

Government Orders

Surely the time to cut back, if the federal government feels it has to cut back in order to tackle its deficit problems, is not when we are at the bottom of the economic heap, not when we are going through the trough and the depths of a recession. As I said at the outset it is close to a depression and would be a depression if we did not have these social welfare payments.

The time to cut back is when the economy is going full steam ahead, when money is coming into the public treasuries of the provinces, from industry and from personal income taxes. That is when governments can afford to make cutbacks, but surely not in the very depths of a recession.

That is why the province of Ontario has been caught with this terrible annual deficit, this current account deficit. I have not heard the throne speech today in Ontario. It started, I believe, at around three o'clock. But I have no doubt that the Ontario deficit may go well beyond \$11 billion this year.

• (1640)

A lot of that deficit is a direct result of the cutback of the federal transfer payments in those three areas I mentioned. Probably close to half is the result of the cutback in federal transfer payments to Queen's Park this year.

Now, if you are going to hammer Queen's Park, if you are going to tell Queen's Park that it has to put its finances in order, then it is little wonder that the Premier of Ontario says: "Look, as part of that unity package, as part of that constitutional debate in Ottawa, we are going to have to ask for a change in fiscal policy in this country *vis-à-vis* the federal government and the provinces. In other words, if we are going to suffer the cutbacks in fiscal transfers from the federal government, then we are going to have to acquire the legal right to tax more on our own."

We know what that kind of thing could lead to. It could lead to a lot of trouble in this country. If provinces do get greater control over direct financing, there will be less inclination, less of a tendency, to transfer funds out of those provinces through the federal government to the have not provinces.

I would rather have it the way it is, quite frankly, if the federal government would pay its bills. And that is exactly what we are talking about today. The federal government should pay its bills to the provinces, and it is not doing that. Yet it is expecting the provinces to keep pumping funds into colleges and universities, hospitals, and so on.

I have made my point. The federal government cannot keep on cutting back on transfers at this time, particularly during an extreme recession. Certainly, new fiscal arrangements are being called for.

Mr. Larry Schneider (Regina—Wascana): Mr. Speaker, I will be brief. In keeping with the previous speaker who began his remarks by saying that he was going to be brief, I will be even more brief. I would like to put a couple of points on the record that deal with this very important matter we are discussing today.

First of all, one of the items I do not think Canadians should lose sight of and one that perhaps they are not aware of is the fact that this government has instituted a program called the Revenue Guarantee Program. It protects provinces that are participating in this program in tax collection agreements from major revenue reductions due to sudden changes in federal personal tax policy.

As members have previously said, there are provinces that are currently suffering from economic shortfalls. This is a program that was put in by the government to assist when it finds that there are times in its revenue projections that for reasons not within its control which caused its expectations not to be met that this program kicks in.

Saskatchewan suffers from its dependency primarily on the grain trade, a trade that has been subject to the international grain price wars. Saskatchewan has seen its economy spiral in a negative fashion to the point where we have and continue to feel and have felt for quite some time the recessionary influences of the international grain trade wars. Again, this is in a province that to a major degree depends on a singular aspect of its economy for its survival. There have been some attempts made to diversify, but those are somewhat limited.