

*Federal Transfers to Provinces*

as the minister so proudly stated here tonight, he delivered before it was dissected, even if it were a good document, with the atmosphere outside the House among the first ministers of the land—and we can forget about the Canada bill because it is out of the way—the Prime Minister said that co-operative federalism is dead.

Earlier I said half facetiously that the Minister of Finance should talk to the former Liberal minister of finance from Nova Scotia. But I say that a former Liberal prime minister, the person who coined the term “co-operative federalism” is not very happy tonight, wherever he may be, about the present Prime Minister saying that co-operative federalism is dead. If co-operative federalism is dead, how can one expect agreement on federal-provincial fiscal arrangements? At the moment there is no agreement. That is part of the problem.

I spoke earlier today about the credibility of the minister on this matter. It was repeated by the hon. member for Vaudreuil who was trying to justify the argument that in effect the reason federal-provincial transfers were being cut down was the restraint program here in Ottawa. But the figures actually show that, in terms of federal revenue after transfers from 1971 to 1981, the federal revenue grew by 286 per cent, which is about the same rate of growth of provincial revenues after transfers. Yet the interesting contrast is that in the same period federal spending increased 335 per cent, whereas provincial spending increased approximately 250 per cent. A very real difference. Admittedly, between 1961 and 1971 federal revenues showed quite a substantial change, but the point is that this government has been in control basically for all that period of time. The programs they brought in were under their control. How can they now come into the House complaining about changes in 1961 to 1971, when we are talking about 1971 to 1981, when they were fundamentally in control of all programs and tax policies? To suggest now that the provinces, which did exercise restraint, should now have their transfers decreased to help compensate for the excess spending of the federal government is to penalize those provinces and the people in those provinces, which is manifestly unfair.

● (2120)

I come back to the other point about the shell game tag which is going to be applied to the minister continually if he continues to play with figures the way he did today. Statistically speaking, there is no doubt that under the new program there is a spending increase in dollar terms. Of course there is an increase, just as there is an increase in everything else, such as the population and the inflation rate. Every year there is an increase in almost everything. Yet the minister stands here this afternoon and without even a smile suggests that five years down the road we will have spent from \$60 billion to \$105 billion, but he does not point out that without these changes this amount would have gone up by an extra \$5.8 billion to over \$110 billion.

I do not know about you, Mr. Speaker, but when I get into billions of dollars it is almost impossible to relate it to people, but let us talk about the differences which will result from C-97 and what the situation would be if there was no change. We

are talking about a shortfall of over \$5 billion, and someone has to pick up that shortfall. I said earlier that it was the same taxpayer who pays the bill, at whichever level of government, but in this shell game between governments where the federal government is, in effect, going to cut back over \$5 billion on programs established by the provinces for health care, hospitalization and post-secondary education, the federal government is going to put real pressure on those provinces to pick up the shortfall. They are going to have to either increase university fees, increase the cost of health care or cut back in service, or a combination of all those things. I suggest, Mr. Speaker, that this, especially for the region I come from, that is Atlantic Canada, places an unfair hardship on the provinces which will have to make up the shortfall of several hundreds of millions of dollars. The minister will have to take the political responsibility for that shortfall, and he will have to explain it to the university students and, certainly, to those in need of hospital and medical care in Atlantic Canada.

That is why, Mr. Speaker, I am so happy to participate in this debate in order to accentuate the fact that over all of this you have the federal provincial equation—Quebec against Ottawa—which adversely affects almost every type of discussion we have in this chamber. Compounding that, we have the credibility problem of the Minister of Finance with regard to his own budget. I just do not see how the minister can justify this, Mr. Speaker. To summarize the conclusions of the “Fiscal Federalism in Canada” report, it says in effect that there is no more fat to be cut from health programs or post-secondary education. It has been cut to the bone now, and if you cut any more, you are going to affect the programs adversely. Those are not my words, Mr. Speaker; that is the conclusion of this all-party task force on page 193 of its report where it says this:

We hope that the general message of this long and complex report is clear, however.

We are agreed that the programs examined in the course of our work are serving vital social needs and merit undiminished support.

I would just point out that the programs they talk about are the programs under EPF: hospital care, medical care and post-secondary education. It goes on to say:

Over-all funding of these programs should, in our view, be maintained at no less than current levels. In our appraisal of the programs falling within our order of reference, we identified none in which reductions in over-all levels of funding could be undertaken without a serious risk that important program goals and standards would be jeopardized.

We are all agreed, therefore, that federal-provincial negotiations should be directed toward the goal of undiminished funding for both the health and post-secondary sectors supported through EPF and the social security programs financed in part through CAP.

It seems clear to us that levels of federal funding in these programs to date have been adequate to initiate and sustain them through early development phases. But since 1977, within the discretion that was deliberately made part of the arrangement negotiated at that time, most provincial governments have significantly restricted program funding under EPF and under CAP. It is our view that there is now, for the most part, no fat left in the system—no fat in post-secondary education, no fat in the health system, no excess spending in social assistance, little redundancy in social services. We accept the representations of those who argued before the task force that serious cuts in program funding would cut into muscle and sinew, not fat. Unless one could presume that federal reductions in funding would automatically be matched by corresponding