

*The Budget*

**Mr. Charest:** Mr. Speaker, I will first comment quickly on my colleague's allusion to a comment I allegedly made about interest rates. I made no such comment.

I will stop immediately here and ask him his source.

[English]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I listened with interest and it sounded like a death bed repentance, a true confession, a catharsis for the hon. member.

I want to share this time with other members. The member talked very seriously about the implications of the reduction of transfers to the provinces.

The member well knows the transfers are a combination of tax points and cash and that under the existing EPF and CAP provisions, in certain provinces the amount of cash would be reduced to levels which would eliminate the leverage the federal government would have with regard to maintaining national standards with regard to education, health and so on.

I wonder if the member would admit or agree that the consolidation of the programs under one transfer, where there is a consolidation of tax points and cash, does assist the federal government to ensure appropriate national standards?

**Mr. Charest:** Mr. Speaker, the member for Mississauga South may be a little confused in what he is saying. If I understood him correctly, he was saying the proposed reduction in cash and tax point transfers would reduce the leverage to a minimum, the leverage of being able to ask for standards. He said how we think the government can impose some standards or allude to the fact that we should continue to do so.

If the government is to act unilaterally in this way and announce the cuts in advance I hope he is not naive enough to think it will sit down with the provinces and negotiate some sort of standard. There is nothing left to negotiate.

If the hon. member has ever been to a federal-provincial meeting he would find it quite startling to sit down with ministers of other provinces who will say to the Minister of Human Resources Development: "There is nothing left to discuss. You have made the decision on the cuts. What do you want from us?" That will be the dynamic of the meeting.

This points to one of the major weaknesses in this approach. During the election campaign our view was that if we were going to deal effectively with deficit and debt reduction, given that it is all the governments that enter into deficits and debts, it required a joint effort by all governments.

• (1225)

There should have been a formal process, a federal-provincial meeting, in which the government should have set joint objectives in terms of deficit and debt reduction and as a consequence of that, because it would imply reductions in transfers to the provinces, examine line by line areas of joint spending where

the federal government uses its spending power to determine where each level of government should be intervening. That was the common sense approach we proposed. His government chose instead to act unilaterally.

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I found the speech of the hon. member for Sherbrooke extremely interesting, especially considering the member ran for the leadership of a party which took the hole the prior Liberal government dug \$170 billion deep and proceeded to dig it even deeper to the tune of \$420 billion.

I find it interesting how he would, in his first opportunity, attack a Liberal budget. In opposition people tend to attack government budgets. We did the same thing. There are some things about this budget that are worth while commenting on, such as the \$9 billion in cuts the government has proposed which the opposition has been urging for over two years. It is soft, it is too slow, but that is another story.

I have three specific questions for the hon. member for Sherbrooke. When he was part of the Conservative government why did it or could it not reduce the deficit? What does he think currently is the biggest problem in this country, the debt, the interest costs to service the debt or the deficit? Does he agree or disagree with the Reform Party solution of a zero deficit in three years, working toward a balanced budget and protecting the taxpayers from increases by government with a taxpayers' protection act?

**Mr. Charest:** Mr. Speaker, I want to thank the hon. member for Calgary Centre for the question and for the opportunity to set the record straight, as the budget offers us an opportunity to put things in perspective.

He asked me, with respect to the Conservative government, what were the things it did or did not accomplish. Let me point them out in real, objective terms.

When we became the Government of Canada in 1984 program expenditure was rising at an annual rate of over 13 per cent. We brought that down to below or around 4 per cent. When we took over government in 1984 the annual deficit relative to GDP was in excess of 8 per cent. We brought that down to somewhere in the area of 5 per cent or 6 per cent.

I will go further because I know he will be interested in the facts and less in the rhetoric. A document was put out by this government, "Agenda, Jobs and Growth: Creating a Healthy Fiscal Climate". I am sure people can write to the Department of Finance to obtain a copy.

This Liberal document of October last has at page 8 a very interesting graph on the federal deficit as a percentage of GDP. If we watch the line very closely, as of 1984 when we became the government the line started to go down dramatically. That reflects the real efforts we brought forward as opposed to the inflated demagoguery we have heard from time to time. We produced a surplus on the operating budget of the government