

Government Orders

I have only sketched the outline of a concept that has been more fully elaborated elsewhere. My purpose is to test a new idea and ask for constructive responses from my parliamentary colleagues and indeed from citizens who may be watching this program.

I do not claim that the Phoenix solution is perfect, only that it is better than all other solutions I have heard proposed to date for solving our debt crisis.

In the end it will be up to members of the international investment community to decide whether they are interested in exploring a new investment vehicle. Over the years that financial community has shown a remarkable capacity for innovation, sometimes to their cost, as Barings Bank recently discovered. But I suspect that the prospect of charging even a modest commission on the conversion of \$780 billion from debt to equity might intrigue even the most jaded spirits on Bay Street and on Wall Street.

• (1235)

[Translation]

Mrs. Madeleine Dalphond-Guiral (Laval Centre, BQ): Mr. Speaker, I welcome this opportunity today to speak to Bill C-76 which proposes to implement certain provisions of the federal budget tabled by the Minister of Finance in February.

Unfortunately, this bill confirms what the official opposition suspected when the budget was tabled. And how does it confirm these suspicions?

Since the Liberal government cannot go on adding to the debt, it has decided to reduce the federal deficit by offloading the deficit to the provinces. Our Liberal big brother suddenly turned into an unwilling partner, a most unwilling partner, who decided unilaterally to reduce transfer payments to the provinces by more than \$7 billion over the next three years.

These cuts will not take effect until 1996, to maintain the illusion that federalism pays, especially for Quebec. An illusion that will be particularly useful during the referendum campaign.

But the official opposition is keeping a close watch. This camouflage operation is despicable. Starting in 1996, Quebec stands to lose more than \$700 million, and in 1997, more than \$1 billion. This is intolerable.

What we have here is an irresponsible government that is trying to make the provinces take care of a situation the government created. The provinces are stuck with the bill, but they are not being given new powers. Only the federal debt is being decentralized, not government.

In the social sector, the long-awaited transfer of jurisdiction did not take place. Appearances to the contrary, the federal government insists on interfering in areas over which the provinces have exclusive jurisdiction. It withdraws but refuses

to allocate an equivalent share of tax points to the provinces. Is this the much vaunted flexible federalism?

What is so flexible about letting one's so-called partners in this wonderful federation pay the bill, while imposing increasingly restrictive national standards in several areas?

Section 48 of this bill confirms that in addition to national standards for health care, there will be new standards for social assistance and post-secondary education. And provinces that do not play by the rules will see their funding cut.

The federal government's response is that these standards will not come into force before a consensus is reached among the provinces. Then why this attempt to introduce so-called national standards before there have been negotiations between the parties?

I will not dwell on the fact that the provinces were ordered to mention the Canada Social Transfer in all advertising and documentation referring to health care services offered by the provinces. Flexible federalism is dead in the water, long live imperial federalism.

But the empire is crumbling under its tax burden. In spite of cuts in social programs and transfer payments, the federal giant will need even more money to survive during the next three years.

The Canadian government's revenues will increase from \$125 billion in 1994-95 to \$137.4 billion in 1996-97. Taxes will increase by more than \$3.5 billion over a period of three years. In fact, we will be paying more for less.

Need I remind the House that since 1980, the ratio of government revenues to GDP has increased by 18 per cent? Since the 1980 referendum in Quebec, taxes in Canada have increased at twice the average rate for G-7 countries.

It is shocking to see that as it prepares to cut payments to the provinces and increase taxes, this government refuses to do anything to stop duplication and the outrageous waste of public funds.

• (1240)

Where are the real measures to eliminate waste and overlap between levels of government? The answer is obvious. With the federal system, there will always be two departments of the environment, two departments of health and two departments of justice. By nature, the federal system extends its grasp ever further. The negative effects of the federal budget, renewed in Bill C-76, will hit all the provinces hard, particularly Quebec.

According to a recent study by Wood Gundy the expenditure control plan proposed by the federal government to reduce transfer payments to the provinces and the many changes over the past decade to established programs financing have increased provincial deficits.