

federal financial transfers to provinces for education and health, in particular, to cut back transfers from the federal Government to the provinces for post-secondary education, medicare and hospitalization.

As my colleagues have said before me, this Bill C-96 is completely unacceptable to the Liberal Party. In the next few minutes I have I will explain why.

Yesterday, the Minister of Justice (Mr. Crosbie) speaking in this debate said that the Bill was necessary because of the large deficit left by the previous Liberal Government. It is true that the deficit is high and must be dealt with, but it was not caused by programs for education and health. These programs have been in place for many years now, as have unemployment insurance, family allowance, medicare and hospitalization programs. In fact, some of them have been in place for 20 years. They did not cause a deficit.

The serious deficit we have now started in 1981 with the recession, not because of new programs, assistance to education, hospitalization and medication, but because of the recession when world-wide conditions, which affected not only Canada, but the entire western world and beyond, resulted in a situation where you had many people put out of work, and consequently not paying taxes. There were many companies which went under due to the situation and did not pay taxes as a result, so less revenue came in to the Government. There was a lot more revenue going out in the form of unemployment insurance, bail-outs and assistance to people in trouble. That is what caused the deficit. It was not the fault of the programs to assist education and health.

During the election campaign of 1984, Conservative Party Members continually referred to the deficit and said how bad it was. As a matter of fact, they even said at the time that it was worse than it actually was. Despite the fact they said it was bad during the campaign, they made 328 promises, most of which entailed the spending of money, including a promise to respect social programs, which they said for them was a sacred trust.

What did they say with respect to transfers to provinces for education and health care? I will quote from a document which they drafted at Sherbrooke on July 26, 1984, in which they promised the following:

To respect the federal obligation to finance health care in the provinces through the Established Programs Financing Program and to provide additional funds to the provinces, on a parity basis, to create or enhance those programs which would be identified by a national conference of health ministers and health professionals as the ones most likely to improve the general health of Canadians and to limit the costs of the system in the long run.

During the election campaign they railed against the deficit and said how bad it was, but still made the promise I just read, which promise they are now breaking by presenting this Bill to the House of Commons to cut back on transfers to the provinces for education and health.

Finally, they attack the deficit by going after education and health, when at the same time in their recent Budgets they provided for a \$500,000 tax exemption for capital gains, which

### *Federal-Provincial Fiscal Arrangements Act*

will amount to a cost to the Government of \$4.5 billion between this date and 1990. The Government is doing that for the big rollers. The Government provided for a bail-out to banks that have failed in this country due to mismanagement, not only in the banks but at the Government level, which will cost \$1 billion. There were special benefits to large oil companies which cost the Treasury a lot of money. As soon as the Conservatives were elected they increased the size and salaries of Ministers' staff. For the first time in Canadian history the Government provided an office for the wife of the Prime Minister (Mr. Mulroney), Mila Mulroney, one which is much nicer than any of those that we have, all at public expense.

**Mr. McDermid:** Have you seen it?

**Mr. Allmand:** Have you?

**Mr. McDermid:** Yes.

**Mr. Allmand:** Why is it there? It is better than the office I had, I will tell you. It is an unwarranted expense when you are cutting back on education and health, and you know it.

The Government recently provided new offices in Vancouver for Ministers travelling about the country, while it is cutting back on education and health. I ask you, what kind of equity is that? What kind of balance is that? Here we have education and health, two of the key, essential programs for Canadians, which are essential not simply for Canadians but for all of us, because education is an investment in the economic growth of the country. It is an investment and cannot be considered simply as a transfer payment. It is an investment in the knowledge, the know-how and the capability of Canadians to produce for this country an efficient, modern nation. Second, it is an investment in the health of Canadians, which is also important for the productivity and well-being of the country.

Here we are cutting back on two essential items while we are spending with respect to the big banks, the oil companies, the capital gains taxes and so on.

The real purpose of this Bill is to transfer the federal Government's deficit to the provinces. Many of the provincial Ministers have said that. I will quote two of the provincial Ministers who are Conservatives. John Baxter, the New Brunswick Minister of Finance said:

It is unreasonable for the federal Government to think that provinces which have taken difficult measures to deal with their own financial situation can also be expected to absorb part of the problem at the federal level.

Richard Hatfield, the Premier of New Brunswick, said the following:

I shall have no choice but to increase user-fees for health services.

**Robert Nixon, the Treasurer for Ontario, said:**

There was uniform opposition to Ottawa's plan, (referring to all the provincial Finance Ministers). Nobody thought it was a good idea.

This is the situation: a transfer of the federal debt to the provinces that cannot afford the burden, in particular with respect to education and health care. These agreements with