

*Supply*

as possible. It does not want to resolve the public finances issue effectively, publicly. Never. This will be done in the backrooms.

Therefore, in my opinion, the exercise will be relatively ineffective. Anyway, most of the report was written by the Department of Finance, which does not want to be affected by the recommendations, so it is making sure it has some leeway.

I would like to use the remaining three or four minutes to talk about the rumour going around regarding a form of flexible federalism which will be introduced in the next budget by decentralizing some powers. What a laugh. The Axworthy reforms were strongly contested and implementing his reforms is proving very difficult; the proposal is obviously lacking vision; people are not rallying around it, they are divided on the issue.

The government had to put these reforms on the back burner because of the referendum campaign. But the underlying idea was to cut social program spending. How can this be done now, and in a more positive way? That must be the challenge that Cabinet is facing now, and a decision on the issue has probably already been reached, since the budget has to go to the printer any day now.

• (1330)

Therefore, it is probably already a done deal and the Minister of Finance is probably now in the process of announcing to his provincial counterparts how he intends to reduce the amount of money they receive, and trying to have them believe that he is telling them good news.

What the government is essentially trying to do is to regroup certain transfer payments. Education, health and Canada Assistance Plan transfer payments will be grouped together and added up. What the government will be doing is an addition of sorts. The government will add up the amounts and say to Quebec or another province: "This was what you received in the past, and now we will give it to you in one block payment. However, you will get a lot less, because we have to improve public finances. The rest is up to you. You must decide where to cut, make unpopular choices, tell students their tuition fees will go up. You will bear the responsibility». That is essentially the message they want to convey, while trying to pass it off as decentralized federalism.

Will they cut the workforce which administers these programs here? I doubt it. Will they abolish national standards if they stop contributing financially? If they no longer make a financial contribution, will they forget about national standards? On what logical basis would we maintain national standards, although we know full well that the Liberal Party has this vision of national standards, centralized here and equal across the country, a single country, a single nation in their opinion?

It would be very surprising for them to really decentralize, but they try to convince people that this is flexible federalism. I said

yesterday, and I still think today, that this type of federalism is so flexible that we are broke.

In conclusion, I will say a word about transfer payments to the provinces. If I remember correctly, transfer payments to the provinces have been cut by \$48 billion since 1982, including \$12 billion for Quebec alone, but that did not improve the government's financial situation. So we must not fall into the trap of thinking that this will do much to improve government finances. First of all, it is shifting the burden to the provinces. This will be hard on several provinces whose credit ratings are substantially lower than that of the federal government. The federal government's financial situation is worse, except that it is easy for them to generate revenue by collecting more taxes, but in theory only because people would not stand for it in practice.

This did not put government finances on a healthier footing and it is not a good approach. We must also look at job creation, an issue on which the government is very silent. It lacks a vision. In summary, yes to selective cutbacks, first in the administrative machinery, at the Department of National Defence. We must also collect unpaid taxes. We can achieve a real reduction in overlap, which provides much more effective ways to create a better climate and improve the economic situation. However, I doubt very much that this is the approach contemplated by the government and that concerns me a great deal. In any case, people will have to make choices soon and we will see which vision of society they prefer, especially in Quebec.

**Mr. Nick Discepola (Vaudreuil, Lib.):** Madam Speaker, it was with considerable interest that I listened to and participated in the debate this morning. I listened closely to the speeches by the member for Saint-Hyacinthe—Bagot and my colleague from Témiscamingue, for whom I have a great deal of respect. I do not always agree with them and I would even say that I am almost in complete disagreement with their option, but I do agree with one point that both members raised this morning, in this House.

The member for Témiscamingue has just concluded with the remark that flexible federalism, or a flexible status quo, if I may so describe it, is the cause of the problem we are now facing daily in Canada. In this regard, I am in complete agreement with him. It is because of the debt load that has plagued the country for years now.

I also agree with another of their observations, which is that the debt load and particularly the deficit we have had for a number of years are not the result of social programs.

• (1335)

There are two factors, first of all the debt load, which is very high, and the political uncertainty, which has resulted in an incredible jump in interest rates.