

prosperous as the other industrial countries in the western world?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the hon. member's question requires a very long answer which involves a complete budget. I must say that it is true that our unemployment level is too high, and I regret it. But I would also like to point out to the hon. member that in the last 12 months we created 362,000 new jobs in Canada. Our performance as far as job creation is concerned is not equalled by any industrialized country in the world.

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[English]

NATIONAL DEFENCE

NEW FIGHTER PLANES FOR NATO FORCE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. On September 6, the minister said that the proposal for the new fighter aircraft would go to a cabinet committee on September 13 and that there would be a final cabinet decision on September 20. Last Thursday, the Prime Minister said he did not believe that the fighter aircraft program had been before cabinet since last June.

I wonder if the minister can explain how he and the Prime Minister have such different ideas as to what is going on, and can he tell us what is causing this serious delay in the program?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, the Prime Minister's information is correct: to the best of my recollection this matter has not been before the cabinet since June. As hon. members know, the vendors asked for additional time to submit. We have given them that additional time to submit. I do not recall committing myself to specific dates, but I stand to be corrected, and I expect to have this matter before cabinet this month, hopefully with a decision on a short list before the end of the month or early in December.

Mr. McKinnon: Mr. Speaker, to refresh the minister's memory, I will say that he stated on March 18 that he hoped orders could be placed in late 1978 and that he was working to have the actual orders placed before the end of 1978.

Will the minister confirm that the armed forces have made their recommendations on which plane or planes they want, and that what is now holding up this program is lack of funding by the government to meet the \$2.34 billion which has been promised for the purchase of the new fighter?

Mr. Danson: Mr. Speaker, I did not quite hear the end of the hon. member's question, but if I may state the status now, there has been a deferment to give the various vendors an opportunity to resubmit. That has been very worth-while time spent for the vendors, for the procurement of the aircraft and, I might add, for the industry of Canada. The dates have

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slipped because of that. I am looking forward to the final contracts being negotiated and the final choice being made in the new year, but not before late spring of the new year.

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FINANCE

PROPOSED CUTS IN UNCONDITIONAL TRANSFER PAYMENTS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Minister of Finance. In his September 8 statement detailing cuts in government expenditures, and particularly in unconditional transfer payments, the minister announced his intention to reduce those payments by some \$220 million.

Following the meeting with his provincial counterparts last week, can the minister tell us in what specific programs he now intends to make cuts, and by how much?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we said last week that we would be postponing social service programs which we were planning to introduce next year, and the community services program. We have decided to make some adjustments to the equalization formula. There will be an increase in equalization payments, but not as large an increase as has been predicted. There is a fourth program in which there will be a reduction, the public utilities income tax transfer program.

Miss MacDonald: Mr. Speaker, since the minister's September 8 statement proposed to reduce payments under the Established Programs Financing Act, and since he now finds that because of the five-year agreement under those programs he can no longer make unilateral federal cuts, I wonder if the minister can tell us if it is his intention to compensate for that difference not only by forcing the Minister of National Health and Welfare to abandon her social service financing legislation, but will he also make larger cuts in the equalization program than he originally intended? Further, will the minister try to tamper with the agreed-upon formula under the Canada Assistance Plan?

Mr. Chrétien: Mr. Speaker, I have indicated to the hon. lady the programs we are planning to use in order to take a contribution from the transfer payments. Of course, we cannot exempt the transfer payments to the provinces. Those account for more than \$10 billion. We have been relatively soft in relation to the other cuts in the system. Four programs were discussed with the provinces last week. Those programs will be affected.

In the case of established programs, I tried to modify the formula with the provinces last week. They did not agree, so I have decided not to move in that regard.