

Mr. Speaker, our commitment to health care and post-secondary education remains as strong as ever. EPF transfers will continue to represent nearly half of provincial spending on health insurance services and on operating costs of institutions for post-secondary education. In the interests of all Canadians, the provinces provide health and educational services, yet must show responsibility in financial matters.

Mr. Speaker, this Government was elected to give Canadians the same kind of or better services for less money. The deficit remains a serious problem which we must resolve with every means at our disposal. This amendment to federal-provincial transfers is part and parcel of our medium-term financial strategy to reduce the deficit by \$20 billion in 1990-91, and the projected national debt level by \$75 billion between now and the end of the decade. But we must look beyond figures. These amounts represent our mortgaged future, the inheritance of our children and grandchildren. It is up to us to check the growing federal expenditures, otherwise the debt load will considerably reduce our capacity to deliver the same public services in the future. Mr. Speaker, that is exactly why Canadians asked us to take over the administration of this country on September 4, 1984.

**The Acting Speaker (Mr. Charest):** Questions and comments. The Hon. Member for Laval-des-Rapides (Mr. Garneau).

**Mr. Garneau:** Mr. Speaker, I would have been more impressed had the Hon. Member for Lac-Saint-Jean (Mr. Côté) not been so sanctimonious and had he refrained from accusing the provinces of having mismanaged health and post-secondary administration funds. He comes from a province where considerable efforts have been made for about ten years, I would even say 15 years, to get a handle on expenditures.

I should like to ask him how he explains the fact, for example, that according to the measure under consideration there are two kinds of payments in this transfer formula, namely tax transfers and cash transfers. But as concerns cash payments, how does he explain the fact that, according to the formula, Quebec would no longer receive any cash payments within a few years, and that, under the formula suggested by the Conservative Government, these cash payments will increase more slowly, and substantially so, than the Gross National Product? The Hon. Member for Mississauga South (Mr. Blenkarn) could perhaps explain this fact also if he rises to speak. He could perhaps explain why the cash transfer payments will increase at a lower rate than the GNP.

I would like the Hon. Member to explain why it is that, in the provinces whose government has accepted a cost-sharing formula, and this is true for Quebec and other provinces, cash payments will increase more slowly than the GNP, and the rate of increase will even be lower than inflation this year. Could he explain this to me?

#### *Federal-Provincial Fiscal Arrangements Act*

**Mr. Côté (Lac-Saint-Jean):** Mr. Speaker, the Hon. Member for Laval-des-Rapides (Mr. Garneau) has just given us another illustration of his ability to distort truth and to misinterpret the comments of those who speak before him.

Mr. Speaker, I never accused the provinces of bad administration or of mismanagement. I said that, in the provinces where Liberal Governments have been elected recently, these Governments have said that they would reduce expenditures. The Hon. Member for Sudbury (Mr. Frith) said earlier—the Members opposite speak about a reduction in transfer payments or cutbacks, but the fact is that they will simply not increase as quickly—these provinces would have only three options open to them: first, an increase in taxes, second, service cutbacks, and third, a combination of both.

So, I said that it could not come to the minds of Liberal Members, who so shamefully dragged the country into debt, who so shamefully wasted the taxpayers' money, it could not come to their minds that expenditures could be reduced by slashing through expenditures. This is how it is done.

Therefore, to answer the second part of your question, Mr. former Quebec Finance Minister, Mr. former Bank President, Hon. Member for Laval-des-Rapides, you know, Hon. Member for Laval-des-Rapides that expenditures are proportional to revenues. You must know, this is a fact, that when you were Finance minister in Quebec you did not know that. But I hope that, when you were Bank President, your shareholders reminded you of it. And whenever expenditures were higher than revenues, there was a deficit, we could not go on indefinitely along that road, and cuts had to be made.

Therefore the payments that will be made will not be broken down or divided as you state or as you might like to have it, but they will be in overall amounts, and this, Hon. Member for Laval-des-Rapides, is at the request of the provinces themselves.

**Mr. Garneau:** Mr. Speaker, the Hon. Member for Lac-Saint-Jean has just shown a stark lack of knowledge. Why were those fiscal arrangements accepted in 1977, why did the provinces accept them at that time? Because it was definitely accepted that the transfer of tax points was there to acknowledge provincial responsibility for those education and health care jurisdictions. And because of the effect of that legislation and because the Government cannot change tax points for they are collected by Quebec in the case of that province, and they have agreements. Since they cannot tamper with tax points, and I would like to return to my question, how does he then explain that if, as it is claimed, this legislation is so good, how is it that the increase in cash payments, because this is what the federal Government is doing and it cannot change tax points, how is it that the increase in cash payments will be smaller than that of both the GNP and the inflation rate? How does he explain that?

**Mr. Côté (Lac-Saint-Jean):** Mr. Speaker, the people in the Lac-Saint-Jean area are not as knowledgeable as the Hon.