

The Budget

"passing the buck" by shifting its deficit to the provinces. As far as I am concerned, Madam Speaker, I obviously am from the province of Quebec. We must see things in the proper perspective. Again, since 1984 when we took power, the increases in transfer payments to the provinces have so far always been about 6.5 per cent. This year, the Finance Minister said that for the 40 federal departments, the spending increase, not the cuts, but the spending increase would be about 3 per cent. The same goes for the provinces. The hon. member for Malpeque just said, "Yes, but we had long-term programs planned, which means that we have to readjust." Look, we have an annual budget and that is what the provinces and their finance ministers as well as the Minister of Finance of Canada have to work within.

• (1340)

Do you know, Madam Speaker, how much we pay annually in transfers for the three main programs to the province of Quebec? It is about \$10 billion. Bringing the increase from 6.5 per cent to 3 per cent this year will save about \$221 million. But this saving must, again, be taken in context: the transfers will still increase, but by 3 per cent, not 6.5 per cent or so, the same as for all departments.

We must remember that the transfers to the provinces are for three main programs: for equalization, it is a very complex formula which is applied in full. The second program is the Canada Assistance Plan. The province of Quebec will have no reduction for these two programs because, unfortunately, Quebec is considered a poor province for this purpose. So those two transfer programs have no cuts. The \$221 million affect the third program which is the Cash and Tax Point Program. For the province of Quebec \$221 million represent 0.6 per cent of the Quebec Government's expenditures during the last fiscal year, or 0.7 per cent of their last estimates. So when they refer to unloading into provincial yards, things must be put back into context. This is unfortunate, because Quebec is a wrong example in the sense that as far as spending growth is concerned, and this is why I put the question to my colleague from Prince Edward Island, the growth rate in Quebec is in the order of 4-4 1/2 per cent. This is not outlandish as compared to Ontario's 9 1/2-10 per cent growth rate. What I mean is, provinces also are part of the problem.

A majority of them spent more than the inflation rate, and the Minister of Finance has led or intends to lead back provinces, which also is the aim of the exercise, to a program spending growth rate that is more appropriate to the state of the economy. Because if the predictions made by the Minister of Finance are accurate and the economy resumes a normal cruising rate, who will benefit if not the provinces? It is therefore important in this exercise that not only Canadians as such but also institutions, governments also do their share, ensure that citizens are aware of the enormity of the legacy we had to tackle, willy nilly. It is not a matter, Madam Speaker, of suggesting how smart and how bright we are, because the figures speak for themselves. From a \$16 billion deficit on program expenditures, we have succeeded over five years in achieving a \$9 billion surplus, and for next year the forecast is \$13 billion. But as you see, we still have a long way to go to level off and then start repaying the principal which—as unbelievable as its may be—will top the \$600—\$700 billion mark. Imagine the interest rate on that level of debt!

Madam Speaker, when they speak of forfeiting sovereignty, this is first and foremost what is implied—the economic situation. And when they suggest that in spite of what the Minister of Finance said that there is not tax increase they keep referring back to the GST, Madam Speaker, everyone knows and you know in particular that tax reform, this new goods and services tax is aimed essentially not at creating a new tax per cent but at replacing the existing federal sales tax which would you imagine has been around since 1924, and which, as early as 1944, was the target of a royal commission report calling on the government of the day to amend it, to abolish it and to reform it.

For over 45 years, governments have been trying to replace this unfair and inadequate taxation system with a new one. That is the purpose of the GST. Let us not forget that Canada is essentially an exporting nation; 80 to 85 per cent of everything we make is exported to countries with a GST-like system. Producers in those countries are not penalized by a domestic sales tax like ours. How can we put our own manufacturers at a disadvantage when we are essentially an exporting coun-