

Federal Transfers to Provinces

Most Canadians understand that the economy is not going to grow again until governments of the day—notably the government opposite—truly begins to restrain its take of the economic pie; otherwise there will be no economic pie to tax, there will be no money to transfer. In spite of all this, the government proposes to increase its revenues in the first two fiscal years by 52 per cent, according to the minister's last budget. It is proposing to increase both its spending and its taxation at a rate substantially greater than inflation, substantially greater than the transfer payments, which are taking a real dollar cut, and the government is then arguing that the transfer payments for medical care and university support are simply being restrained in line with the government's over-all budget. But the facts do not bear out that claim. I repeat that if they did, there would be some logic to what the minister is saying. I am convinced that he will have a very difficult time explaining this. He has already had a difficult time. But he will have difficulty explaining why the government was justified in taxing people more and more and putting less and less in real dollars into the services on which they rely. For instance, it will be very difficult to explain this to students over the next two or three years who will find themselves faced with tuition increases. What about those who will be faced with increases in OHIP in the province of Ontario? The minister will have a very difficult time explaining those increases.

To understand this government's logic, which says, "We have to restrain transfer payments just like we are restraining everything else," you would have to see a real dollar doubling in transfer payments over the next five years, because that is what the government is doing with everything else. But the government is saying that in real dollars, transfer payments will fall. This is very similar to the way the government has treated those who live on the guaranteed income supplement. The government promised in the election campaign an increase of \$35 per person, but when it was elected it granted only \$35 a household. But this government has also hit people with nearly \$1,400 in new indirect energy taxes per household over the next five years, with no corresponding tax cut for those who are on GIS. In other words, the current strategy of Allan J. MacEachen, The Magician, is to say to Canadians, "First, I will give you \$35 more per household, but in return you get taxed \$1,400 per household." People are supposed to believe they are better off.

That is the same theory as is explicit in the argument made today by the Minister of Finance in the House when he said "I am not going to cut your funds, I am just going to reduce them a little." That will not wash. It will be perfectly clear to Canadians. Canadians only have to listen to what the minister says about the revenue guarantee. I have several things I would like to say about the revenue guarantee. With your permission, Mr. Speaker, I would like to continue my remarks on that later. Perhaps we could call it six o'clock.

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until 8 p.m.

At 5.59 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Bosley: Mr. Speaker, before we adjourned at six o'clock I was attempting to move into the revenue guarantee items of the bill. I should perhaps orient members in the chamber this evening by indicating that the basic argument being made by the Minister of Finance with regard to this proposal is that the government believes that it has two needs for the changes it proposes to equalization and for the established program financing proposals, first, that there is somehow a fiscal imbalance in the relationship between federal and provincial financing today, and second, that it fits in line with the government's restraint program.

Prior to six o'clock, Mr. Speaker, I said that the second argument is utter nonsense given the fact the government proposes to increase its revenue and spending on everything else in the budget by two or three times the amount of its transfer payments. In addition, Mr. Speaker, I read some figures into the record with regard to what has in fact happened between the levels of government between 1971 and 1981, and I should like to continue that because they are the figures which most accurately describe the current fiscal relationship as regards government revenues and spending in Canada.

The federal government maintains that its position vis-à-vis the provincial governments has worsened. In fact, Mr. Speaker, it is worth remembering, as I indicated earlier, that the federal figures alone indicated that while federal revenues after transfers have gone up 286.5 per cent, federal expenditures after transfers have gone up 339.6 per cent, and federal transfers have gone up only 225.2 per cent between 1971 and 1981. The comparable figures at the provincial level are revealing, Mr. Speaker. As I indicated, the federal government argues that its position has worsened vis-à-vis the provincial governments. Since 1971, federal revenues after transfers have gone up by 286.5 per cent. The comparable figure for provincial and local government revenues, after transfer payments, is 285.9 per cent. In other words, using the government's own figures, even after transfer payments, the amount of money collected by the federal government has been just slightly higher, over that period of time, than provincial revenues, including transfer payments. Perhaps we can therefore dispose of the arguments made by the Minister of Finance and his colleagues to suggest that somehow the federal government is worse off now vis-à-vis the provinces compared with 1971. Clearly that is not the case.

There must be, therefore, other reasons for the urgent need for this bill as claimed by the minister. One has to go inside the bill to find its effect on our provinces and our people, Mr. Speaker. Certainly those from Ontario have never really understood equalization because it has not been a matter which, until now, has affected us greatly. Only recently has Ontario qualified for equalization, and perhaps members will forgive me if I do not spend a lot of time on that except to say that equalization has been the backbone of other provinces and