parents or poor parents or whether they live in a poor province or a more prosperous one.

This Government has been making changes in the Established Programs Financing arrangements. We do have to be concerned, because the result of the measures taken in successive budgets and also in this Bill before us is that the provinces will be losing $8 billion by 1990; nearly $2 billion in Ontario and about $2 billion in Quebec. This short-fall in transfer payments will oblige the provinces to increase their deficits, increase their taxes or reduce services. We have to be very concerned about that.

While we in the Opposition are making it very easy for the Government to pass this Bill, we are not at all in agreement with the policies. We do realize that there are reasons that this Bill, with its flaws, must pass, not the least of which is that legally speaking since April 1, 1987, the Government has had no authority to make equalization payments to the provinces and is, therefore, breaching the constitutional agreement. The existing equalization program expired on March 31, 1987. It has been difficult for us to understand why the Government did not move more promptly. It certainly had every assistance from us on this side of the House, but the Government did delay in introducing the Bill. We are prepared to pass this Bill in a few minutes so that the equalization payments can continue, but we are not at all in agreement with the cuts that have been made thus far.

Although the Government quotes over-all increases in employment figures, which one would expect at this point when we are recovering from a recession, the fact remains that all the increases in jobs are pretty well in Ontario, central Canada, while in several other provinces the unemployment picture is as bad as or worse than it was in the depths of the recession in 1982. This is a case for more sensitive use of the equalization payments rather than a case for cutting.

If you take the additional equalization transfers that the provinces are to receive as a result of this Bill and balance them against the cuts they will suffer in health care and post-secondary education financing, you see that the provinces will lose $374 million in 1987-88. We must also remember that the Government has already considerably reduced the amount spent on regional economic development.

Again I would repeat what I said earlier in speaking to the amendment, the Government is locking the provinces into an agreement here, an agreement which is not based on known facts because we are expecting tax reform which may totally change the provinces taxing situation. It is obviously unwise to lock us into five year agreements in the face of this big information gap when we do not know what changes the tax reforms will bring. Even the technical changes made to the formula for calculating revenue were not unanimously agreed upon.

The transitional equalization guarantee was not met for Quebec, which represents a $97 million short-fall in entitlements. The Government has also refused to include the export tax on softwood lumber in the equalization formula so provinces will be losing millions of dollars as a result of that.

This Bill also ends the special three year transitional payments which the previous Liberal Government had agreed on. The Constitution guarantees equality of access to basic public services to all Canadians. Subsection 36(2) reads:

> Parliament and the Government of Canada are committed to the principle of making equalization payments to ensure that provincial Governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

The measures before us endanger this principle. While there is some enrichment in some places and there is some guarantee of continuity, there are cuts that we know about, and there is a locking in to a formula without knowledge of the changes that will be coming very shortly in taxation which may totally change the base.

Quebec for one province has made it very clear that the current equalization program does not allow it to provide levels of public service that are comparable to those of other provinces without increasing the tax burden on taxpayers or going further into debt.

Mr. Rod Murphy (Churchill): Mr. Speaker, as I indicated earlier, I will not be making a very long speech at third reading because I had the opportunity at second reading and at report stage of speaking against this legislation, but obviously not against the principle of equalization. That is in our Constitution and it is something that we support. We do not like the process between the federal Government and the provinces in passing this legislation. It was obviously unilateral action. Premiers from all three political Parties were critical of the federal Finance Minister because of this action. We have a situation in which there is a sense of betrayal in many parts of this country because of the legislation.

In my second reading speech I quoted Premier Peckford. He thought that this would create a situation in his province which could equal the economic depression of the 1930s. This results from the fact that this legislation does not deal with the serious problems of people in our poorer provinces. That is my main concern.

• (1410)

We have agreed that this legislation will pass today, allowing the Senate to look at the legislation for the usual length of time, and then the cheques can go out. The provinces need the money. However, we need a new system of dealing with Established Programs Financing, the money used for post-secondary education and medicare, so that a boy or girl growing up in Atlantic Canada has roughly the same opportunity for education as someone growing up in Toronto.

We need this so that people in other parts of the country have a sense that the federal Government does care and wants to see people prosper in all parts of this country. Whether it be transition houses for women, child care, or a whole host of federal-provincial cost shared programs, we need some