

When he sat in Opposition, what did the Minister have to say about the fiscal arrangements, and especially about the abolition of the complex fiscal guarantee formula developed at the time of the tax reform by a Government which he was criticizing? This is what he said, and I am quoting from page 15758 of *Hansard* for March 23, 1982. I shall read the English version.

● (1250)

[English]

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. This is true particularly in Ontario and the eastern provinces which do not have the substantial energy revenues of most of the western provinces. That is not co-operative federalism. That is predatory federalism, and it will not and cannot work in this country.

I agree with that completely. However, one cannot build a country or build a dream for this country with a pair of scissors in one's hand. Is that the type of country the Minister wants to build? Is that the type of services he wants to give to the country?

**Mr. Wilson (Etobicoke Centre):** You will never understand, Raymond.

**Mr. Garneau:** I will never understand. I understand what they are getting at very well. You want to shift the burden of your deficit on to the provincial government.

**Some Hon. Members:** Your deficit.

**Mr. Garneau:** I fought against that when I was Minister of Finance in the Province of Quebec and I will continue to fight against that.

**Mr. Wilson (Etobicoke Centre):** Why not speak to the people in your Party?

[Translation]

**Mr. Garneau:** Mr. Speaker, I hope that the Minister of Finance will take the opportunity to speak later on. The programs being discussed now were established in the late sixties and, especially as concerns post-secondary education, they were brought in gradually. Since these programs come under provincial jurisdiction, after a trial period and after the system was running properly, in 1977, after lengthy consultations between the federal and provincial Governments, we developed a financing formula which effectively confirmed provincial jurisdiction in these areas.

This is why, in addition to fiscal transfers, there was what was called block funding, or unconditional transfers, and the best way that we found to determine the rate of growth of these transfers was to use the growth rate of the Gross National Product. This is what we did in 1977 and the system has worked well. I am not saying that every action taken by the Liberal Government should be defended at all costs, but this system has worked well. Now, it is being put aside by people who are

*Federal-Provincial Fiscal Arrangements Act*

saying: "From now on, the standard will no longer be the Gross National Product, it will be the GNP minus 2 per cent". Big deal!

What is the basis for a formula where transfers to such important sectors as post-secondary education and health care have to be restricted to a rate of growth lower than the Gross National Product? What evidence was there to decide that the growth rate would be the GNP minus 2 per cent?

Quite simply the federal Government has decided to wash its hands off the whole thing, pass its deficit along to the Finance Ministers and they in turn will have to tell their colleagues responsible for health and education: Well, you will have to come up with a sizeable increase in university fees, perhaps impose some in junior colleges, including CEGEPs in Quebec. In the health sector, will they now collect user fees from patients in hospital rooms? Are they going to slash hospital emergency services which are already overburdened? Will the fiat of the Minister of Finance (Mr. Wilson) mean that the people will have to get ready for mandatory user fees in legislation?

Mr. Speaker, the way the federal Government is acting—the Minister of Finance was right and again I quote him: This is no longer co-operative federalism, but predatory federalism under which the central Government robs the provinces of their full jurisdiction in such sectors as health and post-secondary education.

Can you imagine, Mr. Speaker, a province like Prince Edward Island which cannot afford to lose those millions and yet will have to finance health and post-secondary education services with \$40 million less between now and 1991-92? And what about a province like New Brunswick which stands to lose \$228 million?

Mr. Speaker, the provinces cannot reasonably be told: We are taking those funds from you, but continue to provide the same quality of service.

That is why I urge the House to adopt this motion so that we may honour the commitments contained in the documents published by the Minister of Finance in November 1984 to the effect that there would be no reduction in transfer payments for 1986-87. Thus we will have at least a year, but if that is too much the motion provides for six months and that time will be available to the Minister of Finance to sit down with his provincial counterparts and decide how they will go about reducing health and post-secondary education services to comply with Bill C-96.

If I may, Mr. Speaker, I should like to say a few words about other issues related to this Bill.

We should obviously limit our comments to the motion calling for the review of this Bill six months hence, but when