

Minister's own figures, as published in *Le Devoir* on March 13, and it is reported to be the full reply of the Canadian Minister of Finance to his Quebec counterpart, Mr. Gérard D. Lévesque, in 1984-1985, the last year a Liberal Government tabled a budget the province of Quebec received \$3.074 billion in equalization payments. For 1986-1987, the province of Quebec will have received, including a transitional payment of \$110,000, altogether \$2.68 billion. Which means that in 1986-1987, compared to two years before, the province of Quebec will have lost as much as \$394 million in equalization payments. When we compare fiscal year 1984-1985 to fiscal year 1987-1988, according to the figures released by the Minister of Finance, the province of Quebec will receive, three years later, \$2.783 billion in equalization payments, when it received \$3.074 billion in 1984-1985, a further loss of \$291 million.

Madam Speaker, when I hear the Minister of State (Finance) and the Minister of Finance himself state that these payments are increasing, I wonder in relation to what.

How can it be said that payments are increasing when they dropped substantially between 1984-1985 and 1985-1986. It is as if we changed floors and started up the stairs again. We are certainly above the floor below, but we are still below the one we were on before. That is what the Conservative Government is doing for Quebec, and the same is true for most provinces receiving equalization payments.

In an attempt to correct the situation, here is what the Minister of Finance (Mr. Wilson) had to say:

● (1200)

[English]

When the Minister of Finance (Mr. Wilson) made a ministerial statement in the House on March 11, he said that because of the effect of the mid-census, the federal Government would have to recuperate from the provinces certain amounts of money that had been over-paid. He said that those over-payments would be forgiven, and that was nice. That was a positive answer. The Minister of Finance said the same thing the Liberal Government said in 1982, but with a small exception.

When I received the ministerial statement on March 11, I read it very rapidly because I had to react to it within the next hour. I noticed a sentence that said that the amount due to the federal Government as a result of the census would be forgiven to the extent that it exceeds future increases in equalization entitlements. That means that the technical changes in Bill C-44 which favour some provinces will be counterbalanced by the recuperation of the over-payment that was made because of the census. If a province was bound to receive \$30 million as a result of technical improvements, it may lose that \$30 million through the readjustment due to the mid-census. Finally, the federal Government will be left with probably \$300 million more in its pocket. That is unbelievable.

The Government is giving with one hand and taking back immediately with the other while telling the Canadian

Federal-Provincial Fiscal Arrangements

provinces that it has been very generous, as the Minister of State for Finance said a few moments ago. I think that is unacceptable and I want to say to the Government that we have seen through its actions. It is giving with the right hand and taking back with the left. The net result is that many of the provinces will lose some of the advantages they were bound to receive under Bill C-44.

The Premier of Newfoundland issued a press release stating his opposition to this. The press release indicates that the Premier was disappointed with one aspect of the announcement whereby the federal Government will not pay to the Province of Newfoundland any future increases to equalization that might arise from revised estimates of equalization for 1985-86 and 1986-87. Any such increases that might have occurred up to the \$35 million now being forgiven will now be withheld by the federal Government. That is exactly what I said. This federal Government will give with the right hand and take back with the left.

The Province of Quebec, the Province of Newfoundland and probably all the maritime provinces will lose. They were bound to receive a little more through the technical changes, but they will lose that because of the way the federal Government will readjust the figures as a result of the mid-census that changed the valuation of populations in each of the Canadian provinces.

[Translation]

Madam Speaker, some parts of Bill C-44 are rather surprising. The Minister of Finance had stated on various radio and television programs over the past months that under the equalization formula payments to provinces would increase by \$175 million.

[English]

In November, 1986, the Minister of Finance said that he would offer \$175 million a year in enhancement, or almost \$1 billion over the next five years. On television on December 17, 1986, he said that he believed that an augmentation of \$175 million a year or close to \$1 billion over a five-year period would be a very major increase in the program. He said that very clearly. It seems to me that Dalton Camp's strategy is obvious. Make all sorts of promises, repeat the promises but do not deliver the goods. After a while, people are inclined to believe them. If one lies long enough, people will believe the lie.

The Minister of Finance said to Canadians on two occasions that the \$175 million under the technical changes will be paid to the provinces every year. After reading Bill C-44, we realize that the \$175 million is to be spread out over a two-year period. The provinces will have to cover the difference with their own taxes or will have to cut services. The small Provinces of New Brunswick, Prince Edward Island and Nova Scotia as well as Quebec will have difficulty balancing their budgets because of the decision made by the Government not only on equalization payments but also on the Established Programs Financing.