

*Federal Transfers to Provinces*

surely puts the cart before the horse. We should be reversing this procedure. First, we should hold national conferences to discuss the broad objectives and the levels of responsibility and, following that, decide whether the federal government, the provincial governments or the users will pay. That is surely the way we should solve this problem.

Time and time again, in our special committee on the budget, members of the public came to us and said that the budget process was wrong as the minister proposed significant changes in the budget without any provision for recourse or understanding of the effects, which could have been determined through discussions with the people who would be affected. There was no consideration of the impact of those changes. The minister is repeating the same mistakes again. Surely, from the loud outcry from the opposition concerning this disastrous budget which he brought down on November 12, the minister understands that the process was wrong then. He has even indicated that. However, he has not learned, as evidenced by his actions on the established programs financing cuts. The minister is wrong. He has made this same major mistake again. All Canadians will suffer from a cut in services for post-secondary education and health.

The minister is also playing games with figures. We have had a great deal of difficulty in understanding the minister concerning the size of the cuts that we have here. He says there will not be any cuts. However, when we look at the official estimates of government spending, they show that for health and related matters approximately \$4 billion will be transferred to the provinces this year. Last year the transfers amounted to \$4.3 billion. Therefore, there will be a \$300 million loss in health programs. Similarly, using the same source, there will be a \$180 million spending cut in the post-secondary education area. Therefore, the spending cuts have increased by \$480 million from last year. That is surely proof positive, in black and white terms, that we have a clear spending cut of \$500 million. Those amounts should result in an increase in spending of the order of \$500 million or \$600 million to keep pace with inflation. In effect, the provinces are suffering approximately a \$1 billion cut in what they would have received had the program stayed in place. That is the nature of the problem. The provinces cannot afford to take that sort of a cut. I will come back to this in my remarks later this afternoon.

We have a problem here which is partly financial. The government has a major deficit problem. That has been building up over the past ten years and I think the government must deal with the problem. However, there is a very clear question as to how it should be addressing it. Should it be addressing that problem from the standpoint of unilateral cuts, throwing the problem of the deficit on to another level of government, or should the government be addressing the problem in its own house? The government has raised spending this year by 22 per cent, when the economy is growing only at the rate of 14 per cent. That is surely not a display of restraint. The government has gone to the provinces, as it has gone to the Canadian people, and has said, "You must show more restraint. We are showing restraint." That has been stated by a

government which is showing "restraint" by a 22 per cent increase in spending.

There is another element which I believe to be one of the reasons the general public is so cynical about government and public institutions today. The former Minister of Regional Economic Expansion (Mr. De Bané) said most clearly last year in Winnipeg: "We want more profile; we want to get more of the credit". The government does not seem to realize that there is only one taxpayer who pays the taxes for the federal government, for the provincial governments, as well as for the municipal governments. That taxpayer does not care where the service comes from, he wants the service. That taxpayer wants to see the service provided to meet his needs. However, one level of government is saying, "We will not continue this program; we will cut it outright because we are not getting the credit that we think is due to us". That just does not wash any more.

This is why we have such a cynical attitude toward government today. This government is showing utter contempt for the taxpayer by doing that sort of thing. Therefore, we must rethink this whole system, this system of federal-provincial relationships, so that we do not have such unseemly squabbling between two levels of government over which one gets credit and which one pays at the end of the day. Governments must get together.

I thought the former provincial treasurer for the province of Ontario made some very astute remarks and proposals in his speech the other day. He said that the public is growing tired of these conflicts, of the waste, and of the expense of keeping two levels of government operating in the same fields of activity. He suggested that a small task force or a royal commission should be set up with a real sense of urgency in order to come up with an understanding of this problem and some clear recommendations. This is the approach we feel should be followed by the government, rather than rushing headlong into making these cuts in funding which drastically affect services.

Let us look at what we could do by extending the established programs financing for two years. That would allow time for such a study. We could hold national conferences in the two areas of activity most affected, namely, medical care and post-secondary education. That would provide understanding of national objectives in those two very important areas. Once we had established those national objectives, we could then sort out the areas of responsibility and decide which level of government would pay.

Another interesting observation very clearly arose in our budget committee work. There was a concern that the federal government was using this cut in the established programs financing to move into a greater, more direct role in those two areas of activity. In the case of post-secondary education, there was concern that Manpower would be using this as an excuse to come in directly with funded programs, with direct federal government coercion in the area of post-secondary education. It was called "streaming" in the meetings we held.