

Later in the same speech he said:

If we raise taxes, we provide more funds for politicians and bureaucrats to spend.

After the election and his appointment as Minister of Finance, he increased personal income tax and all personal taxes by \$22.7 billion. Can there be a more clear case of irresponsible promises, and promises on which the Government has not delivered? They were promises only to please the electorate. Is it any wonder that people now view the Prime Minister's Government so cynically?

Let us remember that when the Conservatives took power they claimed that the most urgent economic problem was the federal national debt. In his November 1984 Economic Statement, the Minister of Finance said:

Our immediate goal is to reduce the deficit through expenditure reductions and not through major tax increases.

I have cited two quotations from the Minister, one before the election and one after the election. The Minister did not deliver on either of his promises.

Not only does this constitute a broken promise, the deficit has barely been reduced and the debt is still rising. Let us consider the facts. The deficit for the last full year of Liberal administration was \$32.4 billion. Four years later, in fiscal year 1986-87, after four years of economic recovery, the deficit will be \$32 billion, despite the Government's having increased taxes by \$6 billion, and despite its sale of Teleglobe in great haste in order to reduce artificially the budget deficit that otherwise would have been higher than in 1983-84. Although there has been \$6 billion in new taxes, the deficit is at the same level as it was in 1983-84.

Where has all the money gone? What happened to the \$6 billion of new taxes introduced by the Government in 1986? Did it go to uninsured depositors? Did it go to the prison in the Prime Minister's riding, or to large corporations as a \$1 billion tax write-off? Did it go to pay for the \$500,000 lifetime capital gains exemption for the privileged few? Was it for extravagant foreign trips by the Prime Minister? The list keeps growing.

Let us consider the debt. On July 9, 1984, a few months before the last election, the Prime Minister said: "(The Liberals) must answer for four years of financial management that has tripled the annual deficit and raised the net government debt to \$180 billion, an amount that equals \$16,500 owed by every taxpayer". What are the numbers today? According to the Minister of Finance's forecasts, the public debt at the end of fiscal year 1987-88 will be close to \$300 billion. That is equivalent to approximately \$26,700 owed by every taxpayer. In two years the Tories will have added approximately \$10,000 in additional debt on the shoulders of every Canadian taxpayer.

Since mid-September, 1984, the date the Tories took power, the public debt has grown by approximately \$125 billion. The public debt has increased by 67 per cent in the two and a half years since they took office. That increase is greater than any

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experienced during the term of any previous Minister of Finance.

It is not surprising that the discontent of Canadians toward the Government's administration is so clear.

#### *[Translation]*

Mr. Speaker, I would now like to turn to federal-provincial relations. In a Budget Speech that states Government policy, it is difficult to understand why there was no reference to financial agreements between the national government and provinces, because those five-year agreements terminate on March 31, 1987.

Mr. Speaker, unhappiness with the Federal Government is also reflected in federal-provincial relations because on a few occasions, the Minister of Finance succeeded in dumping part of his deficit into the provinces' laps. Mr. Speaker, the Prime Minister (Mr. Mulroney) boasts of having improved the federal-provincial climate. The honeymoon—the love-in as they called it at the time—is definitely over. Witness the announcement in this morning's papers by a provincial minister of Finance that he is suing the Federal Government for not paying its dues. Mr. Speaker, we only have to look at the recent agreement on French fishing in Canadian waters, which was reached without previous participation by Newfoundland, to realise that the Atlantic provinces, like all other Canadians, are questioning this Tory Government's judgement and good faith in the area of federal-provincial relations. But there is another area on which federal-provincial relations are at daggers drawn—transfer payments from the Federal Government to provinces.

As you no doubt remember, Mr. Speaker, the previous Liberal Government enshrined in the Canadian Constitution the very principle of equalization payments. That principle that is now sacred is one of the cornerstones of national unity. By unilaterally reducing the growth of payments to provinces, this Tory Government is threatening the very integrity of the system. It is not by bluntly transferring its deficit to provinces that the Tory Government will improve the relations climate. Those cuts are happening at a time when provinces have taken often radical steps to contain their own deficits.

Let us look at the facts. Unilaterally, one year before fiscal agreements with provinces were to end, the Tory Government reduced the growth rate of its health and post-secondary education payments to provinces. This means provinces will be getting \$8 billion less than expected from the central government over the next six years. And this at a time when needs are increasingly glaring as a result of ageing population, development of medical technology and increasing training needs for our young people. Yet, before the election, the Minister of Finance made a statement as recorded in *Hansard* of March 6, 1984. Some of my colleagues who were then sitting in the House of Commons may remember that speech made by the Minister of Finance. This is what he said in March 1984: