

Government Orders

Because of the pressure that the richest provinces, like Ontario, are exerting, it looks like the federal government may use a new formula based on the proportion of Canada's population living in each of the provinces.

If the federal government decides to use this formula, Quebec will lose \$1.9 billion instead of \$1.2 billion, an additional shortfall of \$700 million. Unfortunately, chances are that it will use the new formula, because the federal government is not in the habit of calling into question an established formula if it does not intend to change it and especially because of the pressure it is currently getting from the provinces that are better off.

Therefore, all told, Bill C-76 will probably cost the Government of Quebec at least \$1.85 billion and at the most, \$2.55 billion. As I said before, is this not a fine example of flexible federalism, cost-effective federalism?

After reading the provisions of Bill C-76, one can only wonder how competent and responsible the members of the government really are: they are shirking their responsibility to manage the public purse wisely. In fact, can anyone in the House think of anything easier or more convenient than passing the buck to the provinces, as the Liberal government is currently doing, especially to Quebec?

This sad chapter in the life of the federal government's economic and budgetary policy, if indeed it does have one, shows undeniably just how much of a mess the country's finances are in. Therefore, not only has the federal government either put off until later or offloaded onto the provinces the main deficit reducing measures it announced in the last budget, it also is doing nothing about the thorny issue of Canada's debt.

We must realize that every deficit incurred by the federal government simply adds to Canada's humongous debt. The deficit forecast for 1995-96 is \$32.7 billion. Even if the government brought its deficit down to zero this year, at the cost of difficult and harrowing sacrifices, the Canadian debt would continue to grow just the same, inexorably, on account of the applicable interest charges.

Because the federal debt is growing almost exponentially, the portion of the budget going to interest payments alone continues to grow, automatically. This year, the government is facing a substantial increase in the interests to be paid on the debt, with interest charges rising from \$42 to \$50 billion. This means that, if the government were to simply freeze its spending at the current level, its deficit would increase substantially anyway, also adding to the debt.

A government bent on reducing its deficit would therefore have to cut mercilessly in both spending and programs, if only to offset the rise in the deficit attributable to interest charges. In other words, the debt problem would not remain unresolved in spite of the government's efforts.

As we were able to see earlier, the federal government did not have the courage to tackle its own deficit, simply shifting the problem on to the provinces by gradually cutting transfers. To offset this loss of revenue, the provinces will have to cut services, rise taxes or pass the buck themselves to the municipalities.

• (1135)

But finally, it is always the same people footing the bill: the taxpayers.

It was suggested that the Government of Quebec should put its own fiscal house in order before inviting the people of Quebec to give a decision on sovereignty. But one must realize that it will become increasingly difficult for the Quebec government to make ends meet as tax transfers to the provinces shrink. Let us also keep in mind that, at the time of the first referendum on sovereignty, in 1980, the federal debt was \$90 billion. It has now grown to nearly \$550 billion and should have passed the \$800 billion mark by the year 2000.

In 1980, the federalists doomed Quebecers to Gehenna of hell if they dared venture onto the road to sovereignty-association. If Quebec were to become sovereign, these doomwatchers predicted the dollar would be worth 70 cents, interest rates would skyrocket and the debt would reach several hundred billion. But we got all of that while we were within the Canadian federal system. To top it off, the Canadian Constitution was patriated without Quebec's consent, and we have the current Prime Minister of Canada to thank for that.

To conclude, Quebec will not be spared in the federal government's scheme to shovel the Canadian deficit in the provinces' backyards or the other sneaky measures contained in the budget. Today and in the months to come, the people of Quebec will bear the brunt of this budget, at least until they decide to pull out from this unfair and inefficient system, which is moving ever closer to financial disaster, until they decide to assume responsibility for their own future by going the way of sovereignty.

[English]

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, "there are times in the progress of a people when fundamental changes must be faced, fundamental choices made and a new course charted". With these words the finance minister tabled what has been called the most important budget in Canadian history. He says it is a budget with one objective, to break the back of the deficit and bring our finances under control.

Canadians will have to judge by the minister's own criteria. They will have to judge whether the fundamental challenge of a deficit elimination been faced. Have fundamental choices been made to meet that challenge? Has the new course really been charted toward federal fiscal responsibility? These are questions I will deal with.