

cash transfers and fiscal transfers to Quebec will increase at an average annual rate of 10.8 per cent. It is estimated that the transfers will amount to a total of about \$35.2 billion during the next five years, compared with \$20.4 billion over the last five years. The latest estimates for federal transfers to Quebec over the next five years indicate that there will be an increase of \$1.4 billion over the figures given in the budget last November. Quebec has strongly criticized the Ontario standard for computing equalization payments proposed by the federal government last November, and the new standard provided under the bill was developed with this in mind. It is based on the revenue average of five representative provinces, namely, Ontario, Quebec, British Columbia, Manitoba and Saskatchewan.

In concluding, I believe that the present state of the economy has forced the federal government to restrain its expenditures in all areas. Since transfer payments to the provinces represent 20 per cent of the federal government's expenditures, they cannot escape the government's policy of restraint, and we must ensure that cutbacks are made fairly, and that the projected changes reflect the principles of justice and equity. Mr. Speaker, I trust that in light of the statistics that were given to me here in the House—these are official statistics obtained from the Department of Finance—Mr. Parizeau will stop letting the people of Quebec believe that he will be forced to increase taxes because of the new fiscal arrangements with the federal government and will therefore be compelled to put a heavier tax burden on Quebecers.

Mr. Speaker, I should like to point out to Mr. Parizeau—and I have the figures right here—that I read an article under the byline of Mrs. Marie-Josée Drouin which appeared in *La Presse* of Saturday March 20, on the sorry state of public finances. As the managing director of the Hudson Institute Mrs. Drouin listed the errors she had found in Mr. Parizeau's estimates. In 1977-78, a \$670 million deficit was expected while in fact it amounted to \$884 million. In 1978-79, a \$1 billion deficit was expected while in fact it reached \$1,475 million. In 1979-1980, a \$1,450 million deficit was expected while in fact, it reached \$1,816 million. Finally, Mr. Speaker, in 1980-81, the deficit expected to be \$2.3 billion in fact amounted to \$2.8 billion. That is a series of errors in previous estimates nearing \$2 billion. Then Mr. Parizeau should not suggest that he has to increase taxes in Quebec because the fiscal arrangements entered into with the federal government have reduced their revenues. The evidence shows that the federal share will go up by 12.5 per cent in the next year and by an average of 10.8 per cent over the next five years. Before closing, Mr. Speaker, I would like to congratulate the Minister of Finance who is the sponsor of that bill and I beg all my colleagues to remember that it is essential for this legislation to be passed as soon as possible so that the funds provided in it may be paid to the provinces.

Federal Transfers to Provinces

• (1600)

[English]

Mr. Simon de Jong (Regina East): Mr. Speaker, I am grateful for the opportunity to participate in this very important debate about the fiscal foundation of the Canadian confederation. It is a debate on matters which affect the health and welfare and future opportunities of all Canadians.

Consistent with the history of the present government, this bill again is a movement in a unilateral manner. It is arbitrary. It is based on some suppositions and assumptions that nobody in this country shares but some of the ministers and their back room bureaucrats.

Why are we faced with a bill which includes changes in the equalization program and changes in established programs financing? This bill is almost like the proposed energy security act, over which the bells were kept ringing for quite a long period of time. This is another of those pieces of legislation in which many things are lumped together.

The government claims that the equalization program is to expire March 31 of this year and therefore it needs to have this bill put through. As is the case with many things the government is claiming with respect to this proposed legislation, "it just ain't so". Indeed, the equalization agreements do expire, but they can be extended until negotiations are held and concluded. Such negotiations with the provinces and other jurisdictions in this country would work out how best the equalization program should work.

There is no need to change established programs financing. There is no need to force a change in EPF by March 31, 1982. That is a fallacy. There is no need to rush this piece of legislation through Parliament and give us only a matter of a week or so to debate this legislation which will affect the fiscal foundation of Canada. This is atrocious, and on behalf of my party I wish to express our outrage at the manner in which the government is proceeding on this particular piece of legislation.

Why make changes now? Surely this government has booted the provinces and other jurisdictions around enough. The attitude in this country is one of mistrust, anger, bickering and lack of co-operation. At a time when we as a society are going through some very serious and difficult social, economic and technological changes, the people of this country are disgusted that their politicians are not exercising their responsibility and are fiddling while Rome burns. The people are disgusted because we are debating how the deck chairs should be arranged while the *Titanic* sinks.

I suggest that there is no group which must take greater responsibility for the state of chaos which exists in the country than the group which sits opposite. Hon. members opposite surely could have avoided initiating moves to disrupt programs which have been nurtured along for decades. This government is behaving like a bull in a china shop. Since its election it has been struck by a sense of paranoia and by a sense that nobody out there seems to love it any more, so this government is going