

*Borrowing Authority*

federal, 25 per cent provincial and 50 per cent producer. In other provinces the split is 50 per cent federal, zero per cent provincial and 50 per cent producer with the provinces paying the administrative costs. The federal Government expects to shift \$90 million this year and \$110 million in 1990-91 on to the provinces. What is new? Nothing is new. The Government is trying to cut down its deficit by passing the expenditures on to the provincial Governments in a whole range of areas. I mentioned in this regard post-secondary education and the transfer payments, including Medicare transfer payments.

Where does this place the provinces? They have to go to the municipalities and cut funds from them. The municipalities will then have to decide what they will do to cut back on their people. They will have to do the dirty work right on their own doorsteps.

The dairy export subsidy program was created in 1979. It provided a direct subsidy for milk exports. The federal Government reduced the amount of milk eligible for this subsidy by one-half in 1984. The elimination of the other one-half of the subsidy is proposed in the Budget. The savings are expected to be \$7 million annually. That is another \$7 million taken from the farmers of Canada. There will also be changes to the Canadian Dairy Commission, as well as to other organizations.

I would now like to move on to the long-time tradition of rural Canada. I like raising rural issues in the House because everyone is used to looking at the bottom line today and talking about big things. They often forget that there is another world out there. The Budget states that Canada Post will be required to pay some \$300 million in dividends to the Government of Canada over the next five years. To allow the payment of dividends the Government is transferring the Canada Post Corporation from one schedule to another schedule in the Financial Administration Act. It is doing this to make everything nice and legal.

As a result of Canada Post recording a profit in 1988-89 for the first time in 30 years, and anticipates further profit years, the Government has decided that some of these profits will be paid to the Treasury in the form of dividends, a kind of reverse subsidy. Where is the incentive for any organization, such as Canada Post, to produce a profit? Every Government wants to see its

agencies producing a profit and doing good work. However, as soon as they do make a profit the Government takes it away. At the same time, the Government may be attempting to improve the financial image of Canada Post Corporation to render it more attractive for privatization. In addition, the \$300 million being paid back to the Government in the form of dividends will not be used to improve the service of Canada Post, equipment and machinery. Nor will the money go toward speeding up the mails or restoring rural post offices. The Government will use the money wherever it sees fit to the best political advantage.

This will be done at what price to rural Canada? We would like to see those profits remain with Canada Post in order to improve and speed up its service. We do not think it should be done so the Government can come along and say: "Now you guys are making the profit, we want the dough". That is wrong.

Other Crown corporations are being sliced and cut. VIA Rail is one. Even if it were making a profit, it would probably have to pay it back to the Government as well.

Unemployment insurance came into being in 1940 as a statute of Westminster, an amendment to the British North America Act. Because the provinces could not afford to pay UIC, the responsibility was transferred to the federal Government. It was felt that it was the one Government in Canada which could tax anything it wants to tax, something which this Government is doing. The provinces are limited in their areas of taxation. Thus it was agreed, as a result of the Rowell-Sirois Commission report that started off in 1937, that the unemployment insurance program should be passed on to the federal Government. The appropriate statute was passed at Westminster in 1940.

What is happening today in 1989? Some 49 years later the Government is getting out of the unemployment insurance business absolutely. It will not pay one cent toward it. That responsibility was imposed upon Governments of Canada by a statute of Westminster, an amendment to our very Constitution. By getting out of the unemployment insurance business, by making small businesses and employees make bigger contributions to it, the Government is renegeing on the Constitution of Canada. Undoubtedly, we will see more of that.