

Borrowing Authority Act

somewhere between \$11 billion and \$12 billion. Looking at a total indebtedness of \$80 billion for a nation such as Canada, it seems to me that we should not become particularly excited. I do not. I look at it from the point of view that the debt is something in the order of half the total income of the nation for one year. If a person has an income of \$20,000 per annum, the chances are that his personal debts are considerably in excess of \$10,000. In fact I doubt whether anyone would criticize an individual with a \$20,000 per annum income if his total indebtedness was in the order of \$25,000 or \$30,000. The person judges whether he can handle his debts on his ability to pay interest charges and principal.

Canada is running into increasing public debt every year because of deficits and deficit budgets. We should examine the reason why. I should like to deal with that. Of the total expenditure this year of something less than \$49 billion, \$13.7 billion is in the form of transfer payments to the provinces, transfer payments made in areas acknowledged to be entirely provincial areas of responsibility, such as hospital care, education, social services, and welfare.

A few days ago I made a rather simplistic motion indicating that we could very easily get rid of our deficit of almost \$12 billion by eliminating transfer payments to the provinces. That would leave us with a net surplus of approximately \$2 billion which could be used for other purposes. Obviously the purpose of my motion was to illustrate why we are running into deficit financing and budgets at the present time.

The province of Quebec receives \$4.3 billion from the federal treasury. Before someone says that the province of Quebec does not agree, I should like to indicate that the figures of that province amount to \$3.2 billion. For the moment I will not argue about the difference between Quebec's figure of \$3.2 billion and the federal government's figure of \$4.3 billion. At the present time the Quebec budget varies between \$12.3 billion and \$12.7 billion, depending upon whether provincial or federal figures are used. That means between one-quarter and one-third of the Quebec provincial budget is moneys which come from the federal treasury. I am not objecting. I am saying that in provinces which run balanced budgets, this is being done because they receive money from Ottawa, even the rich provinces of British Columbia and Alberta. These provinces are considered to be rich because they have greater wealth than other provinces in the country. Those two provinces receive \$2 billion from the federal treasury.

We must recognize that there was good reason for transfer payments being introduced. They are just as valid today as they were when the programs were put into force. I support fully the fiscal intervention or participation by the federal government in programs recognized as being of a purely provincial nature in order to ensure standards of service, portability, and a national scope. When the federal government puts out moneys to the provinces to ensure minimum standards of service, then those payments should not be discontinued. As an individual, that is why I opposed the latest agreement on social services, where the government no longer

[Mr. Herbert.]

exercises its right to ensure even social services in the provinces. As a federal government we must strengthen our position, not weaken it. We should say bluntly to the provinces that presently we are running a huge federal deficit, substantially because of moneys being transferred to the provinces in areas recognized as entirely the responsibility of the provinces. Conditions should be attached, and we should insist upon conditions which ensure that the programs are national in scope, such as hospital treatment being available to all Canadians no matter where they are situated in the country, welfare payments, and so on.

I should like to deal with the two areas of transfers in old age security payments and family allowances which amount to a total of \$8 billion. Approximately 11.6 per cent of the federal budget is devoted to old age security payments, and 4.8 per cent to family allowances. These are national programs, but if one wants to argue about constitutional powers they can be construed as provincial by nature. One cannot have it both ways. The only way to maintain a strong federation is by ensuring that social programs are national in their scope.

At the present time the direction in which the Conservative party is going, when talking about more power for the provinces, is hypocritical in the extreme. When I attempted to draw them out on the subject of transfer payments, I heard loud cries from the hon. member for Kingston and the Islands (Miss MacDonald) who called transfer payments the very linchpin of Confederation. Even the Leader of the Opposition (Mr. Clark) suggested that to withdraw these transfer payments would be a matter of devastating consequence to Confederation. At least we have that position established. When members of the Tory party discuss the weakening of the federal system they presumably are not talking about cutting payments for hospital service, welfare programs, social services, old age security, and so on.

● (1712)

I think the criterion on which we must judge whether we should be in the position of deficit financing is precisely what we do with the moneys that are involved. In the present case one of the problems we face obviously is that most of these programs have been indexed, or because we have been involved in sharing on a percentage basis with the provinces there have been substantial percentage increases beyond the control of the federal treasury.

I have no idea what the Minister of Finance (Mr. Chrétien) is going to introduce in his budget tomorrow night. One thing I do hope our federal finance minister will do at the finance ministers' conference which is coming up next week is put bluntly to the provinces, "You have been talking about provincial powers, you have been talking about the fact that the federal government is exercising its authority in areas where it should not be exercising such authority; how about now being specific? We have on going programs in areas which are entirely a provincial responsibility; do you believe we should re-negotiate these programs now, which would be of tremendous advantage to the federal government, or do you believe it