with the provinces, but the Government has forgotten to consult the provinces and ignored the usual procedure which is to wait five years and to have at least one First Ministers' Conference to discuss the issue.

It is interesting to note, Mr. Speaker, how the Conservatives were outraged when the Liberal Government was discussing its 5-and 6-program to fight inflation and how proud they are now of the economic situation even though it is the result of the Liberal fight to reduce inflation.

At the time, Mr. Speaker, the present Minister of Finance (Mr. Wilson) objected to the 6-and 5-program to reduce inflation, and I would like to quote exactly what he said in the House in a debate on March 23, 1982, and I quote the words of the present Minister of Finance: "The only sign it shows of cutting spending is by shifting the burden of the established programs funding on to the provincial governments. The provinces are now moving into a deficit position, a position which will make it more difficult for them to finance this shift in spending... That is not co-operative federalism. That is