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OFFICIAL REPORT
(HANSARD)

Monday, March 18, 1996

Speaker: The Honourable Gilbert Parent

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At page 757, left-hand column, under the heading "Employment" the name of the speaker should be Mr. Ted White (North Vancouver, Ref.), not Mr. Randy White.

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HOUSE OF COMMONS

Monday, March 18, 1996

The House met at 11 a.m.

Prayers

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from March 7 consideration of the motion that this House approves in general the budgetary policy of the government; the amendment and the amendment to the amendment.

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, the 1996 budget is about the future, the secure prosperous future all Canadians desire. If any group represents Canada's future it is our young people. That is why the Liberal government's commitment to fair, sustainable and secure social programs would be incomplete if we did not include action to assist children who are the most vulnerable and in the greatest need. At long last this budget introduces a new strategy to strengthen protection for children buffeted by divorce and separation.

As the Minister of Finance told Parliament on March 26, and as many Canadians have known for some time, the current child support system has added to the uncertainty and anxiety many Canadians feel. The minister clearly outlined that in our view children should be the first in line. Child support is the first obligation of parents; it is not discretionary.

The budget acted on that principle. It announced the child support reforms which take wide ranging action to ensure the child support system is based on what is best for children. To start with, the government is changing the way child support payments are taxed. Until now child support payments have been tax deductible for the paying parent and taxable as income for the parent receiving the payments.

The budget proposes that we move to a system known as no deduction, no inclusion. What does that mean? Custodial parents

will no longer be required to include child support payments in their taxable income and support paying parents would not deduct these payments from their taxable income. These new tax rules will apply to court orders or agreements made on or after May 1, 1997.

Child support paid under a court order made before May 1, 1997 would continue to be deductible by the parent and included as taxable income by the recipient until the support payment is changed by a court ruling or the parties add a clause to their agreement providing that the new tax rules will apply, or the payer and recipient file a joint election with Revenue Canada.

Coupled with this important tax change is a second major component of the child support reform. The government is introducing child support guidelines to make support awards fair and more consistent and to reduce the degree of conflict between separating parents.

• (1105)

These guidelines will be used across Canada by the courts, lawyers and parents to establish appropriate support payments. They include a payment schedule, a set of tables showing the basic amount of support to be paid according to the number of children and the income of the support paying payment.

The second part of that is that scheduled amounts can be adjusted to recognize individual family circumstances. Special expenses for child care, health care, education or extracurricular activities can be added to the scheduled amount provided that these expenses are reasonable and necessary in light of the needs of the children and the means of the parents.

The guidelines allow a court to alter the award in exceptional circumstances where it would cause undue hardship to either parent or to the child.

The third component of the child support reform strategy will be the enhancement of the federal-provincial enforcement measures. Children benefit from fair support awards only if they are paid in full and on time. The numbers are appalling. Far too many children in Canada are left without adequate financial means because one of their parents is willfully ignoring their responsibility to their children. Some one in four children's parents are fully paid up in their child support awards. This is an appalling situation.

As a federal government we must remember that child support is mainly a provincial and territorial responsibility, and so the

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measures we are proposing compliment the enforcement efforts and strategies at that level.

It should be emphasized that we are targeting parents who are persistent defaulters on their support payments. How are we to do that? We will start a national public awareness campaign that will aim at changing public attitudes about child support. It is not discretionary; it is the first responsibility of parents.

We will provide provincial enforcement programs with a new enforcement mechanism. Legislation will be enacted that will authorize the suspension of federal licences, privileges and certificates such as passports when someone has demonstrated persistent wilful default.

The federal government will provide up to \$13.7 million over five years to help the provinces expand the use of more aggressive enforcement measures and streamline the collection of out of province orders.

Improvements to the federal tracing service will allow the release of certain information from designated federal information banks to help locate defaulting debtors. This will include Revenue Canada to the list of departments whose data bases can be searched at the request of provincial enforcement agencies.

We will also improve federal pension diversions to ensure this measure can be applied to persistent defaulters. This can be done even if the defaulter refuses to apply for pension benefits to ensure the maximum amount of benefits goes to child support.

Improvements to computers systems will allow for on line computer access between federal, provincial and territorial enforcement services. This will enhance the efficiency of the garnishment and tracing service and greatly facilitate the exchange of information.

This is concrete and substantial action, but I am glad to say the 1996 budget plan does not limit new assistance to children whose parents are separated or divorced. There is another very important measure. The budget announces we will be doubling the working income supplement under the child tax benefit in two steps.

This will ensure and encourage employment and self-reliance by helping low income parents meet some of the expenses resulting from membership in the paid workforce, expenses like child care and transportation. It also helps make up for the benefits lost by parents who leave social assistance to re-enter the workforce.

Beginning in July 1997 we will go from the current maximum of \$500 to \$750, and in July 1998 it will be increased to a maximum of \$1,000. When fully phased in this will result in an additional \$250 million in support annually to approximately 700,000 low income working families, one-third of which are single parent households.

I am proud to be part of a government that puts children first, that thinks about the cost of not taking care of our children and that makes sure parents understand the responsibility to their children.

• (1110)

I am sharing my time with my colleague from Hillsborough who will take the remaining time.

Mr. George Proud (Parliamentary Secretary to Minister of Labour, Lib.): Mr. Speaker, I congratulate my colleague for a very fine budget address.

I start my budget address, as I know all members do, by congratulating the Minister of Finance for yet another successful budget. Like the two previous budgets, the needs and wants of Canadians have been addressed. It will result in the creation of jobs and promote economic growth by further reducing the deficit. To the minister I say a good job, well done.

The government is continuing the processes that began with the 1994-95 budget. The comprehensive strategy for federal finances determined is measured and responsible. The government is determined because we are not letting up our fight to reduce the deficit. The books will be balanced. The debt to GDP ratio will be on a constant downward track year after year.

It is measured because our fiscal action is not indiscriminate and mindless but is structured to a pace conducive to efficient adaptation. It is designed not as a quick fix but to achieve long term, permanent progress.

There are those in the House who would want us to believe that a quick trashing of the government books would be the cure all of the national debt. The government knows that deficit reduction must be measured in order for it to be sustainable.

Our approach is responsible because it is a strategy that involves carefully weighing the needs of our economy and our society and equally carefully designing the policy options to meet those needs. Just as important, we are striking the balance necessary to keep Canadians on side for our deficit reduction efforts.

Again, referring to the slash and burn tactics of some people in the House, their approach would result in a revolt so massive it would make the Ontario strike look like a walk in the park.

We all know the reasons behind reducing the deficit but I feel they must be reiterated. The lethal combination of high interest rates and deficit borrowing also means a growing share of government resources must go to interest payments on a growing debt.

That is why we have acted, not because tackling Canada's fiscal problem is not a goal in and of itself but because it is a fundamental component for our natural growth, new jobs and economic security.

We have maintained our focus on reducing program spending because the debt is a problem created by government and the

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solution should focus on cutting in our own back yard. Therefore there are no tax increases in the 1996 budget; no personal taxes, no corporate taxes, no excise taxes. This is good news to people in my riding and to all Canadians.

The federal government has fought quite hard to reduce the deficit since taking office. However, what is equally important is that the provinces and territories are doing the same. The provincial and territorial governments are well on their way to balancing their budgets. The combined provincial-territorial deficit has been cut to \$12.6 billion in 1995-96 from its peak of \$25 billion in 1992-93. This is a drop of 3.6 per cent of GDP to 1.6 per cent.

I am pleased to say the P.E.I. provincial government had a balanced budget in 1995 and it did so without major tax increases. Even more impressive is the \$3.4 million surplus for the 1996-97 fiscal year presented last week in the provincial legislature by the provincial treasurer, the hon. Wayne Cheverie.

As a result, Canada's total government sector deficit is projected to improve sharply relative to other G-7 countries. This is very important for an open country like Canada.

• (1115)

Since over 30 per cent of our national income is generated by our exports, it is important that we remain competitive. All levels of government are helping to do that by getting their fiscal houses in order. For its part, the federal government is reforming the way it conducts its affairs. This and the past two budgets are reducing waste and inefficiency and redefining the government's programs and activities. These actions will ensure that program spending continues to fall through 1998-99 delivering major fiscal savings into the future.

The federal government will further clarify its core program responsibilities in the economy. The government will make these programs more efficient and effective in order to deliver better quality services at a lower cost to the taxpayer.

The program review which was initiated in the 1994 budget is continuing. We are still exploring new ways to improve the delivery of service and reduce costs. The essence of these changes is to give service delivery organizations greater autonomy to provide their services in ways that are more responsive to the needs of their clients and more cost effective.

This will reduce overlap and duplication. Through co-operation and partnerships with the provinces and territories, these goals can easily be achieved. We are working with the provinces on a continuous basis to improve services to Canadians.

I have spoken long enough on our deficit reduction agenda. For the benefit of hon. members on the other side of the House I would now like to talk about some of the benefits of our efforts.

Last year the Minister of Finance and cabinet announced the implementation of the Canada health and social transfer. As a result of the efforts, this transfer will be stabilized and will even begin to grow. That is right, it will grow. The CHST will be stabilized at \$25.1 billion from 1997-98 to the turn of the century. After that this transfer will actually grow according to a formula tied to economic growth.

To the residents of my province of Prince Edward Island this means that the 1997-98 CHST will amount to \$114 million and by the year 2003 it will be up to \$122 million. That is good news for our provincial government and for Islanders as a whole.

Further good news is the guarantee of the cash portion of the transfer. The cash floor within the transfer will be guaranteed by legislation. This is quite different from the old direction of the transfer that would see the cash portion totally disappear within a decade. The stability of this transfer is very important to the provinces. This will provide greater clarity for their own budget forecasts.

The groundwork of our deficit reduction was laid out in the first half of our mandate. The savings accrued from those hard decisions now allow us to turn our attention to other items of concern to Canadians. It is through our efforts that our social programs will be saved.

I for one am glad that when I go back to my riding on the weekends I can tell my constituents that the Prime Minister's promise to seniors has been kept. The changes announced in this year's budget do not affect today's seniors. The pension of every Canadian who is 60 and over as of December 31, 1995, and their spouses regardless of age, will be fully protected.

When the new seniors benefit is implemented in 2001 these seniors may choose whichever system is more advantageous, either moving to the new system or maintaining their OAS/GIS payments. It should be emphasized that savings will come from slowing the rate of growth in program costs, not at the expense of those in need. While the savings at first will be small, they will build year by year to about 11 per cent of program costs by the year 2030.

Legislation will be tabled later this year and we will be inviting public submissions on the proposal to be followed by consultations through parliamentary committee hearings. The response should be positive because the seniors benefit meets these key public goals: reducing the long term costs will make the public pension system more sustainable; targeting help to those who need it most is the fairest way to reduce costs; and with the new seniors benefit all Canadians, particularly the young, can be assured the public pension system will be there for them now and in the future.

Another item of concern to Canadians that has been addressed by this budget is reform of child support as was mentioned by my colleague a few moments ago. A more equitable treatment of support payments will be implemented. As of May 1, 1997 the

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system will move to a no deduction, no inclusion format. The payers of the support payments will no longer deduct them from their taxable income and the custodial parents will not include them in their taxable income.

• (1120)

There will also be guidelines for the payment of child support and greater measures for the enforcement of those payments. The approach will address the first priority: our children. These children are our future. We must provide for them as much as we can.

That brings me to our next point: investing in our future. The government is taking durable, meaningful steps forward rather than relying on short term direct spending programs which only result in a step back when we look at the long term effect. It emphasizes collaboration with partners and strategic investments to steer the forces of the economic change toward greater employment, employment that is sustainable.

But first things first. For the sustained economic growth needed to deliver new jobs, we must start by securing Canada's economic fundamentals which as I have said earlier means getting the deficit down and keeping it down. High persisting deficits go hand in hand with high interest rates. High interest rates as we all know discourage investment, borrowing and consumer spending. Ultimately they discriminate against jobs.

We have a plan. We will focus on getting our youth on the job. The first job is very important. Giving our youth a better chance at their first job will improve their confidence and ability to get the equally important second job. Our youth programs will accomplish this task. Coupled with our learning package these measures will provide the means for young Canadians to get the education and experience to obtain the challenging and rewarding career for which they strive.

However, government cannot do it alone and more important, as has been said, it is not supposed to. The role of government is to create the economic environment which will allow the private sector to create the jobs that are needed to get Canadians back to work.

It is through partnerships with the private sector that our role can be fulfilled. One way the government can do this is to target its investment in the key areas of our economy.

The budget also increases investment in technology and innovation through a number of actions over the next three years funded by the reallocation of \$270 million from budget savings. For example, Technology Partnerships Canada will be established to encourage risk sharing with the private sector and to leverage investment in the development and commercialization of high

technology projects and processes. Funding will grow from about \$150 million in 1996-97 to about \$250 million by the year 1998-99.

I believe this is important for all Canadians and I believe it is important for my province of Prince Edward Island. We have the capabilities to succeed in the high technology world. All we need is help to tap into it. Islanders welcome the possibilities that come with the focus on high growth sectors of the Canadian economy.

I urge Prince Edward Islanders to take full advantage of this focus. We have little to lose and so much to gain. It is possible to create year round employment on the island and it is up to the private sector to create those jobs.

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, the comments of the hon. member for Hillsborough were along the lines that the deficit has been reduced year after year by the Liberal government. Certainly that is true, although we have seen the federal debt rise to some \$600 billion. It has increased over \$100 billion in the time of its mandate.

Given that the debt is rising so dramatically, could the hon. member for Hillsborough tell us what specific target date the government has for reducing the deficit to zero, to have a balanced budget, which will enable it to start paying down the debt? Can he give us a date?

Mr. Proud: Mr. Speaker, as I said in my speech, we have worked on deficit reduction. We will continue to do so until the books are balanced. I will certainly not give him a date as to when that might be, but I can tell him that we are much better prepared to do it now than we were over the last number of years. It certainly will take place in the distant future.

• (1125)

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, I listened very attentively to both the Liberal speakers.

The best security we can offer the children of Canada are parents with a stable income. The greatest threat to the economic stability of a family is the unrestricted power of government to tax away its wealth.

There is an ever rising demand on the revenue dollar to pay the interest on an ever rising debt. When the Tories replaced the Liberals in 1984 they inherited a \$200 billion debt from the Liberals. In nine years they added another \$300 billion to it. The first budget presented by this government promised to add another \$100 billion to that.

When we talk about the security of families and children, that debt is the greatest threat to their security. It is the greatest threat to good long term, well paying jobs for the parents of those children.

I admonish the members who have spoken and also the government. As the demand on the revenue dollar continues to increase to

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pay the ever rising interest on our ever increasing debt, the security of the individual family is weakened. The greatest thing we can do is to get spending under control and reduce the amount of money we need to pay the interest on this huge debt.

The greatest transfer of wealth that is going to occur in 1997 is not to the provinces or to individuals in Canada. It is going to be to those we borrowed the money from, to the tune of approximately \$50 billion a year.

Would the hon. member care to address his views on the threat that this picture poses to the economic security of families and children in Canada?

Mr. Proud: Mr. Speaker, we all know that the best thing for security is full time permanent jobs. The debt is astronomical and we all realize that. The government has started to get the deficit under control. It has offered some enhancement for the future. The economy is going well and jobs will be created if the climate is there. I believe the budget has done that. Reports from the media state that this is what people in the business community think. It is not perfect. I will be the first to admit that. It is probably not in total what I would like to see, but it is a lot better than it was when we came here. I can guarantee it will continue to get better.

[*Translation*]

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, I am speaking today as part of the debate on the budget announced on March 6 by the Minister of Finance.

Unlike the hon. member who spoke before me, I have no congratulations whatsoever for either the Minister of Finance or the government for a budget I find deplorable, inequitable, regressive and inhumane in a number of ways. The main victims of this third Liberal budget are the ordinary folk, the workers, the unemployed, the welfare recipients, the elderly, the immigrants, the low income families.

The other main victims are the provinces, all of the provinces, Quebec in particular, which will see their transfer payments reduced.

• (1130)

The massive cuts in this Liberal government's three budgets, in particular the last one, are doing great harm to the people of Canada and the people of Quebec, and in particular to the ordinary folk in my riding of Bourassa, in Montreal North. My riding contains many single parent families, many retired people, many unemployed people and many, very many, immigrants. These cuts do great harm to the 600 people who are on the Montreal North waiting list for low rental housing.

As I have said, this is an inequitable and unjust budget. The unemployment insurance reform and the reduction in transfer payments to the provinces for social assistance, health and post-secondary education have already sent shock waves through the

population, and continue to do so. It is my belief that these brutal cuts may well trigger a major social crisis in this country.

There have been many demonstrations everywhere in Canada against the cuts in social programs and against the cuts in unemployment insurance, particularly in the Atlantic provinces. Everywhere in Quebec, including Montreal, Shawinigan in the Prime Minister's riding, Quebec City, the Gaspé, and in Ontario.

I believe that these brutal and inequitable cuts are coming close to the limit Canadian and Quebec society will tolerate. As we can see everywhere, the social situation is becoming increasingly explosive, particularly because people can see that the budget is unfair, that the major companies, like the banks, and the people in the upper income brackets are either not affected at all or only barely so.

Instead of the government talking with workers or organizations representing them, the Minister of Human Resources Development is directing insults and accusations at the union leaders, particularly the president of the Canadian Labour Congress, the union that represents most Canadian workers, with its 2.4 million members.

On top of that, the Minister of Human Resources Development, who should be advocating dialogue among all sectors of society, is refusing to meet with the president of the CLC to discuss the cuts in social programs and the cuts to unemployment insurance.

It is incredible that the government, which is no longer contributing to the unemployment insurance fund, is making improper use of the \$5 billion surplus in the unemployment insurance fund, and it is unacceptable. A number of members have said here that Quebec receives more in unemployment insurance than it contributes. I tell you that, in 1995, employers and workers in Quebec paid \$4.530 billion dollars into the fund. UI claimants in Quebec received only \$4.340; a difference of \$195 million, which was not returned to Quebec. This, despite the fact that, for February, the rate of unemployment in Quebec was 11.3 per cent, or 414,000 workers actively seeking employment. There is no mention of those who are leaving unemployment insurance to go on welfare.

• (1135)

For Canada, the unemployment rate in February was 9.6 per cent, or 1,539,000 unemployed workers. That is a lot. It is scandalous. What is more, in 1995, the figure was only 1,514,000.

I was a UI referee for eight years in Montreal, and all those I met—the recipients and the lawyers—used to tell me about the need to improve—and not decimate—the UI program, which was set up under pressure from the labour movement and the workers. The Liberals are in the process of destroying this important social benefit.

When the Conservative government was in office in 1990, 87 per cent of unemployed workers were receiving benefits. In January 1996, under the Liberal government, 46 per cent of unemployed workers were receiving benefits. Less than half. That is outra-

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geous. That is why the Bloc Québécois, like the labour movement as a whole, demands that Bill C-12 be immediately withdrawn.

In this budget, we expected the government to submit a plan to revive the economy and create jobs. Yet, there is nothing of the sort in his budget, despite the Liberal Party's famous election promise of "jobs, jobs, jobs".

I take this opportunity to salute those attending the summit on the social and economic future opening tonight in Quebec City. This is a Quebec government initiative involving the participation of unions and employers, among others. I hope that the results of this summit will benefit all the people of Quebec and that those taking part will take adequate measures to revive the economy and create jobs.

One of the things that I found most shocking in this budget is that it reduces the tax benefits for labour sponsored venture capital funds. There is nothing to create jobs in this budget, which cuts moneys to the very organizations that seek organizations that seek to create and maintain jobs. These labour sponsored venture capital funds are effective tools to create jobs. Yet, the government is cutting the federal tax credit rate for these funds from 20 to 15 per cent and lowering maximum investment from \$5,000 to \$3,500.

• (1140)

There are 19 workers' funds in operation in Canada. The funds' assets amount to \$2.5 billion or \$3 billion. They have invested more than \$850 million in the Canadian economy since they were established. In Quebec alone, the fund established by the FTQ, or Fédération des travailleurs du Québec, has helped maintain or create about 40,000 jobs. Forty thousands jobs in a single province, that is very significant.

The government claims it wants to get Canadians back to work. But why hit workers so hard, and their funds, which are used mainly to invest in small and medium size businesses? What is terribly unfair in all this is the fact that these cuts affect mostly Quebec, where half the money in these investment funds comes from.

In response to a question by the Bloc Québécois a few days ago, the Minister of Finance said that this kind of tax incentive would be reduced, since these funds are now very well established. But it certainly is not the case with the CSN's—the Confédération des syndicats nationaux—action fund. This is a new fund, which is not yet very well established and therefore requires government support.

I worked on establishing the Fonds de solidarité de la FTQ when I was a servicing representative, and this fund has helped thousands of FTQ members, people who do not make a lot of money, in allowing them to put money aside toward their retirement. It also helped maintain or create 40,000 jobs, as I mentioned earlier. Why

attack this fund? The proposed cutbacks will slow down job creation in Quebec, and particularly in regions where economic growth is sluggish.

A study conducted by the Canadian Labour Market and Productivity Centre shows that the government recoups the tax costs relating to workers' funds within three years or less. This study takes into account benefits such as the following: with these funds, tax revenues increase as a result of investments being made; also, reliance on the UI system is reduced because more people are at work and fewer claim UI benefits.

But the government did not attack the registered retirement savings plans, the RRSPs, in its budget. As we all know, such tax deductions can help create employment, but 20 per cent of this job creation could take place abroad. Twenty per cent of RRSP contributions can be invested abroad.

Why cut in investment funds then? As I said earlier, unemployment is at 11.3 per cent in Quebec, and more than 800,000 Quebecers are on social assistance.

• (1145)

The FTQ had the extraordinary idea of setting up this Fonds de solidarité a few months ago. I was there, to help complement this initiative by establishing regional funds. Nine of these regional funds, which will be set up everywhere in Quebec, have already been created. I congratulate the FTQ and the officials of the fund for their extraordinary contribution to promoting job creation. I should point out that the Quebec government and the administrative regions are partners in these regional funds.

What does this budget provide regarding old age pensions? The government creates a new seniors benefit to replace old age security, guaranteed income supplement, age credits, as well as pension income credits. The most dangerous aspect of this budget is that this new seniors benefit puts an end, once and for all, to the universality of benefit programs for seniors. This is very serious and simply unacceptable. The principle of universality applies to all social security programs.

The minister tells us that most of these measures will not affect current retirees, but future generations will be severely hit by these changes. In my riding, in Montreal North, the Association québécoise de défense des droits des personnes retraitées et préretraitées opposes the federal government's decision. It is firmly opposed to any reform that would undermine the benefits program for the elderly.

As for corporate taxation, we, Bloc Québécois members, and myself in particular as the member for Bourassa, expected the government to review the corporate tax system. There is currently a shortfall of close to \$10 billion. We must put an end to tax havens. There is no reform in this budget, only promises and commissions.

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There is nothing concrete. Meanwhile, the profits of major banks exceeded \$5 billion in 1995.

This explains the tax revolt. Everyone knows that banks do not pay their fair share of taxes. The banks that registered these sky-high profits are the same ones that made massive layoffs. We demand a true corporate tax reform, as well as the establishment of a minimum tax for corporations.

According to the Department of Citizenship and Immigration's estimates, expenditures for 1996-97 will reach \$621.5 million. The budget for ICSI will be \$76.8 million. This is \$8.1 million in additional resources for that activity. I do not see the reason for spending more to promote citizenship.

The Deputy Speaker: Unfortunately, the time allotted to the hon. member for Bourassa has expired.

• (1150)

[English]

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I listened with great attention to the remarks of the member for Bourassa, particularly the comments about the 19 labour investment funds that have total assets ranging from \$2.5 billion to \$3 billion. I know a little bit about them and I take exception to his suggestion that these funds are unfairly attacked in the budget. He seems to be implying that these funds are creating jobs.

They are not creating very many jobs. They are great for investors because of the tax credit but most of their assets are tied up in blue chip stocks and money market vehicles.

Would the member for Bourassa support me in pressing the government for an amendment that would require the labour investment funds to invest at least half their assets in Canadian small businesses so that at least \$1.5 billion of it would be used to create jobs?

[Translation]

Mr. Nunez: Mr. Speaker, in Quebec this is what is being done. The FTQ's Fonds de solidarité is investing in small and medium size businesses. This fund has already created 40,000 jobs. It is a start. But I think that it must go further. I am in agreement with the general idea of my colleague from Hamilton—Wentworth, but until now this initiative has been a complete success. After the FTQ's Fonds de solidarité was created, 15 other such funds were set up in Canada, including in British Columbia and Ontario.

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, I want to ask my colleague a few questions. I wonder if he would give me his reaction to the comments in the media regarding the government's budget.

Constituents in my riding, for example, are happy to hear that there is no increase in taxes, that there will be additional cuts within government, that funds have been earmarked for the purpose of doubling the amounts spent on creating summer jobs, that there will be this new initiative to create entry level jobs for young people in order to give them experience. They have praised the government because it continues to target the deficit and make progress. Despite the cuts, it will be able to increase transfers to the provinces for health, education, training and social assistance.

I therefore wonder if he has any comments to make. I find it surprising that the comments he is reporting from his riding seem to be very different from those I have been hearing in mine.

Mr. Nunez: Mr. Speaker, true, there are no new taxes. But everybody knows Canadians have been taxed to the hilt, especially under the Conservative government. We are told there are no additional cuts in this budget, but it is not so. There are several cuts, especially to transfer payments to the provinces. These cuts are huge. Most cuts announced in the last budget are coming into force this year.

He points to the job creation initiative for young people. I have seen how it has been welcomed by young people. They are not very pleased with this kind of job creation. This is not what they wanted. This is not significant. The government should have tried a bit harder in this area.

[English]

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I would like to pick up on the discussion of labour sponsored venture capital funds. The hon. member is correct in pointing out that they have been very successful, particularly in the province of Quebec. However, the government must at all times look at the total picture and weigh the effectiveness of incentives provided against other measures presented in the budget.

As the budget papers point out, those venture capital funds have approximately a two-year supply of capital based on the level and the rate of investment that has been engaged in by those funds. It seemed to be an appropriate and reasonable measure to scale back, to temper the incentive a little bit.

• (1155)

I wonder if the hon. member thinks that government should never re-examine and balance the incentives that it provides and just keep on benefiting one sector on and on.

[Translation]

Mr. Nunez: Mr. Speaker, such investment funds are revolutionary. When they were first created, not too many people believed they would work. Small investors, workers whose salary might be

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barely above the minimum wage, are encouraged to invest in these funds, which will provide for their retirement.

The goal of these funds is not purely economic. They also have a social goal. For instance, the businesses in which the FTQ fund has been investing offer economic training to their workers; they learn how to take part in managing the firm. The fund is doing a great job.

Why not tackle some other problem areas? Why not go after tax havens instead of workers' funds, and why not levy a minimum corporate tax, as is done in the U.S.? There are many areas other than workers' investment funds where the government could have found more money.

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.):
Mr. Speaker, I shall be sharing my time with the Secretary of State for Multiculturalism and Status of Women.

I am most pleased today to be able to take the floor in this noble institution to speak on the 1996 budget. This is the third one we are presenting, aimed at guaranteeing Canadians budget stability and an economy that is vigorous, dynamic and competitive, in today's harsh economic context.

Along with the 1994 and 1995 budgets, this one maintains a broad strategy that is deliberate, measured and responsible and is aimed at putting federal public finances on a sounder footing. It is deliberate, because our efforts are continuing unrelenting. As the Minister of Finance has pointed out, in our implacable fight against the deficit there is no going back. We are going to balance our books. We shall also put the debt-GDP ratio onto a permanently descending curve, dropping lower every year.

It is measured, because our action plan is not being applied in a blind and reckless manner; it is well structured and proceeding at a rate that will allow efficient adaptation. What we are aiming at is not a quick fix but permanent progress over the long term.

It is responsible, because this is a strategy which requires us to take the needs of the economy and of society into account, and to use particular care in designing the strategic options which will equip us to meet those needs.

What is more, we are seeking the necessary balance to allow Canadians to join us in our efforts to reduce the deficit.

[*English*]

There remains no question about the need for dramatic and disciplined action. High public sector deficits and debt have sapped confidence, soaked up domestic savings and led to a sharp increase in the country's net international indebtedness. Canadians were paying a painful high price through the punishing pressure that high deficits place on interest rates. This takes away consumer and business investments and drives down job creation.

The lethal combination of high interest rates and deficit borrowing also meant that a growing share of government resources must go to interest payments on a growing debt. This year those charges will cost the federal government \$47 billion, money that cannot go to lowering taxes, aiding those in need and helping our economy create new jobs.

• (1200)

[*Translation*]

These, Mr. Speaker, are our reasons for doing what we did. It is not because solving Canada's budget problems constitutes an objective in itself, but because it constitutes a fundamental component of our national growth, of job creation, and of economic security.

In the first two budgets, we began a process of improving our public finances and of restoring the state's budgetary credibility, after years of failing to control the deficit.

By setting credible rolling two-year targets, by basing budget planning on cautious economic assumptions and by creating substantial reserves for contingencies, we are making public finances once again credible.

The first two budgets provided for unprecedented cuts to program expenditures. These structural cuts focussed on the medium term. Thanks to them, the 1995-96 and 1996-97 objectives of reducing the deficit to 3 per cent of the GDP will be met, despite the fact that the growth of the GDP is slower than expected.

This progress is due in part to the fact that interest rates are also much lower than expected, and this in turn offsets the negative effect of the slower GDP growth.

The measures announced in the 1996 budget strengthen and extend those of our initial budgets and provide an added push toward the achievement of our economic and financial goals.

We set our sights on the reduction of program expenditures, because the debt problem was the creation of the governments. They must therefore resolve it by putting their own affairs in order.

Therefore, the 1996 budget provides for no increase in taxes. There is no increase in income taxes for individuals or corporations, and there is no increase in the excise tax.

[*English*]

Expenditure cuts in the 1996 budget will amount to \$1.9 billion in 1998-99 and will build on the reductions of the two previous budgets to keep program spending on a downward track.

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Here is a point that must be emphasized: a full 87 per cent of the cumulative fiscal actions taken from 1994-95 to 1998-99 will have been expenditure savings.

Together the three budgets will contribute \$26.1 billion in savings for 1997-98. This action, together with the reform of the employment insurance program, will ensure that we hit the new deficit target, to bring the deficit down to 2 per cent of GDP.

[Translation]

Thanks to the measures announced in the budget, we will manage to save an additional \$28.9 billion in 1998-99, which means that the deficit will continue to shrink.

There is no doubt we have taken a historical step. The program expenditures, that is, all expenditures less interest payments, could shrink for six consecutive years, until 1998-99. These are actual cuts in real dollars. Expenditures would shrink from \$120 billion in 1993-94 to \$105.5 billion in 1998-99, that is, a reduction of 12 per cent in the amounts spent.

In real terms, the level of program expenditures, adjusted to reflect inflation, will in fact be below that for 1984-85.

• (1205)

Program spending, as compared to the size of the economy, will be at its lowest level since 1949-50. The debt to GDP ratio, or what we owe as compared to what we produce, will drop by 1.1 per cent to reach 73.7 per cent in 1997-98. This will be the first significant drop since 1974-75.

Another fiscal element is worthy of mention. Calculated the same way a number of countries, including the United States and the United Kingdom, measure their deficit, our financial needs reached \$30 billion in 1993-94. In 1997-98, they will have dropped to only \$6 billion. As compared to the size of the economy, this is the lowest they have been in nearly 30 years. At this rate, we will likely have the lowest shortfall of all G-7 central governments.

Two additional points are worthy of mention. First, the economic assumptions included in the budget plan are once again more conservative than the private sector's. For instance, our projections for 1997 are based on interest rates nearly 1 per cent higher, or 80 base points, than the private sector's forecasts.

If economic forecasts reach or surpass the planned levels, the deficit could be lower than our 2 per cent deficit target for 1997-98. Any unused portion of the contingency reserves will be used directly to reduce the deficit even further.

Second, the federal government's fiscal health is not the only one to improve; that of the provinces and territories is also improving markedly. The combined deficit of the provinces and territories dropped from a record \$25 billion in 1992-93 to \$12.6

billion in 1995-96, from 3.6 per cent to 1.6 per cent of GDP. Consequently, in Canada, the total government deficit should improve significantly as compared to the other G-7 countries.

[English]

In 1992 the combined government deficits in Canada stood at 7.4 per cent of GDP. That was double the G-7 average of 3.7 per cent and the second highest behind Italy. This year Canada's total government deficit will have fallen below the G-7 average to rank second lowest among the the G-7 countries, just behind the United States. By 1997 our country's total government deficit should be the lowest of the G-7 based on the each country's current plans.

[Translation]

Obviously, we are making sustained progress, as are all major public administrations. The biggest winners will be Canadians. We are taking the necessary steps to lower interest rates, increase competitiveness, promote job creation, and improve economic security. You can be sure we will stay the course.

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I would like to correct something that my distinguished colleague from Pontiac—Gatineau—Labelle said. Our distinguished colleague who represents a part rural, part urban riding in this House is sticking his chest out and boasting about what a responsible budget this is, stating that it was not raising taxes for individual taxpayers or the big companies, in a word, it is not hitting anybody. There are a few points however in his speech that sound dishonest to me in that not all the truth is being said in some instances.

• (1210)

It is true that it did not raise taxes on fuel, tobacco and alcohol, but will he recognize however that, by going after milk subsidies in its budget, the government will be contributing to making the price of butter go up 28 cents a pound and the price of cheese 50 cents a kilo?

In fact, by eliminating over a period of five years the \$4.62 per hectolitre milk subsidy, this government is directly attacking industrial milk producers and indirectly attacking all Canadian consumers, who will see their taxes go up not on alcohol, tobacco and fuel, but on their food baskets, and on butter and cheese in particular. Is that what he calls a responsible budget?

Mr. Bertrand: Mr. Speaker, I thank my hon. friend opposite for his question. As you probably know, since our government came to office in Ottawa, some 500,000 or 600,000 jobs have been created. Obviously, in certain areas, it will be a little more difficult to create jobs, but on the whole, the number of jobs created for the long term will certainly outweigh the incidental aspects, so to speak, of the finance minister's budget.

The Budget

[English]

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I listened to the speech and was quite impressed at how good things are in Canada.

I wonder if the hon. member would comment on some questions Environics polled from December 12, 1995 to January 11, 1996. The first question asked was: Generally speaking, do you approve or disapprove of the way the government is handling the economy? Approve, 26 per cent; disapprove, 68 per cent.

The second question asked was: Generally speaking, do you approve or disapprove of the way the current federal government is handling the deficit reduction? Approve, 24 per cent; disapprove, 67 per cent.

It gets even gloomier. What about taxes? Generally speaking, do you approve or disapprove of the way the current government is handling taxation? Approve, 19 per cent; disapprove, 77 per cent.

Where is the rosy picture we were just hearing about?

Mr. Bertrand: Mr. Speaker, since taking office, the deficit percentage has gone down from 5.9 per cent to 3 per cent. The government is meeting its targets. Next year it will be hitting 2 per cent.

I am surprised that the member from the third party likes polls so much considering that his party is staying at 10 per cent and has not moved for a long time.

Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.): Mr. Speaker, I am proud to speak in support of the recent budget brought down by my colleague, the Minister of Finance.

This is a good budget. It is a balanced budget and a Liberal budget. It continues to support the government's commitment to prudent fiscal planning and to a deficit target of 3 per cent of GDP while creating opportunity highlighted in the red book for youth, women, children and seniors. It continues to secure the future of social programs for all Canadians regardless of region. In fact, it sets firmly the infrastructure essential to the building of a nation as it embarks on the new millennium, a strong, economic and social union. It was a pleasant coincidence that the budget was tabled during International Women's Week because the budget has many initiatives that will advance the economic independence of women, albeit in a time of economic restraint.

• (1215)

There were creative new policies that showed how equality can be served when there is a strong political will to do so. The budget serves women in all stages of their lives; as students, as youth, as mothers, as entrepreneurs, as seniors. It does so by using a variety of measures from enhancing access to education and training, to

investment of actual dollars toward low income families, many being single mothers.

Let me point out some of the creative measures in the budget that show how the government understands the reality of women's lives. The initiative that received the most media attention has been the child support package. The object of this reform is to place the well-being of the child first. It is based on the clear principle that support of one's child is not discretionary but is a duty.

It makes four specific changes. The first is a non-inclusion, non-deduction tax policy that not only puts more money in the way of the child but levels the playing field between divorced parents and those families that stay together.

Second are specific guidelines that will set payment levels based on the gross annual income of the non-custodial spouse with room for relief if there is hardship to that parent.

Third are enforcement measures that would ensure the compliance of a non-custodial parent who wilfully reneges on payments by denying access to passports or other federal licences. The data base of Revenue Canada will be utilized to track these parents who try to evade provincial jurisdiction.

Fourth and most important, the moneys realized by Revenue Canada from this change in tax policy will be used to double the working income supplement to 700,000 low income parents, one-third of whom are single parents.

The Prime Minister spoke in his reply to the throne speech of creating security for older Canadians. The budget made good on that promise. The new senior's benefit which will combine OAS, GIS, the tax and pension benefits into a single tax free payment will benefit nine of out ten single women. Almost 60 per cent of seniors are women, many of whom live in low income situations. In fact, 80 per cent of seniors, single or couples have low incomes of under \$45,000 and they will get the same or more money under this new plan. Also, this new seniors benefit is fully indexed.

This innovative move which targets low and modest income seniors is the only way we can ensure the future sustainability of the old age security which today represents one-fifth of federal government spending. The government continues to show its commitment to fairness. While securing the future of low and income seniors we have also given assistance to those future seniors who will depend mostly on private incomes by removing the limits on RRSP carry forwards.

The child care expense deduction has been expanded so that it applies more widely to parents pursuing full time studies while raising their families. This will help women get an education or training, to enter the workforce and secure their economic independence.

Single parents will now be allowed the same deductions available for couples pursuing full time studies, and the age limit for day care has been increased from 14 to 16. These simple initiatives

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have recognized the reality of women's lives and that of their children and has levelled the playing field so that women's access to education and training can be expanded.

The budget is not only about women, it is about the government's continued recognition of the importance of small and medium size business and how they play a role in job creation.

Concerning the new world of technology the 21st century Canadian must face and master about the globalization of putting in place policy initiatives that would improve the access of small business to global markets, policies that would increase access to the Internet, that would enhance research into environmental and biotechnologies, in every way the budget has moved Canada into the competitive starting line for the new millennium. I am gratified to see that my province of British Columbia, the leader in environmental and biotechnology, will benefit from these policies.

Women, seniors and entrepreneurs represent today's world. How do we build a tomorrow? How do we ensure our productivity increases and that we can ensure our continued evolution as a world competitor? The answer lies in our youth, and by making youth a priority the budget has again shown itself to be forward looking and progressive.

I can go on about partnerships with the private sector to give youth their first jobs and to get them out of the catch-22 situation of no job without experience, no experience without a job. I can talk about the doubling of summer jobs, the increased Youth Service Canada initiatives for community work or I can speak to the increase in RESPs or the increase in the tax credits for education, but there is not enough time.

● (1220)

Liberal governments throughout Canada's history have put into place the social infrastructure we have come to take for granted: medicare, social security, post-secondary education subsidies, student loan programs.

It is appropriate that a Liberal government spearhead the evolution of these programs so that they are relevant to the needs of the 21st century Canadian and to the new federal-provincial partnership.

When the CHST was brought in as a positive alternative to the established programs financing and CAP in the last budget, I saw it as a positive step in a new decentralization of management.

Stabilizing the cash component in the budget at \$11 billion and setting in a five-year plan that would see an increase in the transfer of payments in the last three years are other moves in securing a future for Canadians which will ensure Canada continues to have a

strong social and economic union as we move into the next millennium.

[*Translation*]

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, my colleague from the government has just stated that this is an excellent budget. I, on the other hand, could say that this budget is hypocritical toward women and young people. Although it refers to subsidies to provide our young people with summer jobs, we know full well that the government had already cut \$25 million in the previous budget. So this is the lesser of two evils. The budget tries to make some adjustments, but the last budget still contained cuts to community group programs for women.

These groups have seen their funds reduced by 31 per cent over six years. The last budget cut funding for women's organizations by 6 per cent. I am not so complimentary or positive about this budget. Look at what is happening today. People are still demonstrating. I was watching the news earlier and everywhere in Quebec and Ontario people are demonstrating. The federal government has cut transfers to the provinces.

People are indicating that they are not happy with this budget. Do they seem happy? Not at all. They are warning us that our social programs are in danger because of the government's pervasive cuts. There was an attempt to please young people and women, but women also want jobs. I feel that neither this budget nor the last one created jobs for women, or that real, concrete measures were taken.

The federal government has not invested a red cent in the UI fund, and yet it wants to centralize. The UI fund is even running a surplus, which the government plans to use to reduce its deficit.

I, for one, do not think this is a good budget for women. It is not what women are telling us. The last budget came under severe criticism, and I do not think that this budget will improve women's lot. Giving them the right to receive UI benefits and the income supplement will not create jobs, but simply ease the economic situation. However, for young women, for women returning to the labour force, there are no job creation initiatives.

My colleague also talked about nation building. I would like to ask her this: Is she aware that, within the nation they want to build, there are founding peoples, including Quebec francophones and natives?

I am very pessimistic about this budget. I would call it a hypocritical budget. It does not show any desire on the government's part to decentralize. There is some duplication. I think that, with all the commissions—on revenue, on health—it promises to set up, the federal government is once again trying to create jobs for its own people at the expense of the provinces.

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• (1225)

[English]

Ms. Fry: Mr. Speaker, I am delighted to respond to my hon. colleague's questions. My colleague has forgotten some things and probably has not read the full budget.

How can my colleague say that in the budget we have not put into place anything for women? The obvious concern of everyone is that putting money into programs is the only answer. We have made some fairly creative and innovative changes in the budget. We have changed tax structures. We have increased the ability for many more women, especially single women, to have access to day care, including single women who are parents attending high school. This a very innovative budget.

I was at the United Nations last week. When we talked about some of these tax initiatives, countries in which fiscal restraint is the order of the day were extremely excited to see some of the ways we were able to give women economic independence and ensure their equality in times that are tight.

The hon. member maybe should stop looking at the old ways and start looking at some creative, innovative ways to go about changing things.

The hon. member speaks of summer jobs as if the program is something which is not worthwhile. Imitation is the best form of flattery. British Columbia has just embarked on a summer job program that echoes ours exactly. Therefore it tells us we are on the right track to helping youth.

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, I will be splitting my time with the member for Edmonton Southwest.

As I speak to the budget today, I cannot help but think it is almost a waste of my time. Through a series of unforeseen circumstances we are here on the second day of debate on the budget, almost two weeks after it was introduced in the House. Already the budget is of little if any concern to the Canadian people. It was insignificant 12 days ago when the finance minister gave the budget speech and it is of even less significance today.

The budget the government members are so proud of is a budget that does nothing. Actually it seems to be the rallying cry of the Liberal government, the party that does nothing and is proud of it.

I know I am being a little facetious here. After all, the government has done something. After three years in power the government will have added \$100 billion to the national debt. For some unknown reason members opposite seem to think this is a great thing to have done. I would like to put their record into some statistical perspective.

The Liberal government has been in power for less than 2.5 per cent of the 129 years Canada has existed as a country. During this short period it is responsible for 17 per cent of the entire debt. There is a record these Liberals can be proud of. They have been able to run up the debt at a faster rate than any other government in the history of Canada.

I can see the Liberals in their caucus meeting chanting "we are number one, we are number one". Unfortunately the members of the government have actually bought the premise that having a deficit of 3 per cent of GDP is some magic elixir. Three per cent of GDP is irrelevant when the national debt is 75 per cent of GDP.

This massive debt load we carry is the biggest threat to our social programs and the greatest hindrance to increased employment. The government is following in the same footsteps as the Tories when they came to power in the mid-1980s. It is not doing things differently. It is not being creative.

The Tories also took modest steps to improve on the disasters the previous Liberal government had created, and then congratulated themselves for their meagre accomplishment. The Tories failed to take advantage of a booming economy to get their finances in order. When the recession hit, they were in dire straits.

• (1230)

Unfortunately the Liberals do not seem to have learned from the mistakes of the Tories. Here we are with some of the lowest interest rates in the last 30 years, a booming economy in the United States, low inflation, yet our economy is stifled by sluggish growth and we still have far too many people unemployed. What is the problem? In case government members have not noticed, it is the debt.

The debt costs Canadians \$50 billion a year in interest payments. It astounds me when I hear members of the government and the socialists complain about our banks earning billion dollar profits. Do they not realize that much of the profit the banks earn is from interest payments on money they lend to the federal government? It is not just Canadian banks. Each year our government sends almost \$20 billion of taxpayers' money to foreign banks and financial institutions.

Has the government not realized that with almost 33 cents on every dollar the government spends going to service the debt that it is extremely limited in what it can accomplish?

The Reform Party knows the problem is the debt. The IMF knows the problem is the debt. Even the CIA knows the problem is the debt. That is right, the CIA.

While surfing the net last week, my office came across the CIA's home page. While it does not list all its secrets on the Internet, it does list its analyses on all the countries around the world. It has a very thorough eight page listing on Canada. Of particular interest was its information on our economy. In summary, the CIA states:

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“With its great natural resources, skilled labour force and modern capital plant, Canada has excellent economic prospects, although the country still faces high unemployment and a growing debt”.

If everyone else recognizes the problem, why has not the government? Instead it brags about a deficit of around \$30 billion this year and \$20 billion and some next year.

What is particularly troubling is how the government is reducing the debt. Much of its cost cutting has involved a reduction in transfers to the provinces. That means the federal government is not seen cutting any of its programs; rather the provinces have to cut theirs. It looks good for the feds, but the real losers are the taxpayers.

The other major sleight of hand is how the government is now using unemployment insurance premiums to subsidize other government spending. It is true that two years ago the unemployment insurance fund was in a deficit situation, but that deficit has been eliminated. By the end of this year there will be a \$5 billion surplus. By next year there will be close to a \$10 billion surplus.

Is the money being saved in a special unemployment fund which can be used the next time there are more expenditures than revenue? Of course not. It is put right into the consolidated revenue fund. Is there any chance that the government will reduce the premiums so that employers and employees will have more money in their pockets to stimulate the economy? Of course not. The government is keeping the money in its pocket so it looks like it is doing something about the deficit.

The government should be spending less time on optics and more time on doing the right thing. What is the right thing? To figure that out I think the best minds in the Liberal Party scour through the Reform Party's policies to see what idea they can steal next. If the government continues to steal the Reform Party's policies and platforms, it will eventually get around to addressing the debt. After all, it has already adopted our policies on seniors.

In my constituency there is a large senior population. Amendments to the old age security program will be viewed with particular interest. In the last election campaign the Reform Party suggested two changes to OAS: calculating income on a family basis and eliminating payments to high income earners. I recall the Liberals condemning us for these suggestions. “How unfair to use family income to calculate benefits”, they said. “It is heresy”, they stated, “for Reform to suggest that we eliminate payments to high income earners, as that would mean the death of universality”.

What do we see in this budget? The end of universality and the family based income calculation. It is so typical of this government to say one thing to get elected and then do the opposite when in government.

• (1235)

If this government had just adopted our position on the debt and deficit, it could have saved Canadian taxpayers billions of dollars in interest payments. It could have prevented billions of dollars from being sent out of the country to foreign financial institutions. Maybe it could have let Canadians enjoy some of that excellent economic potential that we would have if it were not for our debt. Hey, if you do not believe us, go ask the CIA.

Mr. Jack Iyerak Anawak (Nunatsiaq, Lib.):

[Editor's Note: Member spoke in Inuktitut.]

[English]

Mr. Speaker, it is very interesting to hear the hon. member complain about all the things the government is doing wrong, while at the same time telling us that the UI deficit has gone, that it is now in surplus. Today we have the lowest interest rates in 30 years and a low inflation rate. I cannot figure out what the hon. member has to complain about. She just told Canadians that this government has done a very good job of attacking those things.

The hon. member mentioned at the beginning of her speech something about how we are cutting the social programs. I am wondering what she would do for single parents who are having a hard time in their day to day living or for the aboriginal people who are at the bottom end of the economic scale, and which we are doing something about to address, such as the Nisga'a case. We are trying to right the wrongs that have been done over the years. The Reform Party does not support the negotiated agreements we have made with the Nisga'a or any other land claims. Reformers think we are giving away the land and the money to aboriginal people.

What does the hon. member think the government should be doing to address the wrongs that have been done to the aboriginal people over the issue of lands and other rights, as well as the disabled and all the other social issues?

Ms. Meredith: Mr. Speaker, I find it interesting that a member from the Liberal government asks what we are going to do. I will tell him what we would do.

We would not be taking the money from the workers in higher unemployment insurance premiums so that the government can say it is looking after the deficit. We would be reducing the premiums so that the workers would have more money in their pockets and the employers would have more money in their pockets so they could create more jobs.

This is interesting coming from a member on the government side which has taken \$6.3 billion out of provincial transfers. The Reform Party would support education, health and social services for the single parents and for those who need help. The Liberal government has taken \$6.3 billion away from those transfer payments. The Reform Party on the other hand, in our budget that at least balanced the books instead of having 3 per cent of GDP, only took away \$3.3 billion. It is incredible that we have members

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on the government side who are taking money away from the most needy in this country far more than the Reform Party ever talked about doing. I am offended.

What would I do with the aboriginal people? What is missing in all of these treaty agreements is any talk about how the moneys will be used to create employment, to create economic opportunities for the Nisga'a people. It does not talk about how the Nisga'a people are going to take on the responsibilities of self-government and control the development of their communities.

• (1240)

Those are the things that are missing from the agreement. The only thing these agreements deal with is how the money will be transferred from the federal government to the aboriginal people without any notion of how they are going to use that money to remove themselves from dependency on the government. Those are the things that need to be talked about.

How are we going to give aboriginal people the ability to walk away with their heads held high without having to continually go back to government for more financial assistance? That is what the native people are asking for. They want the ability to be the same as every other Canadian and the government is not doing that for them.

The Deputy Speaker: The hon. member for Don Valley North on a question or comment. Please be very brief, about 30 or 40 seconds.

Mr. Sarkis Assadourian (Don Valley North, Lib.): Mr. Speaker I refer the hon. member to the *Financial Post* column View from the West. The headline reads: "Reform Party soon won't have a platform to stand on". The Reform Party soon will not have a leg to stand on, or perhaps the Reform Party soon will not have a chair to sit on. Michael Walker, the boss of the Fraser Institute says—

The Deputy Speaker: I am sorry the time has expired. The hon. member may reply very briefly as well.

Ms. Meredith: Mr. Speaker, There is no way a member from the province of Ontario can tell people from the west what we are thinking. People in the west have made it very clear by electing Reformers to represent them in the House of Commons that the Liberal Party is not in a position to speak on behalf of western Canadians.

* * *

BUSINESS OF THE HOUSE

BILL C-10

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I believe you would find unanimous consent for the following motion:

That, notwithstanding any Standing Order, immediately after the completion of the divisions scheduled for this day, the House shall take up proceedings pursuant to Standing Order 38, but, at the conclusion of the said proceedings, the House shall not adjourn, but shall continue to sit to consider the second reading stage of Bill C-10, an act to provide borrowing authority for the fiscal year beginning on April 1, 1996;

That, during this portion of the sitting, the Chair shall not receive any dilatory motions or quorum calls;

That, when no Member rises to speak, but, in any case, no later than 10 p.m., the debate shall be adjourned and the House shall be adjourned; and

That, no later than 15 minutes before the expiry of the time allotted for consideration of Government Orders on March 21, 1996, any proceedings before the House shall be interrupted and all questions necessary for the disposal of the said stage of the said bill shall be put forthwith and successively without further debate or amendment.

The Deputy Speaker: Does the hon. member have unanimous consent to move the motion?

Some hon. members: Agreed.

(Motion agreed to.)

* * *

THE BUDGET

The House resumed consideration of the motion that this House approves in general the budgetary policy of the government; the amendment; and the amendment to the amendment.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, before I begin my comments on the budget debate I would beg the indulgence of the House. I would like to put on record a clarification and a correction to some comments I made in the throne speech debate in which I referred to events or the notion of a distinct society in Quebec as being inherently racist and tribalist in nature.

On reflection and seeing those comments in print I was most uncomfortable because I felt the linking of the term racist was inappropriate; it was wrong. By any inference I would not want *Hansard*, the official record, to show in any way that I would suggest separatists are racists and that Quebec society is racist in nature. In my experience it is not.

I reiterate Quebec society is very tribal. There is tribalism and a sense of the necessity to circle around a group. I think tribalism is a very accurate description of what is going on with the separatists in Quebec. Again, I would beg the indulgence of the House to allow me to correct the record.

• (1245)

The Deputy Speaker: I do not believe *Hansard* can be changed two weeks after the fact. However, the member has clarified the matter and what he said will appear in today's *Hansard*.

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Mr. McClelland: Thank you, Mr. Speaker. All I wanted was to have it on the record.

It is really puzzling that the country can be in the state it is in today and yet the people are not out in the streets rioting. They do not seem to be particularly upset. One has to ask what it is about the human nature and the body politic in Canada which does not hold the Liberal government accountable for 30 or 40 years of mismanagement of the economy. It got us into this mess in the first place.

If you are looking for ground zero on what screwed up our economy, we are looking across at it right now, the descendants of this paternalistic liberalized state. Why are the people not enraged, particularly the young people in our society who are in university or high school and are looking at their futures? Why do they not feel some sense of passion at the fact that their generation is going to be paying the bills and will have a substantially diminished lifestyle because my generation and the generation that preceded me lived beyond its means?

What it is about human nature and about being Canadian that allows us to accept this? I know we got into this mess gradually. We all know the story about the incipient nature of gradualism and why, we got up this morning and noticed that we had a debt and we were paying almost 40 per cent of every dollar that goes into the federal coffers to pay interest on money we have already spent. Nobody would have envisioned that 30 years ago. Even the Liberals would say it was irresponsible to do that. It was a gradual thing. We gradually grew into it so that we did not have that shock to our system.

Everyone sees what is going on now in the country and where it is our responsibility to pay. As a society we have elevated certain demands. As individuals citizens we expect certain things from government that we used to expect from ourselves. Once we expected to be personally responsible but over the last 30 years or so we have come to count on the federal government to be responsible for our welfare and how we get along in life.

I give this government and the present finance minister full marks for taking the first tentative steps to do what has to be done. Perhaps that is the difference between this government over others. Could you envision the Liberal government opposite, even taking the tentative steps it has in the right direction, if it was facing the kind of opposition that the Conservative government in 1984 was facing? The body politic in Canada has shifted so much that the Liberal members are now looking across at us and we are telling them what to do but to do it with more vigour and more fire in their belly. We are saying that the sooner and faster we do it the better our children and grandchildren will be.

The Liberal members look across to us and we are telling them to get on with the job. However, the Conservative members in 1984

were looking across at a Liberal opposition that cried bloody murder every time the Conservatives made a tentative step in the right direction. That is why the Conservatives lost the will of the people. They did not have the courage to stay the course. They were elected on a platform of fiscal responsibility. They did not do it and now the Conservative Party is dead across the country.

• (1250)

Today the Liberals are tentatively taking the first steps in the right direction, urged on by the Reform Party. The Bloc really does not have a philosophy. Every once in a while its members will say "do not do this" and "do not do that", but they really do not understand or do not have a sense of passion other than getting Quebec out of Canada.

The Reform Party is making it possible for the Liberals to do what the Conservatives should have done. The Liberals know in their hearts what must be done because they got us started on this terrible path 30 years ago. That is the reality of the situation. However we have to continue to ask, how did we find ourselves in this situation? How did we allow this to happen?

The federal government right now is passing off to the provinces responsibility for social programs, for the infrastructure of our way of life that had previously been paid for by the federal government but is now paid for by provincial governments. It is not sending money along to pay the bills. Therefore it is the provincial governments that have to pay the piper. The federal government is calling the tune, the provincial governments are paying the piper.

We see even now the strangest of all things. Miracles can happen. The ex-leader of the official opposition, Mr. Bouchard, is now the premier of Quebec. All of a sudden there is a revelation. He finds that there is another priority. If Quebec does not get its financial house in order what difference does it make if you are bankrupt and broke in French or English? Perhaps he is starting to get his priorities together.

The problem with this budget is not its general direction. The problem is that it is not honest. Over the years the federal government has set up an expectation of delivery of services across the country. It cannot afford to do it but it does not have the courage to say: "My friends, we have been living beyond our means. It is time to tighten our belts. We must do it without sloughing off the responsibility to other orders of government. We must take the heat ourselves".

That is the great tragedy of this budget and in my opinion the great tragedy of the Liberal government as a whole. It has the ability right now to do what it knows must be done and to do it with vigour instead of backing into it and being embarrassed about it. It has to be done with vigour and it has to be done with dispatch because the longer it drifts, the more pussyfooting around that it

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does, more of the problems of our grandparents are going to be put into the hands of our grandchildren.

As parliamentarians our responsibility is not to our grandparents. It is to our grandchildren. Everything that we do should be done with an eye to the future.

I expect I will receive a few questions from those opposite. I see some of the members are busy scribbling some information down and I know that soon they will be rising from their chairs, hopefully to take me to task and to ask me to defend my thesis that they started it and that they do not have the courage to take it as fast and as far as they should to solve the problem. I would use as a foundation for that statement the fact that the Prime Minister in his budget address passed off responsibility to the private sector for job creation.

The Liberal government campaigned on a platform of jobs, jobs, jobs, getting rid of the GST, saying and doing whatever it took to get the maiden out. The Liberals were doing whatever it took to get the votes in order to get here.

The Reform Party philosophically differs from the Liberal Party in a number of areas. One major area is that we understand very clearly it is the role and the correct area of our economy for the private sector to create and deliver jobs. Job growth in the future will come from investment in the private sector by the private sector. It will not come from the public sector.

• (1255)

The government challenges the private sector to help. There are some good things about it, such as the challenge to hire students during the summer. That is a good challenge. The private sector can take it up and hire students. It can create work so that the flowers of our future will have a sense of self-worth. We all must buy into that.

I do not think it is necessarily bad to say: "We have to come together. We have to do it". However, the responsibility of the federal government is to create a climate which will allow the private sector to do what the private sector must do: be efficient and innovative. To do that a climate must be created which will allow the private sector to retain earnings; to retain wealth. It is the reinvestment of private wealth that creates jobs. If entrepreneurs decide that they are going to risk everything in order to create a business they must know that they will be able to retain some of the fruits of their labour.

The job of the federal government is to create the lowest possible tax environment, with a good infrastructure, that will allow the private sector to compete in the global marketplace.

I would like to mention some of the budget considerations with respect to divorce, child support and so on. I have a great deal of experience in making maintenance payments. I believe that the government is moving in the right direction. When people bring children into the world, it is the responsibility of the parents, whether or not they are divorced, to raise, nurture and care for their children. The government is taking the first steps in the right direction.

Mr. Sarkis Assadourian (Don Valley North, Lib.): Mr. Speaker, now I can complete the question which I tried to ask earlier when I was cut off because of time constraints.

On page 29 of today's Quorum there is an article entitled "View from the West" which states that Michael Walker, boss of the Fraser Institute and the chief guru of the Conservative movement on economic matters says that he was frankly impressed and reassured by the finance minister's budget. "Far from being a do-nothing budget, it is probably the most significant budget produced by the federal government in the late 20th century".

Among other things he said that it showed the government is on track to reduce the deficit to zero by the end of the decade. It showed that federal spending cuts were actually more severe than those of the Klein government in Alberta. It showed that Canada was borrowing less than any other G-7 country.

That third point is very important. I hope the hon. member will compare his notes with this article and tell us where he stands on the issue.

Mr. McClelland: Mr. Speaker, I would like to thank the hon. member opposite most graciously for giving me the opportunity to rise once more to address that article.

Visitors to Washington know the famous Lincoln memorial which is dedicated to Abraham Lincoln, who was considered to be the number one reformer of the Americas. It was the Reform Republican Party that Abraham Lincoln started. He, as everyone here knows, is regarded as one of the most pre-eminent politicians in modern history. He said: "If you do not care who gets the credit, there is no end to what may be accomplished".

We have raised the issues of fiscal responsibility in the House of Commons. We have made it politically correct to be fiscally responsible. If not for the Reform Party day in and day out holding the Liberal's feet to the fire, telling them to pay attention and change what the Liberal Party has been doing for the last 30 years, pay attention to fiscal concerns and make sure we do not leave our grandchildren a legacy of debt, if not for Reform Party singularly pushing this issue year after year, time after time, the Liberals would not have had the courage or the fortitude to do what in their hearts they knew they must.

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• (1300)

We can thank Abraham Lincoln and thank the Reform Party. Remember these words: "If you do not care who gets the credit, there is no end to what may be accomplished".

Mr. Morris Bodnar (Parliamentary Secretary to Minister of Industry, Minister for the Atlantic Canada Opportunities Agency and Minister of Western Economic Diversification, Lib.): Mr. Speaker, after hearing the speech by the member for Edmonton Southwest I cannot help believe I have heard those words before. It appears he simply paraphrased the budget speech of the hon. Minister of Finance.

He also talked about creating an atmosphere for business. There was a major announcement by the Minister of Industry last week dealing with science and technology. He indicated there is a need to create an atmosphere for private business. Friday's *Calgary Herald* said: "The Liberals have moved on settling the economic table for private business".

I ask the hon. member whether he approves of the budget, of the atmosphere being created by the Minister of Finance. In effect is he putting his stamp of approval on the budget speech?

Mr. McClelland: Mr. Speaker, anywhere strong hand and courage are seen, they should be appreciated and respected. I can imagine the Minister of Finance in his caucus has had some of the most egregiously difficult times in changing the direction of the Liberal government of 30 years, making members look carefully in a mirror and asking: "Oh my God, what have we done to our country, to the future of our country? What have we done to our grandchildren?"

For the minister to have the strength to go into his caucus and pull half the caucus along grudgingly, that must be respected. While I do not agree the budget is fast enough or strong enough, the last Liberal budget is a light year ahead of the last 30 years of Liberal budgets.

Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, I thank the hon. member for Edmonton Southwest because probably unknowingly in his speech he gave credit to 40 Liberal MPs who sat in the House between 1984 and 1988 for scaring the blazes out of 212 Tories in the House. Then he gave credit to some 80 Liberal members who sat here between 1988 and 1993 for polishing them off and putting the government in place to run the country.

No matter when budgets are delivered in a parliamentary session and regardless of the fiscal issues surrounding a budget, each budget in turn has its impact on various segments of society.

The last two budgets have been aimed at getting federal finances in order. This budget is no exception to recent fiscal policies

because there are benefactors and then there are others who get hit negatively.

The Minister of Finance does not have an easy role. Unlike his predecessors in the Tory days, when he sets a target he has every intention of meeting it. With all this scenario, it behoves us not to lose sight of those things in our economic structure that have served us well in the past and which will build a good future in the days ahead.

Sometimes there is a very thin line between cost cutting to save money and cost cutting which in the long run does not serve as well as hoped.

These are the challenges that face the Minister of Finance and the government today. There are a host of positive things in this budget and there are other items that lay the groundwork for difficulties to come.

• (1305)

We are ensuring a secure, stable and growing system of federal support for medicare, post-secondary education and social assistance through the Canada health and social transfer to the provinces. There will be no further cuts in the transfer to the provinces. We have announced a firm funding commitment for a five-year period beginning in 1998-99.

For the first two years the Canada health and social transfer will remain constant at \$25.1 billion and for the next three years it will increase each year. For the first time the federal government has set a cash floor for transfers. The cash component of the Canada health and social transfer will never be lower than \$11 billion a year during this period.

We are acting to restore confidence in the old age security system by creating a new seniors benefit to take effect in 2001 designed to help those who need help the most. That is the way it was when I first came into the House.

As promised, current seniors will continue to receive the benefits they receive now. The changes will ensure the sustainability of the system for years to come. Canada's future depends on our ability to show innovative technology leadership, and the government's commitment to jobs and growth was reinforced in both the speech from the throne and the budget.

The budget outlined priorities for investing in our future in three strategic areas: creating better ways to get young Canadians into the job market, expanding our efforts to increase international trade, and accelerating the development and use of technology. Technology is a priority because it is fundamental to increased economic growth in this country or any other modern day country.

In his budget speech the finance minister spoke about investing in the future, about providing hope for jobs and for growth. He

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said: "If our future is to be brighter, we must invest in it". Clearly this is good business and it is also good government.

Although not specifically mentioned in the budget speech, one outcome of the prebudget program review has been a 42 per cent cut in the annual allocation to Atomic Energy of Canada Ltd. The cut, to be administered over two years, was apparently the result of a purely business assessment, by government and by a firm brought in, of the short term needs of that crown corporation. It was based on bottom line logic from a consulting firm, not the vision for the future.

The government, through the Minister of Natural Resources, is attempting to find a new home for this one-half century of proven basic research that was started at Chalk River, Ontario about 50 years ago. What has only now become clear is that this 42 per cent cut in the business support spread out over two years has been transformed by AECL into the complete removal of all its basic research activities, some immediately and the rest within a year. It is cashing in on the very investment on which the future depends.

Basic or fundamental research is the search for scientific knowledge without a specific application in mind. This generalized search for knowledge is essential if real innovation is ever to occur because tomorrow's application of today's research usually cannot even be imagined today; we cannot command what we do not know.

A good example is about 170 years ago an accomplished British scientist was asked by the Royal Society to improve optical glass, a task which he felt he could not refuse. After 10 years of fruitless labour he wrote in 1831 to ask permission, "to set aside the glass work for a while that I may enjoy the pleasure of working out my own thoughts on other subjects". In other words, he wanted to do some pure research.

• (1310)

Within two months Michael Faraday had discovered electromagnetic induction and built the first prototype dynamo in world history. From those two months of basic research have come today's mammoth electricity generators that supply our industry and give us lights in the House.

There are two important questions that arise from this story. First, would the world today have been a better place if the Royal Society had insisted that Michael Faraday continue his efforts on the more practical application of glass? Second, is it likely that any government committee or task force in 1831 would have arrived at electromagnetic induction as a strategic technology worthy of public support?

The answer to both these questions is a resounding no. This historical observation is not lost on the G-7 countries today. For example, a document entitled "Science in the National Interest", issued and signed by President Clinton in late 1994, states: "We

understand that the fruit of fundamental research initiatives may not ripen for some time. The time scale can be long and success may hinge on facilities and interdisciplinary research teams that take years to assemble. Even in the face of current budgetary pressures, considerations about fundamental science must remain integral to the agency planning activities. We cannot allow a short term mission focus to compromise the development of the intellectual capital vital to our nation's future".

Even more emphatic is the example of Japan. Its response to the recent downturn in its economy has been to double its spending on basic research.

In light of these facts, it is astonishing that we are now threatened in Canada with the dismantling of one of the best examples we have of a marriage of basic research and economically successful applications.

Basic research in nuclear science has been an essential part of the country's nuclear program since the mid-1940s when it was started under the National Research Council. It has supplied the fundamental knowledge required by the industry, provided many of its leaders and given lustre to the national effort by its international reputation for excellence.

As a result AECL and its partners have produced the best performing and most versatile reactor system in the world. They have done so at a fraction of the research and development cost of any of their competitors. The industry now employs 30,000 Canadians, contributes more than \$3 billion per year to the gross domestic product and generates over \$500 million in federal tax revenue.

In addition to its role in launching and sustaining this industry, the basic research components of AECL are also serving as national laboratories for university researchers and Canada around the world. They foster research in nuclear science and other related fields throughout the country. They offer facilities no one university could operate and maintain on its own. They give many university professors access to the frontiers of world science they could not otherwise find without going abroad. They train students who form the next generation of Canadian researchers.

These labs at Chalk River perfected the O ring for the U.S. shuttle when the previous shuttle had blown up. They manufactured and developed radio isotopes which are used in hospitals around the world today. I emphasize that at Chalk River our scientists and researchers handle radioactive wastes from hospitals across the country.

These national laboratories for basic research at Chalk River have been centres of excellence for decades. They have been examples of a partnership among government, industry and the universities. In short, they are exactly what the Canadian government seeks to create as we prepare for the next century.

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• (1315)

I am hoping, and so are many others, that the Minister of Natural Resources will find a new home for such physics organizations as TASCC and Neutron Scattering and that environmental research will not be scaled back at Chalk River at this time.

These are the 260 letters that have been received from top scientists from across Canada and from approximately 30 countries around the world who respect the basic research that is going on in Canada today. I lay this before the House today because it is an important matter for the future of Canada.

The stress testing of aircraft parts of the aircraft we fly in has been done in these labs. The aerospace industry has benefited greatly. Bertram Brockhouse, our 1994 Nobel laureate, worked in the physics labs at Chalk River. His award was granted because of the work he did in the 1950s and 1960s.

My message today is: Let us find a new home for these facilities so that they are not lost, so that Canada's science community does not have a brain drain and that we continue to lay the excellent groundwork for years to come for basic research and development in Canada.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I would like to comment on the speech made by the most senior member of this House. The hon. member sometimes referred to the budget, sometimes to the speech from the throne, and sometimes to more or less concise interpretations regarding the budget.

I want to remind our most senior member that everything that goes up must come down. While it is true that the Liberal Party ousted the Conservative Party from this House, it is also true that, in 1984, the Liberal Party was severely decimated. What is there about job creation in the recent budget tabled by the Minister of Finance? Nothing, absolutely nothing, except that the government will double the very minimal amount allocated for summer jobs for students.

I am talking about job creation, because in 1993, in its red book, the Liberal government boasted about creating jobs, jobs, jobs. The fact is that when 20 jobs are created in one region of the country, 19 are lost in another region. So, when the government says that 560,000 jobs were created last year, let us not forget that there were massive layoffs almost equivalent in size. Consequently, the unemployment rate remains essentially the same, while at the provincial level, the numbers on the welfare rolls have increased drastically.

I wonder why the Minister of Finance, who is said to have consulted the majority of his colleagues, did not focus on job creation, instead of constantly talking about the deficit. After all,

jobs are what people want. This government is no better than its predecessor; in fact, it is worse than the previous Conservative government.

[*English*]

Mr. Hopkins: Mr. Speaker, I do not go along with the scenario the hon. member just outlined. Everyone in this House who can add, subtract and divide knows full well that if we allow things to continue to escalate and get out of control, then interest rates will rise and there will be greater unemployment. The Minister of Finance is trying under very difficult circumstances to put a solid base on the financial structure of the country so that we will not have higher unemployment or high interest rates. Interest rates now are the lowest they have been in three decades. This alone will help businesses to grow. It is up to government to lay some firm foundations on which private enterprise can grow, bloom and hire people. Over the years governments have done this.

• (1320)

In the early 1980s the Liberal government, and I sat here with it, brought in deficit budgets. However I point out to the hon. member that unemployment was extremely high. Canadians across the country were having a very difficult time. World inflation was sky high. People said that never again would we see one digit interest rates in this country. That was in the early eighties and look where we are now. Interest rates are the lowest they have been in three decades. We have a solid financial plan.

The Minister of Finance is not delivering a powerful speech and then running away to hide and then give in to everything like the Tories did. As a result, the debt continued to grow under the Tories because there was no will in the Prime Minister and other members of the cabinet to back up their own finance minister. That is why the Tories are not in the House today. Canadians know the difference.

I remember when we sat across the way and criticized the Tory government on its many weaknesses. God knows, we did not have to look very far for those. I say to the hon. member that I too know how easy it is to get up and deliver a speech from that side of the House and try to attack the solid foundation which is being built for the financial structure of the country on this side of the House.

Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, it is my privilege and honour to rise in this place today in my capacity as Parliamentary Secretary to the Minister of Transport and participate in the response to the budget.

Before I begin, permit me to make a short message. I want to recognize the excellent work done by the first round of parliamentary secretaries, particularly my predecessor and friend, the hon. member for London East. Along with my 24 recently sworn in colleagues, I acknowledge the significant role played by our

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predecessors in bringing about the many accomplishments of the government during the first half of its mandate. My fellow parliamentary secretaries and I look forward to upholding that high standard set by them.

I also extend my congratulations to the hon. member for Madawaska—Victoria. Those of us who have had the pleasure of working with her appreciate her sincerity and dedication to her parliamentary duties. I am confident she will do a solid job in her new role as Deputy Chair of the committee of the Whole.

With regard to the budget, I have listened intently to the members opposite. We all realize it is easier to criticize good government than it is to provide it. Although constructive criticism is a valuable tool of democracy, the key difference between those who provide good government and those who merely criticize is courage. Good government is driven by courage and concern for the well-being of one's nation. Unfortunately in most cases, the destructive criticism offered by members opposite is driven by political opportunism, posturing and underwhelming tactics.

I am proud to say that on this side of the House the principles and practices of good government have been enhanced by the courage and constructive criticism within our own caucus. In recent days there has been a great deal of gloom and doom espoused throughout the country by those who seem to have overlooked our nation's great potential. The recent speech from the throne focused on ensuring opportunity for Canadians by means of a strong economy, providing security for all Canadians and bolstering a modern and united country. The budget secures our financial future. Our deficit reduction plan remains on track.

• (1325)

It has been said that the primary role of a good government is to make things better for the governed. This government is offering hope and opportunity for all Canadians who are willing to show courage, resolve and faith in our great nation.

We are providing hope and opportunity by challenging the private sector to create jobs for young people in our country. We will also double the number of federal student jobs available this summer. This initiative will help to reduce the unemployment rate among young people and provide them with valuable work experience and decent wages.

Canada has a competitive advantage in the world with respect to aerospace and environmental technology. In fact there is some excellent science and technology research work being conducted at McMaster University in my riding of Hamilton West. In order to bolster our national and international strength in this area, the government has committed itself to the development of a Canadian technology network.

Since the Canadian economy is so heavily dependent on exports, the government will make every attempt to continue tapping into emerging markets abroad in order to further enhance our share of the international demand for Canadian goods and services.

With regard to security, we have to ensure that all Canadians are provided with an adequate social safety net. That means protecting vital social programs like medicare and making sure that Canadians in need of health care services have universal access to them. We must provide pension security for our seniors, as well as for future generations to come. A secure social safety net is too important to ignore. In fact Canadian core values are reflected by our social safety net and our willingness to preserve it.

With regard to employment, although Hamilton has one of the lowest unemployment rates in the entire country, there are still many people in my hometown and in other cities across Canada who are looking for work. To address this, the government remains committed to implementing a new employment insurance system this summer in order to help Canadians find jobs and keep them.

Canada is blessed with a highly employable workforce. Our job is to create a climate that is conducive to increased levels of personnel recruitment in the private sector and stable employment. With the help of the provinces and the private sector, we will achieve our goal of generating jobs and stimulating economic growth in Canada.

In the process of strengthening our nation and making things better for the governed, the Government of Canada has made significant progress in several areas.

In the transportation sector, with which I am most familiar, the government has taken steps to ensure that Canada has a safe, efficient, affordable, globally competitive and environmentally sound national transportation system.

In aviation the government has reached an agreement in principle with a not for profit corporation called Nav Canada to commercialize Transport Canada's air navigation system. This move will save taxpayers \$1.5 billion and will eliminate a \$200 million a year subsidy. A year after signing a historic open skies agreement with the U.S., Canada is reaping the benefits of increased air services to various Canadian and American destinations.

Transport Canada is also proceeding with the transfer of select Canadian airport facilities, such as Hamilton Airport, to municipal and local area interests. The transfer of various Canadian airports combined with the creation of a national airport system will strengthen Canada's air transportation system and make it more responsive to regional and community based needs and economic objectives.

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In the rail sector, the recent commercialization of CN represented the largest and most successful initial public offering of shares in Canadian history. The government remains committed to implementing legislation which will make it easier for Canadian companies to move people and goods safely, efficiently and affordably across Canada by rail.

In the marine sector, under Canada's new marine policy, ports will be commercialized. A national ports system will be created consisting of those ports that are important to domestic and international trade.

These are just a few examples of the progress that is being made by this government in the transportation sector.

It is worth noting that over the past 28 months we have followed through on almost 75 per cent of our red book commitments. At the same time we have managed to reduce the federal budget deficit to its lowest level in two decades.

• (1330)

It is also worth noting that the budget contained no tax increases. The budget provides Canada with a framework for growth and security. Furthermore, deficit targets have been and will continue to be met. This should be comforting for all Canadians.

The government is following through with a new tax free seniors benefit which will be incorporated into the OAS/GIS pension income credit and the age credit; tax relief for recipients of child support payments; a \$50 million allocation to the Business Development Bank which will allow for the extension of up to \$350 million in loans to small and medium size businesses; over the next three years \$315 million for youth job opportunities which includes doubling youth summer employment program funds from \$60 million to \$120 million.

One hundred and sixty five-million dollars over three years will be for education and skills development for young people; \$270 million for technology and innovation initiatives; 25 per cent per month increase in the education tax credit; \$170 increase in the tuition education credit; \$500 increase in the registered education savings plan; \$10,500 increase in the lifetime education contribution limit.

It was stated by the Canadian press news agency that the federal budget represents: "Deficit reduction without tears or taxes. The Minister of Finance delivered a good news budget on March 6 that adds muscle to his deficit fighting strategy with minimal sting for ordinary Canadians".

As we approach the second half of our mandate with the support and constructive input of concerned citizens throughout Canada, as stated earlier the government will continue to make decisions designed to make life better for the governed.

I am proud of our accomplishments and I am optimistic about the future of our great nation and the collective future of my fellow citizens. I consider it a great honour and privilege to serve my constituents and my country. I believe in good government. I believe the people of Canada deserve nothing less.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I always like the positive rhetoric I hear from the other side, especially when it comes from the member for Hamilton West.

Looking at the Environics poll, if things are so positive how come only 14 per cent of the people think the recession is over and 86 per cent believe we have a recession? Statistics Canada said that in 1995 we had a record number of bankruptcies at 78,000.

That does not sound quite as positive to me and maybe I could be filled in on some of those things which I have not taken in from the hon. member's speech.

Mr. Keyes: Mr. Speaker, I wonder if the honourable member could tell me the date that poll was taken and the number of people in the poll.

Mr. Hoepfner: January 11, 1996.

Mr. Keyes: The budget came out on March 6. The budget was so popular among Canadians that I can almost bet the honourable member opposite that when the next poll is taken, which I hope is after Canadians have had time to absorb all the fantastic news contained in the budget, the honourable member opposite will be eating humble pie.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I would like to ask the Parliamentary Secretary to Minister of Transport about that aspect of the budget which a number of his colleagues have touched on, the rewriting of the Tax Act with respect to custodial payments or payments for child support.

How does he rationalize the change in the Income Tax Act which to me, if he will listen to his logic, appears to be a tax grab because payment now for child support is no longer deductible?

It is acknowledged by the finance minister that there will be extra revenues to the government. It makes it sound like it will really do something with that money in the budget. It will increase the child tax credit.

If in the current system before it made this change the agreement between the couple was taxable, deductible, all that money was within the family.

• (1335)

Now the government has taken this issue and said: "Not all the money that will be shared between the two of you will be within your family. We will make it non-deductible, keep some of it ourselves and help a whole bunch of other people".

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I have been trying to speak slowly to clarify my logic. Does that not mean that some of the money that would have been available for the children within that family will now be redistributed to other families?

Mr. Keyes: Mr. Speaker, I thank the hon. member for his serious question. I believe rationalization comes in the knowledge that children will be better served. The spouse who looks after the children in most cases is the woman. The estranged husband will no longer be able to take advantage of the tax system; instead it will be the woman looking after the children. It is the children we are looking out for and the supporting parent will not have to declare that as income.

I think that is a bold step forward by the government, a progressive step forward by the government, one which will again serve the children of this country.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, how does the member reconcile his statement that the budget has brought no tax increase with the reality that as a direct result of the budget over \$700 million more in tax will be paid? It sounds like double talk. How can the member reconcile his statement with the reality of the budget?

Mr. Keyes: Mr. Speaker, the member forgets the government is on the positive side of the ledger, seeing the glass half full. As a direct result of the budget brought forward by the Minister of Finance the Canadian economy will take off, jobs will be created, people will be buying products made in Canada by those who will work in Canada in jobs to provide those products. That will provide the government with the income the member is wondering about.

[*Translation*]

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, the purpose of my remarks today is to offer some few clarifications concerning the 1996 federal budget tabled on March 6 by the Minister of Finance.

We must admit that, overall, this year's budget was perceived in a very positive light by the people of Quebec and of Canada. Their general impression of it was there there will be no new direct tax increases for individuals this year.

This is a budget that did not make any serious waves, and left everyone feeling that they had been let off the hook, but appearances are deceiving. The Minister of Finance pulled it off very well, we must admit. He pulled off a really good one this time.

This year, the deficit will be a mere \$32.7 billion, which shocked few people. According to most of the experts, the Minister of Finance has presented a good budget, because the taxpayers of Quebec and of Canada were expecting the worst.

I would like to point out, too, that the Minister of Finance has managed to have a lesser deficit than his predecessors, which seems to be a great accomplishment. It was managed in two main ways. First, by passing the buck. The buck was passed on to the provinces by reducing transfer payments for education, health and social programs by \$7 billion over two years, which means \$1.2 billion in additional cuts for Quebec alone, or possibly more. Second, by dipping his hand into the surplus in the unemployment insurance fund, to the tune of over \$5 million.

In concrete terms, this means no tax reform, no public debate on social programs, no intention to review the question of tax havens for those who are not paying taxes.

• (1340)

Furthermore, this budget provides absolutely no measures to revive the labour market. Nothing new to create jobs. Already they have run out of ideas; the Liberal government is already worn out.

The government continues to hold out for a long-overdue economic recovery to carry it along. Why are the Liberals in Ottawa not delivering the promised jobs? Page 89 of the Budget Plan tabled in the House of Commons provides, and I quote: "—the average level of output in 1996 is forecast to be 1.9 per cent higher than in 1995—" This means that the federal government expects a moderate growth of 2.5 per cent for 1996. Reality, however, is quite different from the budget plan the government drew up for itself in order to create the jobs that never materialized in 1995, but were the watchword of the red book of the 1993 election. Unfortunately, in 1995, growth was no more than 0.6 per cent. However, in the 1995 budget, the government forecast a significantly higher level of growth, a level of real growth of 3.75 per cent, which is six times less than forecast. What a minister.

The fact of the matter is that, since the Liberals came to power at the end of 1993, the economy has not stopped collapsing, and the deficit has not stopped growing exponentially, despite appearances of sound management of public funds and reforms that have not stopped expanding the gap between rich and poor. It is a very sad state of affairs.

The cost of the public debt of the federal government is the prime component of federal spending, representing 29 per cent of all expenditures in 1995-96. In 1996-97, debt charges will represent over 30 per cent of the federal budget. I should also point out that 36 cents out of every dollar of tax revenue collected in 1995-96 currently goes to paying interest on the federal debt. It is written in black and white on page 121 of the Budget Plan. At this rate, less than two years from now, debt charges will be the federal government's single largest item of expenditure.

In 1993-94, the first year the Liberals were in power in Ottawa, the deficit was \$42 billion. The second year, it was \$37.5 billion. And the third year, \$32.7 billion. After three years of Liberal

The Budget

government, we have accumulated \$112.2 billion in debt. That is a large sum of money. What the government is doing is playing the financiers' game. Lenders are getting rich at our expense.

Just to service the debt in 1993-94, Canada has paid its creditors \$38 billion. In 1994-95, creditors were paid \$42 billion and, in 1995-96, we paid \$47 billion to service the debt. Since the last election, in 1993, the government in Ottawa has added \$112.2 billion to the deficit; as a result, the people of Quebec and Canada have paid more than \$127 billion to our happy creditors. And they would have us believe that the deficit is being reduced. On the contrary.

Debt charges will be increasing faster, even if the annual government deficit is getting lower. Interests are making the deficit increase at an alarming rate. The total federal debt for the past fiscal year was \$578.4 billion. This means that, next year, debt charges should be about \$47.8 billion, or an \$800 million increase over last year, in spite of cutbacks.

For 1997-98, according to government forecast, debt charges should be \$49 billion, or a \$1.2 billion increase in just one year.

• (1345)

At this rate, the federal government's debt will climb to \$603 billion by this time next year. This is the unfortunate reality of Canada's public finances. Where does all this money go? Who benefits? Who pays the bill at the end of the day? It is taxpayers like you and me, more specifically the middle class. These people are getting sick and tired of being squeezed like lemons. Taxpayers are fed up with random reforms that do nothing to address the problem so that, at the end of the day, it is still the same people, and especially the middle class, who get stuck with the bill.

This year, individual Canadians will pay a total of \$60.5 billion in income tax. Workers and employers will contribute \$18.5 billion to the UI fund. Taxpayers will shell out over \$17.2 billion for the GST. In 1995-96, taxpayers in Quebec and Canada will pay a total in excess of \$130.6 billion into the federal government's coffers.

Does the government realize what it is asking taxpayers, and more specifically the poorest in our society?

Here are some realistic suggestions to help the government reduce its deficit and thus restore confidence. First of all, this year, the Governor General of Canada will cost taxpayers over \$9.8 million and the Senate, \$40.7 million. How much longer can we afford such luxury?

Do we still need a budget of more than \$10.5 billion for national defence? There is still \$6.4 billion in unpaid taxes this year. What is the federal government doing to collect these unpaid taxes? How long must we wait for the federal government to close the

numerous tax loopholes, including family trusts that shelter billions of dollars.

In conclusion, why should the federal government not cut Canadians' tax rate? Is this an unrealistic or silly idea? Not at all. Reducing the tax rate would help stimulate the economy by increasing consumption, thus creating jobs while raising government revenue.

Hon. Martin Cauchon (Secretary of State (Federal Office of Regional Development—Quebec), Lib.): Mr. Speaker, you will understand that, having listened to such ridiculous remarks, remarks that have nothing to do with the reality and are in fact an insult to the intelligence of Canadians, I just had to respond.

The subject of transfer payments was raised earlier; I will just touch on it because I know that we are short on time. In discussing this issue of federal transfers to the provinces, the people opposite fail to mention that the Quebec finance minister had made forecasts regarding transfer payments and that those announced in the budget speech are \$600 million higher than anticipated by the Quebec government.

They fail to mention that, for the very first time, a Canadian government has had the courage to develop a five-year plan to ensure stable, and not just stable, but progressively higher transfer payments by establishing a cash transfer threshold.

They also fail to mention, which is unfortunate, that equalization payments keep growing from year to year and that the province of Quebec greatly benefits from these payments. The subject of employment was also raised, to complain about the lack of employment measures.

You will understand how staggering it is for me to hear such a thing, given the fact that the federal government's role is to form partnerships and create a climate conducive to good investment. Deficit reduction fosters job creation. Technology Partnerships Canada, the program announced by my colleague from Industry Canada, is much appreciated by Canadian industry and small business. And so is the program geared toward young people; \$315 million are allocated to this program. There is also the export financing program involving the Export Development Corporation.

These are measures which prove that the government is headed in a direction leading to the development of a sustainable economic safety net that will foster the creation of steady jobs.

• (1350)

To conclude, regarding the employment insurance, the amounts that will be set aside as a result of the proposed reform will be invested in this employment insurance, to maintain stable contributions and build a reserve to sustain this stability even through an economic recession. It should also be pointed out also that this

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government is the first government to hit its 3 per cent of GDP deficit reduction target. Those are the real figures.

Mr. Leroux (Shefford): Mr. Speaker, the secretary of state tried to be insulting. He tried to promote his doctored budget. He did not pay any attention to my comments.

Mr. Cauchon: Just read the budget.

Mr. Leroux (Shefford): I did read the budget, as he suggests. Some facts are undeniable. Regardless of what the secretary of state may say, the debt has gone up \$112 billion, and that must be pointed out. That upward trend seems endless. The federal government offloaded its deficit onto the provinces. It took \$5 billion from the UI fund. Do you think this is how we will solve the problem in a lasting way and create jobs in Canada? Absolutely not.

Of course, the secretary of state will not agree with the suggestion I made toward the end of my comments, because he is satisfied with small traditional methods that do not work. However, if we managed to lower the rate of taxation, more money would circulate; people would spend and invest more. In the end, there would be a lot more money for the government.

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, since 1970, Canada showed discipline by setting up a supply management system in the agricultural sector. Over the last 25 years, dairy, poultry and egg producers had to show self-discipline and comply with strict rules under this supply management system.

These producers have quotas which they must reach but not exceed. Everyone benefits: the producers, the processors and the consumers. Producers are guaranteed a stable price for their product, and processors benefit from a reliable, quality and stable supply; As for consumers, they benefit from a very high quality product at a fair and reasonable cost.

But then our good Minister of Finance decided to get involved. In March 1995, one year ago, he announced that subsidies to industrial milk producers would be reduced by 30 per cent over a two-year period. Twelve months later, the same Minister of Finance, a Liberal member representing the urban riding of La-Salle—Émard, once again targets industrial milk producers, and particularly Quebec's 12,000 industrial producers, who provide close to 50 per cent of the country's industrial milk.

To make things worse and even more unfair, in his 1995 budget, the minister not only reduced the subsidy by \$560 million, thereby committing an injustice, but he also allocated close to \$3 billion to western producers.

• (1355)

And in order to save the full amount of the milk subsidy he is abolishing, in order to save \$160 million, he comes up with nothing to compensate the milk producers. These folks should not expect to be defended by Liberal members of this House.

I recall the Liberal candidate who won the election in Brome—Missisquoi, who is sitting here. There he is, looking at me obviously. He went around his riding saying: "I am going to Ottawa to defend you, to represent you", and this was in a largely rural riding. What does he have to say about these unfair cuts to milk producers? He remains silent. He does not say a word. And again on Friday, Saturday and Sunday, I visited five ridings to meet with milk producers. They asked me: "Where are our government members in Ottawa?" Let us face it, MPs from the western provinces and the Maritimes will not be heard defending milk producers here. They hardly have any in their provinces: 50 per cent of milk producers are in Quebec and 30 per cent in Ontario.

But in Ontario, of 99 MPs, only one is a member of the Reform Party. I ask the 98 Liberal MPs from Ontario, what have you said in defence of your industrial milk producers? Nothing. We have not heard a peep out of you.

Last year, you managed to find \$3 billion in compensation for western grain producers, but for milk producers in Quebec and Ontario, you came up empty.

So, the only ones you will see speaking out in this House against this unfair situation are the members of the Bloc Québécois.

I remember very clearly at the time of the last referendum in Quebec hearing the leader of the opposition, a Liberal, say in the riding of Portneuf: "You cannot vote no, you are getting a subsidy from the government in Ottawa for your industrial milk". As it happens, I have been to see one of my friends, a producer, who told me about the subsidy he received for the month of January.

Mr. Speaker, would you like me to continue after question period?

The Speaker: Yes, my dear colleague. You may continue after question period. You have approximately four or five minutes remaining. I would remind you that we may not use props in the House of Commons.

We will now proceed to statements by members.

STATEMENTS BY MEMBERS

[English]

LEARNING DISABILITIES

Mr. John Murphy (Annapolis Valley—Hants, Lib.): Mr. Speaker, March is Learning Disabilities Month. This year the Learning Disabilities Association of Canada is celebrating its silver anniversary.

Across Canada learning disability associations and schools perform vital work. The many hours offered by committed volunteers and staff have made a tremendous difference in the lives of those who live with learning disabilities. Their success in generating greater public awareness as well as their preventive efforts to diagnose and assist those with learning disabilities have touched the lives of many people.

I am pleased today to rise and offer my congratulations to the association for its 25 years of service to Canadians. In particular, I would like to recognize the Learning Disability Association of Nova Scotia.

I urge all members of Parliament to join me in pledging our support to Canadians who live with learning disabilities and to all those volunteering in the field.

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[Translation]

SEMAINE NATIONALE DE LA FRANCOPHONIE

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, for some years now we have been celebrating the Semaine nationale de la francophonie, in which some 150 million people from 47 countries and five continents are proud to take part.

It is my hope that this week will make Canadians aware of the indispensable role played by Quebec in the French-speaking world and encourage the federal government to correct the problems which are still a daily reality in this country.

• (1400)

In that regard, I ask the Minister of Canadian Heritage to read again the report released in November by the Commissioner of official languages who said that, while the Criminal Code guarantees official language minorities the right to a trial in their language, French remains underutilized in Canadian courts.

A lot of progress still needs to be made in Canada, and there is no doubt that Quebec, not Canada, plays a role in the French-speaking world.

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[English]

INDIAN AFFAIRS

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, between May 4, 1995 and October 3, 1995 the member for Nanaimo—Cowichan and I highlighted in question period allegations of sexual abuse and misappropriation of band funds of the Lac Barriere band.

On January 23, 1996 the Minister of Indian Affairs and Northern Development recognized an interim band council as the legitimate

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authority at Lac Barriere. Former Chief Matchewan and his band council continue to subvert the minister's January 23 decree, which has been upheld by the Federal Court.

The real victims are the children who no longer have a school to attend. A group of sympathizers of the former chief and his illegitimate band council have closed the school, wrecked the premises, shut off the town generator and blocked access to the reserve in open defiance of two court injunctions.

I ask the minister to take care and ensure the immediate best interests of the children at Lac Barriere.

* * *

SHARPEVILLE DISASTER

Mr. Gary Pillitteri (Niagara Falls, Lib.): Mr. Speaker, March 21 commemorates the day when in 1960, 70 peaceful demonstrators against apartheid were killed and over 180 wounded in Sharpeville, South Africa.

Six years later, in 1966, the UN General Assembly proclaimed March 21 International Day for the Elimination of Racial Discrimination.

Today I stand to express my pride in Canada's response to the UN proclamation. Canada was the first country in the world to establish a national education campaign to raise awareness about the destructiveness of racists and racial discrimination.

Because of this initiative and thousands of others undertaken by different levels of government, schools, business and individual Canadians, our country has earned a reputation as a world leader in the fight against racism and racial discrimination. For this reason, we should all be very proud.

* * *

GREECE

Mr. Ted McWhinney (Vancouver Quadra, Lib.): Mr. Speaker, the recent incident in the eastern Aegean Sea involving Turkey and Greece reminds us that, by virtue of the Treaty of Lausanne of 1923, the further agreement of 1932 and the Paris Peace Treaty of 1947, Greece's sovereignty and territorial title over the Dodecanese Islands, including Imia, are clear and unquestioned in international law.

The European Parliament has now voted to endorse the Greek position by an overwhelming majority. We commend both parties to peaceful settlement of their dispute, and also welcome Greece's acceptance of the jurisdiction of the World Court for this purpose.

* * *

LAND MINES

Mr. Jesse Flis (Parkdale—High Park, Lib.): Mr. Speaker, I have the pleasure of rising in the House to congratulate the federal

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government on its January 17 declaration of a unilateral moratorium on the use and sale of anti-personnel land mines.

As an official observer of the 1994 national elections in Cambodia, I had the opportunity to witness the danger and devastation associated with the use of such weapons. Land mines remain a threat to millions of people in nations around the globe. Canada's recently declared moratorium on the production, export and use of these tools of destruction puts us at the forefront of global de-mining activities.

This action only emphasizes Canada's role as a committed, peaceful nation among global powers. As we continue to counteract the sale and use of such violent technology, we ensure the safety of innocent victims in both the present and the future.

* * *

JUSTICE

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, last week people in my home town of Prince George, B.C. were warned that convicted pedophile, Robert Oatway, had been released on parole and was headed for our city.

He was given parole despite the fact that even corrections officials knew he would reoffend. This is a situation which we see all too often in Canada: dangerous offenders released into society to commit more crimes.

● (1405)

Fortunately, concerned citizens in Prince George, led by Miriam Switzer, posted pictures of Mr. Oatway around the city that warned of his arrival. Their courageous action prevented Mr. Oatway from going to Prince George but unfortunately he has moved on to another city.

The justice system is failing Canadians. It is left to the citizens themselves to protect their communities. It is time to get tough with sexual offenders, including stiffer sentences, no parole and mandatory treatment while they are incarcerated.

Canadians are waiting for safe homes, safe communities and safe playgrounds. What is the Liberal government waiting for?

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[Translation]

FINANCIAL INSTITUTIONS

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, for several months now I have been hearing almost daily from my constituents about the reform of the legislation governing financial institutions. The majority of my constituents are categorically opposed to letting chartered banks into the insurance, annuity and long term car rental markets.

Canadian chartered banks already enjoy unwarranted privileges in the existing financial system. This is why the government had to see to it that they were not allowed to extend their control. The monopoly situation in which chartered banks operate would only have harmed the Canadian consumer. Allowing chartered banks into the insurance business would have thrown open the door to unwarranted sales pressure and increased the risk of abusive use of personal information about bank clients. I would therefore like to thank the Minister of Finance for having dealt with the issue with respect at least to the insurance aspect.

* * *

GROSSE-ÎLE

Mr. François Langlois (Bellechasse, BQ): Mr. Speaker, it was with joy and emotion that the inhabitants of Bellechasse, the Côte-du-Sud and all of Quebec learned that the persistent efforts by the local population to preserve and develop Grosse-Île have borne fruit.

Grosse-Île was a quarantine station for tens of thousands of Irish between 1832 and 1937. Next year, on the occasion of the 150th anniversary of the cholera and typhus epidemic, which claimed over 5,000 victims in 1847, the Irish cemetery on Grosse-Île will be restored and a monument to the medical staff erected.

This is also an opportunity to recall the devotion and hospitality shown by French Canadians towards the Irish, a number of whom were adopted by French Canadian families. Having shared the same land and history as our Irish neighbours for several generations, we have all absorbed their values: courage, tenacity and determination. Long live Grosse-Île and the Irish memorial.

* * *

THE BUDGET

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, Canadians breathed a sigh of relief once again after the tabling of our finance minister's budget. Our government's third budget does not contain any individual or corporate tax increases. According to the minister's forecast, the federal deficit will be \$17 billion or 2 per cent of the GDP for the 1997-98 fiscal year.

The Minister of Finance has shown that it is possible to manage public finances strictly without increasing the taxpayers' burden in order to secure a better future for all Canadians.

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[English]

THE BUDGET

Mr. Peter Milliken (Kingston and the Islands, Lib.): Mr. Speaker, the 1996 budget maintained our social programs and tackled Canada's deficit.

On Friday the Reform finance critic tried to present a new and softer image. He said that the Reform taxpayers' budget would only cut \$3 billion from transfers to provinces and \$16 billion in total over three years and still balance the budget. The hon. member seems to have trouble with his addition and subtraction. He should watch out or one of his colleagues will cane him.

I checked the three-year budget presented by Reform last year. It clearly calls for cuts of \$25 billion, \$15 billion of which would come from social programs. Other cuts to eliminate the deficit were not revealed to the public.

Canadian voters are too smart to be fooled by the magic wands offered by the Reform Party. Its performance shows, first, that it cannot add numbers, let alone balance a budget; second, its numbers change from year to year; and, third, votes count not integrity.

• (1410)

No wonder the polls show that an overwhelming majority of Canadians trust the Liberal government to tackle the deficit, maintain social programs and build a strong, united country.

* * *

MARK FYKE

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, over this past weekend Canadians were shocked and saddened at the tragic death of Mark Fyke, an 18-year-old student from Belleville, Ontario.

It now appears with the arrest of a suspect that both the victim and his killer are the same age. This terrible shooting is a reminder to all Canadians that violence among our young is not restricted to Canada and it is our youth who are most often the victims of these violent teenagers.

Mark, with a full and promising future ahead of him, has been denied that future by the senseless actions of the accused. His family have been denied the love and affection of a son in the prime of his life. Mark's many school friends share the deep loss and hurt that his family are experiencing.

I am sure I speak for all members of the House when I say to Mark's mother and father as well as sister Jennifer and brother Paul that our hearts and thoughts are with you as you come to terms with this tragic loss of a loved one.

* * *

MARK FYKE

Mr. Lyle Vanclief (Prince Edward—Hastings, Lib.): Mr. Speaker, I also rise today to extend my sincere condolences to the family and friends of Mr. Mark Fyke, an 18-year-old constituent of

mine from the city of Belleville who was murdered while on March break in Florida.

The loss of this energetic, bright and respected young man is a brutal and senseless tragedy that has shaken our community and indeed the nation.

I cannot express clearly enough our hope that the murder of this young man will at the very least result in a greater awareness in the state of Florida of the need to act to stem the tide of violent crime that has swept over this tourist region and taken so many innocent lives. This death need not have occurred and it is more than reason enough to ensure that measures are taken to prevent other meaningless murders in the future.

On behalf of the members of the House of Commons and all Canadians I extend our sympathy to Mark's family. I know we all share his family's shock and grief and we will remember them in our prayers.

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[Translation]

SEMAINE NATIONALE DE LA FRANCOPHONIE

Mr. Paul DeVillers (Simcoe North, Lib.): Mr. Speaker, the Semaine nationale de la francophonie is an opportunity for Canadians to celebrate the presence and development of francophone communities in Canada. There is in my riding, more precisely in and around Penetanguishene, a proud francophone community that is not afraid to take charge of its own future.

I take this opportunity to inform the House that Penetanguishene's francophone community has just signed an agreement with the government, the Île Beausoleil agreement, for the funding of community organizations.

This agreement, which respects the spirit of the Semaine de la francophonie, shows how the francophone culture is thriving not only in Quebec, birth place of Canada's francophonie, but throughout the country.

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SEMAINE NATIONALE DE LA FRANCOPHONIE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, this week is the Semaine nationale de la francophonie and I would like to point out the initiative undertaken by an international development organization whose headquarters are located in my riding.

For the last three years, the Institut de développement Nord-Sud has supported a twinning between two French-speaking intermunicipal entities. The Municipalité régionale de Kamouraska is twinned with the Communauté urbaine de Meknès, in Morocco.

This initiative was the first one in Canada to twin two regions. It encourages cultural exchanges, entails economic spin-offs and

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stresses the will of Kamouraska, the birthplace of the French fact in North America, to open itself to the world.

Beyond borders and oceans, French areas are getting together, discussing and acting in French to ensure the mutual well-being of their inhabitants, while respecting and developing their common culture.

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[English]

JUNIOR WOMEN'S WORLD CURLING CHAMPIONSHIP

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, on Saturday, March 16 thousands of Canadians watched the junior women's world curling final in Red Deer, Alberta. In an exciting extra end victory, Heather Godberson's rink from Grande Prairie, Alberta became world champions.

The people of my riding of Peace River are proud that their hometown team gave Canada its third junior women's gold medal in a row.

I ask that all members of the House to join me in offering hearty congratulations to Heather Godberson, Carmen Whyte, Kristie Moore, Terelyn Bloor, Rona McGregor and their coach, Brian Moore.

Well done, Canada!

* * *

• (1415)

[Translation]

YOUTH

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, not a day goes by without an expert, some analysts or even scientific reports reminding us of the urgency to support our youth.

Our government is well aware that young Canadians, probably more than any other segment of our society, are worried about their future.

In response to the very deep concerns of our youth, our government has announced that it would spend an additional \$165 million over three years to help young Canadians and their families to pay for their education.

Also, during the next three years, we will inject another \$315 million to provide new job opportunities for our young people. These few measures go to prove our commitment to support young Canadians, who will some day take our place in society.

ORAL QUESTION PERIOD

[Translation]

UNEMPLOYMENT INSURANCE REFORM

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, the Minister of Human Resources Development's unem-

ployment insurance reform continues to stir up anger among workers nearly everywhere, particularly in regions where there is the most seasonal work.

The Minister's reform, by cutting benefits back \$2 billion dollars more each year for the next three, will keep very many people without jobs from collecting benefits under the plan.

Will the Minister of Human Resources Development confirm the figures given in this morning's *Globe and Mail*, namely that last January no more than 46 per cent of Canada's jobless were collecting benefits, whereas the figure for 1990 was over 87 per cent?

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, the Leader of the Opposition's question based on a newspaper article does not reflect in the least what is going on at the present time.

We are still working with the employment insurance program in place. Before making a detailed report of what will happen once the amendments we are going to make to the act are implemented, I believe we have to wait for the work of the parliamentary committee to be over.

Already, certain fairly considerable changes are taking shape. Within a few weeks, I hope the work of the committee will enable us to provide exact figures on the impact of all of the changes to be made to bill C-12.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, does the Minister agree with the figures advanced by the Canadian Labour Congress, which claims that the government's cuts to the unemployment insurance plan may mean only 35 per cent of those without jobs will collect benefits when the new plan comes into effect, if more than substantial changes are not made?

[English]

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, as I indicated to the hon. Leader of the Opposition, the need to assess the impact of all of the changes to the employment insurance legislation is absolutely essential. That is why we have undertaken to make sure, as the parliamentary committee continues its work on this matter, that we will be able to deal with an analysis that will demonstrate clearly what the benefits are and where the savings will come from.

I want to assure the hon. Leader of the Opposition that in all cases, attempts will be made to ensure that the changes are equitable and fair to everyone who has to have access to the employment insurance system.

Oral Questions

[Translation]

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, in the eyes of the Minister of Human Resources Development, justice means making cuts that are equal for everyone.

A Canadian Press report tells us that the government has launched a \$2 million publicity campaign aimed at counteracting the protests against unemployment insurance reform, in the hope of triggering a debate between western Canadians, many of whom feel that the unemployment insurance scheme is too generous, and eastern Canadians, for whom unemployment insurance is a socio-economic necessity.

Are we to understand that the Minister's new strategy for winning out over the unemployed is to divide and conquer or, in other words, to provoke confrontations between west and east in order to get his reform and his cuts across?

Hon. Douglas Young (Minister of Human Resources Development, Lib.): No, Mr. Speaker. Moreover, it is my belief that it is very important to ensure that the changes to be made to the employment insurance system in this country avoid any possibility of east-west conflict, or what is more important, conflict between the have and the have nots in terms of employment.

I hope that the proposals made by the committee members of the same political stripe as the leader of the opposition will include some that will enable us to demonstrate clearly and precisely that the proposed changes must be equitable and just for everyone in every part of this country.

• (1420)

This is no easy task, no doubt about it, but we hope that, with everyone's co-operation, we will manage to find appropriate solutions.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, the Minister of Human Resources Development said on Friday that there was one thing he was absolutely committed to and that was the fiscal parameters of the reform agreement. He had better not count on us for help, because that makes no sense, the plan already has a surplus. Worse yet, the deputy minister of human resources development said, on January 25, that high income earners would not have to further fund employment insurance because they were not frequent users and it was the job of frequent users, that is the low income earners, to do so.

Does the minister realize that, with his successive reforms, not only are fewer people entitled to benefits, but it is the low and middle income earners who feel the effects of them? Will he at least dissociate himself from the remarks of the deputy minister?

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, the reform as proposed, without amendment, shows very clearly our intention to reduce benefits

available to the higher income earners. Obviously, we had to re-align the entire system. This is how we managed to ensure that low income workers have an opportunity to increase their family income by \$2,500.

We found ways to ensure that hundreds of thousands of people could have access to the program for the first time, because we are changing the system so it will be based on hours of work and not weeks.

I think time will show, at the end of the exercise, that the employment insurance program is much more accessible to people who, in the past, had no access to it. Obviously, this will cost those with higher incomes a little. This is why we see people in certain parts of the country where, generally, people earn very little indeed, people who work in seasonal industries, we see union leaders out and about in these areas, because they know that the real reform is being done absolutely fairly to ensure that those with lower incomes are protected and those with higher incomes pay the price.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, the minister should read and understand his own legislation. By reducing maximum insurable earnings from \$42,400 to \$39,000, he deprived the fund of \$900 million a year. And he went to get this money from the low income workers.

Is the minister aware that he is proving the government's lack of belief in the broad principles underlying the implementation of social programs: redistribution of wealth, equity and social justice?

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, I know my colleague is a strong believer in the need to try to be fair. I really do not understand why she is saying we are not meeting the need to redistribute our limited resources.

My hon. colleague is wondering whether, by reducing the amounts available from \$42,000 to \$39,000, we were not doing something disastrous. However, she made no comment on the fact that, in reaching this decision, we wanted at all cost to protect those earning very little, either individually or for the family.

* * *

[English]

CANADIAN ARMED FORCES

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, on Friday the Minister of National Defence said he had investigated claims of high level agreements between Quebec officers and the PQ government to establish a Quebec defence staff headquarters after a yes vote. The minister added that both he and the chief of defence staff were satisfied that the allegations were unfounded. It will go down as one of the fastest investigations in history.

Oral Questions

Canadians want some assurance that his investigation into these serious allegations was not just a few hours, as the minister said in the House on Friday. How extensive was the minister's investigation into the confessions of the Bloc member?

• (1425)

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I said on Friday that chief of defence staff General Boyle had consulted with his predecessor about the allegations by the hon. member for Charlesbourg to the establishment of a joint Quebec army or alternatively two separate armies. There were no such studies conducted by the Canadian Armed Forces or by the Department of National Defence. The chief of defence staff also consulted with other senior generals and is continuing those discussions with other senior officers.

We are assured that all of the officers of Her Majesty's armed forces are loyal Canadians and execute their duties faithfully.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, the Bloc's defence critic has confessed, and I quote: "There were officers who were already prepared to create the nucleus of a Quebec defence staff. There are people who have confided this to me already. Absolutely, even officers".

On Friday, the minister told the House he expects the Bloc member to come forward and give us proof. Canadians were surprised to learn that the minister expects the Bloc member to voluntarily come forward with the names of these officers.

Canadians want to know why the Minister of National Defence does not exercise the due process available to him and compel the member to tell Canada what he knows and to name names.

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I would not want to insult the House of Commons.

There is a motion now being debated which could send this entire matter to a parliamentary committee. Certainly, the allegations made by the hon. member on Thursday are linked with the letter that he sent before the referendum.

I want to respect Parliament and let Parliament decide whether or not the matter should go to committee. If the matter goes to committee, the burden of proof is on the hon. member for Charlesbourg to name names, give minutes and tell us the truth.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I am sure the Canadian public is demanding that the government do its job and govern this country, which it is not doing.

We know two things. One, the Bloc Quebecois member said that officers were prepared to create a Quebec defence staff. Two, the Bloc Quebecois member said these officers confided this to the hon. member for Charlesbourg.

Canadians want to know why the Minister of National Defence refuses to do anything about these admissions.

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, allegations have been made by the hon. member for Charlesbourg and now he is not so sure that what he alleged on Thursday is actually true.

Any member of the House can make any statement. That does not mean to say the armed forces or any department has to launch an investigation. In this case the hon. member can rest assured that Parliament will deal with the matter through committee. All of the questions he has asked today should rightly be asked at the committee, not of the government but of the hon. member for Charlesbourg.

* * *

[Translation]

UNEMPLOYMENT INSURANCE REFORM

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

His planned unemployment insurance reform will bring the maximum yearly pensionable earnings down from \$42,389 to \$39,000 in five years.

Since employers will no longer contribute to unemployment insurance once this new ceiling is reached, does the minister realize that this measure will encourage businesses to ask their workers to do more overtime?

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, obviously, it is very difficult to forecast how businesses will behave but we believe that generally the changes to unemployment insurance will result in providing coverage and access to the program right from the first hour worked. This will be very beneficial for many workers across the country.

As my hon. colleague knows, there is in the bill a system to monitor the impact of all the changes. If results do not meet the program objectives, we will have to take corrective action, of course.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, if I were an employer, I would be tempted to take advantage of this opportunity, especially now when competitiveness is so important; and I am afraid that money will prevail over people.

• (1430)

Every government tackling youth unemployment is recommending banning overtime. Does the minister realize that his so-called reform is contrary to any youth job creation policy and is actually a counter-reform?

[*English*]

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, the situation for years and years has been, and everyone who is familiar with what is going on is aware, that week in week out, month in month out, young people and women in every part of Canada have had to go to work for 13 and 14 hours. Not only did they not qualify for unemployment insurance but also they did not get access to any of the programs that were designed to support people in the workplace.

What we have done is to respond to a request from people who understand how the system was exploited. We have gone to an hours based system. We believe that women and young people will benefit from the system.

As I indicated to my learned friend, we have foreseen that there will be changes and there will be impacts arising out of this new legislation that may not be helpful. That is why we are going to have a monitoring process in place, to ensure that the changes are fair and equitable and that employers and employees both respect the objectives of the new legislation which is to provide first hourly coverage for young people and women, people who in the past oddly enough were not working overtime, they could not get 15 hours a week.

* * *

CLIFFORD OLSON

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, my question is for the solicitor general.

Correctional Service of Canada has assisted Clifford Olson in producing a series of videotapes about his sadistic crimes. Now we are informed that Clifford Olson has received a copyright for these tapes. Given the fact that five of these tapes are in the hands of Robert Shantz, Olson's lawyer, there is the potential they may fall into the hands of the media, or even worse, into the hands of the commercial distributors.

Can the minister tell us why copies of the tapes were given to Mr. Shantz and what the solicitor general will do to retrieve them?

Mr. Nick Discepola (Parliamentary Secretary to Solicitor General of Canada, Lib.): Mr. Speaker, the tapes in question were in the hands of Mr. Olson's lawyer as a result of an agreement entered into by the former warden of the penitentiary in Saskatchewan in June 1993. The agreement allowed for the taping to occur, as was done. Unfortunately this took place in 1993.

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Both the solicitor general and the commissioner of corrections deplore the situation. We are looking into the matter in great detail. We will assure all Canadians that no criminal will be able to profit from such a venue at all.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, the families of those victims that were murdered want to know what is going to be done about it, not a bunch of Liberal rhetoric.

Corrections officials said that some dangerous repeat offenders like Olson receive either educational grants from Correctional Service of Canada or student loan funding or both so that they may take university education. Will the solicitor general deny that this killer, Clifford Olson, is receiving a student loan to further his university education?

Mr. Nick Discepola (Parliamentary Secretary to Solicitor General of Canada, Lib.): Mr. Speaker, I am not aware that Mr. Olson is receiving a loan. What we are aware of is that definitely Mr. Olson never had access nor was he given permission to use video cameras.

In the situation at hand, we are looking for a full inquiry and the commissioner has asked for a full report. Once the report is available, we will make it available to all members of the House.

* * *

[*Translation*]

TAXATION

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, my question is for the Minister of Finance. On page 94 of the red book, we can read, and I quote: "The integrity of government is put into question when there is a perception that the public agenda is set by lobbyists exercising undue influence away from public view".

• (1435)

What are we to think about the credibility of the taxation committee, six of whose eight members contributed more than \$80,000 to the Liberal Party in 1994?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I do not know if they made contributions as individuals, in partnership or if they are companies.

I am convinced that they likely made donations to other political parties at the same time.

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, the government gives contracts to defeated candidates and provides government committee seats to those who contribute to the election fund. The Liberals have come full circle.

To ensure the transparency of the decision making process, does the minister commit to at least expand the committee to include parliamentarians, so that the taxation review will be public and that

Oral Questions

the recommendations and decisions will be made in the public interest?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, any discussion concerning the taxation review will certainly be public, because the objective of that committee is really to prepare a background document that will be used for consultation, undoubtedly by parliamentarians, including members of the finance committee with his colleague.

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[English]

EMPLOYMENT INSURANCE

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, UI premiums are creating a \$10 billion surplus. This money belongs to the UI system and therefore to Canadian workers and employers. When will the government reduce the regressive, job killing UI premiums on Canadian workers and employers?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, at the last revision, and of course a revision occurs every fall, the Minister of Human Resources Development announced a reduction in premiums. There was a savings passed on of \$1.2 billion. The answer to the hon. member's question is: We have already done it.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, in spite of the announced reductions and the reductions which will be coming in the next few months, the budget document indicates that the surpluses for the next two years of \$10 billion have taken into account those reductions. However, the government now plans a \$2 million campaign to advertise changes to the UI system.

Canadians need jobs, not UI advertisements. Will the minister stop this costly advertising campaign and simply reduce premiums to create jobs?

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, I understand the hon. gentleman's concern about the UI surplus and I understand his concern about jobs.

I wish it were as simple as cancelling a program to provide over a million Canadians who receive UI benefits with the information which they will require as a result of the changes we are bringing to the act. If it were that simple, I want to assure the hon. gentleman that we would be happy to cancel the campaign, if we knew it would work as a result of creating all of those new jobs.

However, in the real world, all of these men and women across the country have been confronted for the past three or four months with an act that we know will be changed. A lot of amendments will undoubtedly be brought to it in the next few weeks. Therefore it is only fair to assume when we have in excess of a million people

who are involved in the employment insurance program that we have to spend some money to ensure they understand what the new rules will be.

* * *

[Translation]

CANADA SOCIAL TRANSFER

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, according to the government's own figures, the new formula to determine the Canada social transfer is such that between 1996 and 2003, the only provinces which will see an increase in federal funding for their social programs are Ontario, British Columbia and Alberta, that is the three richest provinces of Canada.

How can the Minister of Finance explain that a transfer which is meant to help the neediest in our society will increase only for the richest regions of Canada?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is precisely for the same reasons that the seven other provinces will receive more in equalization payments than the three provinces mentioned.

• (1440)

In other words, you have to consider the transfers as a whole. If you do that, you will see that Quebec will be doing very well.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, clearly we do not have the same figures, although I took them out of the minister's own budget. The figures I have say that the three richest provinces of Canada will, up to 2003, see their share of the Canada social transfer increase while the poor provinces will see theirs decrease.

Some hon. member: Oh, oh.

Mr. Loubier: Look at the budget. This is serious. If the Minister of Finance does not even know his own figures there is a problem somewhere.

What kind of logic brings us to this result, which shows an increase in federal contributions to the richest provinces while the poorest regions of Canada will see a decrease in federal contributions? Could he explain to me the logic of this system?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, first of all, as to the formula, at the end of the fifth year, transfers to the provinces will have increased from \$25.1 billion to \$27.4 billion—that is the total transfer to the provinces. Second, the transfers under equalization will increase for the provinces.

I am sure that the hon. member is not interested only in the Quebec situation, but Quebec will receive 31 per cent of transfers for 25 per cent of the population.

[English]

RACISM

Mrs. Jean Payne (St. John's West, Lib.): Mr. Speaker, last Thursday, March 14, B'nai Brith released its annual audit of anti-Semitic incidents. This report showed that anti-Semitic harassment is at its highest level since the group began keeping audits.

Could the Parliamentary Secretary to the Minister of Canadian Heritage please tell us what the government is doing to combat hate and racism?

Hon. Hedy Fry (Secretary of State (Multiculturalism)(Status of Women), Lib.): Mr. Speaker, I want the hon. member to know how much I am concerned with that finding by B'nai Brith. I share her concerns on this issue.

There are a number of things my department is doing with regard to this issue. March 21 is the day United Nations has set for the elimination of racism in the world. For weeks prior and for weeks following there will be a series of events set up to bring to the attention of Canadians, especially young people, the issue of racism in this country.

We do not concentrate on racism only during that period. All year round the department of multiculturalism looks carefully at how we set up projects and programs in order to assist social cohesion. We work with the Minister of Justice, the Minister of Human Resources Development and with the solicitor general to ensure Canadians are all treated alike.

This will continue to evolve and change so that we meet the continuing needs of the country with regard to the very important issue of racism.

* * *

THE BUDGET

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, the finance minister has once again picked Canadians' pockets with another tax grab on RRSPs.

By eliminating the deductibility of the administration fee on self-directed RRSPs and lowering the maximum age for contribution by two years, the government engages in sneaky tax grabs while preaching fiscal restraint.

How can the finance minister justify this delayed action tax grab while preaching no new taxes?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the reason for taking the decision on deductibility was that what we were dealing with were charges that were utilized primarily, in fact overwhelmingly, by higher income Canadians. Also, these were

Oral Questions

fees were not available to lower income Canadians simply because of a lack of disposable income.

If I understand what the hon. member is recommending, there should be tax breaks available in practice for the well of that would not be available to the less well off. That is the reason they exist and that is the reason we will fight that kind of idea.

• (1445)

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, the message to the government is that it has a spending problem, not a revenue problem. That is the message we want to get through.

It is quite clear that this dismantling of the RRSP program is under way by the Liberal government. First, it reduces the maximum contribution limit. Second, it froze those limits. Third, it eliminated the deductions. Fourth, it has attacked seniors who will be living long enough to enjoy their hard earned savings.

Why is the finance minister so determined to dismantle the RRSP program?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, let me simply give one example of a change we brought to the RRSP program. Prior to the last budget there was a restriction that people could go back only seven years in order to make maximum use of it.

We eliminated the seven years because we recognized that there are a lot of young families which are not able to take advantage of it because they were raising their children and which would be able to use that space later on when their children had left the nest. What we have done is open it up so that all Canadians can use the RRSP.

Once again the question is why does the Reform Party think the only purpose of the country and government is for the rich? We think it is for all Canadians.

* * *

[Translation]

INDIAN AFFAIRS

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, my question is for the minister of Indian affairs.

Since the Oka incidents in 1990, the federal government has bought a number of properties near the Mohawk community in Kanasatake. Since May 1995, the federal government has not been paying its power bills for some of these properties.

Can the minister explain why his department refuses to pay its bills as the owner of these houses?

[English]

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, there are 83 pieces of property purchased by the department, most at the behest of the opposition

Oral Questions

and people in the community. A package was put together. We thought it was appropriate and so we went along with what the opposition suggested.

The problem is now we have to develop a housing authority within the community to make sure housing is properly allocated and that there is proper policing. It is difficult, especially in Oka now with two chiefs, but we are working toward that end. I met this morning with the negotiator to see if we could have some positive movement in there.

[Translation]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I say to this minister, who has been touring Quebec for a while trying to stir up trouble between the First Nations and Quebecers, that he will not succeed. He should deal seriously with the issues that concern him. He just seems unable to find a solution.

My question concerns his incapacity to solve the problem of illegal occupation of houses, because that is the basic problem in Kanesatake. It has a number of consequences, including a major loss of revenue for Hydro-Quebec.

Will the minister finally deal with this problem seriously and stop trying to spark fires between the aboriginal peoples in Quebec and Quebecers?

[English]

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I do not try to spark fires but I do ask questions, which I think is my right in a democracy.

The response from Mr. Bouchard was that I was an idiot. The response from Mr. Brassard is we deal with assassins and murderers. The response here on Friday was atrocious. I missed the hon. member on Friday. Usually our dialogue is at a higher level.

I will continue to ask questions, which is my job, on behalf of native people I serve, as well as the hon. member.

* * *

GOODS AND SERVICES TAX

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, the Liberal Party promised to abolish the GST. It also promised to replace the GST. This is the finance minister's third budget and he still has not replaced the GST. Why?

• (1450)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I answered this question in the House before but I am delighted to respond to this member, whose views are obviously considerably more enlightened than others of his party.

What we are doing is fulfilling the recommendations and the advice given by the Reform Party in the finance committee of the House when it dealt with the GST. It simply said we should replace it with a harmonized tax. It went on to say that will obviously require future negotiations with the provinces. The Reform Party was right.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, this confirms the finance minister is the master of myths.

Our report, if he read the first part, recommends tax reform and a simplified system of taxation to replace the GST. It was in the final form, out of context, that he was taking our recommendation, but that is fine; he is the master of myths.

Will he confirm for the House that the real problem he is having with the new Liberal supertax, which he is trying to get co-opted with the provinces, is that the combined rate, for instance, in Ontario of the 8 per cent and 7 per cent to 15 per cent would actually represent a \$2 billion to \$3 billion increase to the consumers of Ontario? That is why he is having trouble.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member has "mythd" the point. There is no possibility of a supertax. What we are seeking is a harmonized tax.

Obviously if there was a transfer from one segment of society to another, any province would have the ability to right that and to shift it back. There is all kinds of flexibility built in there.

I simply quote the Reform Party again from the finance committee. This is in context: "We commend the government on its attempt to harmonize the tax with the provinces".

* * *

PIPELINES

Mr. John Finlay (Oxford, Lib.): Mr. Speaker, the National Energy Board is holding hearings in Calgary this April on stress corrosion cracking, a potentially dangerous occurrence on Canada's pipelines.

What can the Minister of Natural Resources do to ensure the Ontario Pipeline Landowners Association can participate in these hearings in the public interest?

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, the hon. member raises a very important issue in relation to how groups such as the Ontario Pipeline Landowners Association can fully participate in hearings such as those before the National Energy Board.

As the hon. member knows, I have communicated with the National Energy Board, asking it under the existing regulatory regime to see whether some form of intervener funding will be possible. It is important to keep in mind that is not the only thing we can do in the present circumstance.

Oral Questions

Parties do not go unrepresented before boards such as the National Energy Board presently. For example, OPLA is presenting written questions to pipelines such as IPL in this hearing. It will get written responses to those questions. It will be able to file written arguments to the National Energy Board at the end of the hearing.

The National Energy Board has gone out of its way in relation to this hearing to ensure that OPLA and other interested public groups have full access to information. For example, we are making available all documents that have been filed, public minutes of the fact finding process and a 1-800 number.

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[Translation]

DAIRY INDUSTRY

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, my question is for the Minister of Agriculture. Contrary to what the Secretary of State for Agriculture said, the dairy subsidy was not eliminated with the industry's consent. The Fédération des producteurs de lait du Québec condemned this measure, which will lead to losses of up to \$8,000 for the average farm.

How can the Minister of Agriculture—who, after the referendum, made promises of fairness and equity—justify this measure hurting dairy producers, nearly 50 per cent of whom live in Quebec?

• (1455)

[English]

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, at the time of the federal budget in 1995 we indicated certain staged reductions in the dairy subsidy that would take place during the current fiscal year and the next fiscal year.

We also indicated that we would consult with the dairy industry across Canada, particularly in provinces like Quebec and Ontario where the dairy industry is concentrated, to discuss the future of the dairy subsidy beyond the initial two years that were dealt with in the budget last year.

Those consultations took place very extensively. They involved me, my parliamentary secretary, my departmental officials, the Canadian Dairy Commission and a broad cross-section of representatives in the Canadian dairy sector.

We raised very clearly the fiscal difficulty the government was facing. We indicated the dairy subsidy would not be sustainable for the long term. We sought their advice in terms of how best to handle the dairy subsidy in those circumstances. A wide variety of options was discussed in terms of how this situation could be managed. The dairy industry very clearly indicated that while it would prefer to retain its subsidy, faced with the fiscal reality of the

country to deal with this issue it would recommend the phase out approach that we have implemented.

[Translation]

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, is the minister aware that eliminating this subsidy without any kind of compensation compounds the unfairness in federal spending in Quebec, where his department will spend a mere 8 per cent of its budget this year?

[English]

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, obviously one of the issues that remains to be dealt with, an issue the dairy industry in terms of producers and processors is very anxious to deal with, is the question of future pricing.

Under the Canadian system of supply management producers will have the opportunity to deal with the price setting regime in the future in consultation with processors and the Canadian Dairy Commission. It is obvious that as the producers no longer have access to what they call the direct payment they will want to recoup a good portion of that, as much as they possibly can, from the pricing system.

Over the last 10 years or so the general inflation rate with respect to food products in Canada has been in the order of 30 per cent. By contrast, the inflation rate with respect to dairy products in Canada has been only in the neighbourhood of 16 per cent, which indicates there is some room for price adjustment.

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CANADIAN WHEAT BOARD

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, my question is for the minister of agriculture. On Friday the minister said with regard to the Deloitte & Touche report on the Canadian Wheat Board that since the report has been completed the board has acted on its recommendations.

Would the minister please inform the House how the wheat board has addressed the report's criticism that accredited exporter relationships with the board are neither sound nor positive, nor is there any evidence of an ongoing corporate strategy plan.

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the hon. member will know the report to which he is referring is at least four years old. He will also know that when it was originally produced it was about an inch thick.

I have consulted with the board on this matter not only last week but over this weekend. It has assured me the recommendations brought forward by Deloitte & Touche four years ago have been pursued and implemented. If the hon. gentleman would like to put a question on the Order Paper about any specific recommendation I would be happy to respond to it.

Routine Proceedings

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I would surely love to hear those answers on the Order Paper and I will bring my questions to the minister.

First the RCMP lost my complaint on the wheat board, then the information on an outrageous severance package disappeared, then the wheat board held secret in camera meetings before the grain marketing panel hearings. Will the minister finally make an effort to provide accurate information on the problematic grain marketing industry?

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the hon. gentleman knows the major purpose of the western grain marketing panel, which has been conducting its work over the last several months and which is meeting in the city of Winnipeg as we speak. The major purpose of the whole initiative is to provide complete, full, accurate information about the Canadian grain marketing system. It is significant that in all of this effort to the largest extent, members of the Reform Party have not bothered to show up.

* * *

● (1500)

REVENUE CANADA

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, my question is for the Minister of National Revenue.

In designing the forms for the 1995 income tax return, Revenue Canada decided not to provide detailed income tax tables, but rather opted to produce a single form to calculate the taxes owing.

Will the minister explain the reasons for this decision?

Hon. Jane Stewart (Minister of National Revenue, Lib.): Mr. Speaker, Revenue Canada has come to the realization that not every single tax filer needs every piece of documentation and supporting tax tables that can possibly be provided.

In fact, it was discovered that Canadians were using the simple arithmetic formula to check the tax tables. The tax tables were stripped from hundreds of thousands of packages sent out and in so doing have saved the taxpayer countless thousands of dollars and saved trees.

I point out that I did the tax calculation. If I can do it, pretty much everybody can.

The Speaker: That brings question period to a close.

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PRESENCE IN GALLERY

The Speaker: I draw to the attention of members the presence in the gallery of a Commonwealth Parliamentary Association from Malaysia, led by the Honourable Dato Wong See Wah.

Some hon. members: Hear, hear.

The Speaker: Also I would like to draw to your attention the presence in the gallery of Dr. Oscar Hector Camilion, the Minister of Defence for Argentina and accompanying delegation.

Some hon. members: Hear, hear.

ROUTINE PROCEEDINGS

[English]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to two petitions presented during the first session.

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INTERPARLIAMENTARY DELEGATIONS

The Speaker: My colleagues, I have the honour to lay upon the table my report of the 13th Conference of Commonwealth Speakers and Presiding Officers which I attended in Nicosia, Cyprus, from January 3-6, 1996.

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ENDANGERED AND THREATENED SPECIES ACT

Hon. Charles Caccia (Davenport, Lib.) moved for leave to introduce Bill C-238, an act respecting the protection and rehabilitation of endangered and threatened species.

He said: Mr. Speaker, this bill means a step toward the overall protection of Canada's natural biodiversity. It requires the Minister of the Environment to identify, protect and rehabilitate flora and fauna in Canada when it is threatened or endangered by human activity.

● (1505)

The minister would also have power to develop and implement programs to restore populations of threatened and endangered species to self-sustaining numbers.

(Motions deemed adopted, bill read the first time and printed.)

[Translation]

The Acting Speaker (Mr. Kilger): In the opinion of the Chair, this bill is in the same form as Bill C-275 of the first session of the 35th Parliament at the time of prorogation. Therefore, pursuant to order made Monday, March 4, 1996, this bill is deemed to have been read the second time and referred to the Standing Committee on the Environment and Sustainable Development.

[English]

CANADA POST CORPORATION ACT

Mr. Andrew Telegdi (Waterloo, Lib.) moved for leave to introduce Bill C-239, an act to amend the Canada Post Corporation Act.

He said: Mr. Speaker, the purpose of this bill is to provide for the establishment of a system allowing persons who do not wish to receive direct mail advertising or mailing of printed matter without further address than householder, box holder, occupant or resident to notify Canada Post Corporation accordingly, and that Canada Post respect the wishes of the residents if they do not wish to receive junk mail, and that Canada Post comply accordingly.

The bill would empower Canadians by having their wishes respected by Canada Post. It would also be good for the environment.

(Motions deemed adopted, bill read the first time and printed.)

* * *

PETITIONS

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have two petitions to present pursuant to Standing Order 36. The first petition has to do with family taxation and comes from Vancouver, British Columbia.

The petitioners would like to draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession which has not been recognized for its value to our society.

The petitioners therefore pray and call on Parliament to pursue initiatives to eliminate tax discrimination against families who decide to provide care in the home for preschool children, the disabled, the chronically ill and the aged.

LABELLING OF ALCOHOLIC BEVERAGES

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition comes from Sarnia, Ontario.

The petitioners would like to draw to the attention of the House that the consumption of alcoholic beverages may cause health problems or impair one's ability, and specifically that fetal alcohol syndrome and other alcohol related birth defects are 100 per cent preventable by avoiding alcohol consumption during pregnancy.

The petitioners therefore pray and call on Parliament to enact legislation to require health warning labels to be placed on the containers of all alcoholic beverages.

Routine Proceedings

BOVINE GROWTH HORMONE

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, I have a petition which contains some 35 names, mostly from the Etobicoke area.

The undersigned Canadians are opposed to the approval of the synthetic bovine growth hormone, otherwise known as BST, the drug injected into cows to increase milk production.

The petitioners call on the government to keep rbGH or BST out of Canada through legislating a moratorium or stoppage on rbGH use until the year 2000 and to examine the outstanding health and economic questions through an independent and transparent review.

YOUNG OFFENDERS ACT

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, I have a petition to present on the Young Offenders Act.

The 468 petitioners, who are saddened by the brutal murder of Louie Amba of Scarborough, request that Parliament pass legislation to strengthen the Young Offenders Act, including publishing the names of young offenders, lowering the age of application and transferring the most serious offenders to adult court.

TAXATION

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, I have the honour to present two petitions signed by constituents of my riding.

The first petition urges the government to not consider any increases in taxes at any time in the future.

GASOLINE PRICES

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, the second petition is signed by 50 petitioners who express a real concern that there will be an increase in gasoline prices.

Therefore the petitioners humbly pray and request that Parliament reduce government spending instead of increasing taxes and that Parliament not increase the federal excise tax on gasoline in any future budgets.

* * *

• (1510)

QUESTIONS ON THE ORDER PAPER

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Acting Speaker (Mr. Kilger): Is it agreed?

Some hon. members: Agreed.

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[Translation]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion that this House approve in general the budgetary policy of the government, and the amendment, and the sub-amendment.

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, to pick up where I left off, I was in the midst of condemning the unfairness of the finance minister's last budget. I was saying that nearly 50 per cent of Canada's industrial milk comes from Quebec, and that the farmers in my region produce 10 per cent of Quebec's industrial milk.

I was also saying that the Minister of Finance will cut Quebec dairy producers' income by five to seven per cent. I was demonstrating how unfair it is by using the rule of three—and I urge dairy producers to listen closely to my reasoning. Last year, the Minister of Finance paid close to \$3 billion to grain producers in western Canada in compensation for eliminating grain transport subsidies. The Liberal government gave \$1.6 billion out of this \$3 billion to individual grain producers, depending on the size of their farms. Again, this \$1.6 billion was not taxable and, by giving \$1.6 billion to grain producers, the government will save \$560 million in the future. As a result of eliminating dairy subsidies, the government will save \$160 million in Quebec. If, in order to save \$560 million, the government spent \$1.6 billion, how much should it pay dairy producers in compensation for the \$160 million in cuts? Using the rule of three, I arrive at some \$400 million.

The Liberal government is imposing a \$400 million penalty on dairy producers, if we want to be as fair to them as to grain producers in the west.

The agriculture minister stated earlier that he had consulted with dairy producers. With all due respect, what he said is wrong. Last weekend, I toured five ridings and met with dozens of dairy producers. I have here a statement showing that, for all of January, the Canadian Dairy Commission paid a dairy producer in my riding \$506 in subsidies.

Would dairy producers accept losses of \$7,000 or \$8,000 a year? No way. What the minister should tell us is that he indeed consulted, but with milk processors, not dairy producers.

Dairy producers managed to adjust to competition by reducing costs.

• (1515)

Today, they are being rewarded with cuts of five to seven per cent, which represent average losses of \$8,000 per dairy farm in Quebec. The government is being unfair.

This government told us that it had not raised taxes. That is true. It will, however, raise the cost of the food basket, including dairy products like butter and cheese. The cuts imposed by this government will translate into a price increase of 28 cents a pound for butter and 50 cents a kilo for cheddar cheese.

I therefore condemn the 1996 budget as unfair to dairy producers across Canada.

[English]

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I paid great attention to the remarks of the member for Frontenac. I must say I am sometimes mystified by the position the Bloc Québécois takes from time to time.

In the course of his remarks the member was commenting on how the Quebec milk producers produce 50 per cent of the industrial milk for the rest of Canada. In the same breath he was extolling the virtues of the milk marketing board which is a Canadian institution. This is a contradiction in the position by the Bloc Québécois.

The milk marketing boards, the supply management system, are very much a federal institution. If Quebec were to separate it would spell the end of the supply management system. Would the hon. member not admit that this would cause great hardship to the milk producers and would lead to the loss of many hundreds of family farms?

[Translation]

Mr. Chrétien (Frontenac): Mr. Speaker, there is nothing surprising about what my distinguished colleague told this House. Just this weekend, milk producers were asking me: "Why are Bloc members the only MPs rising in the House of Commons to represent our interests?" I can understand their feelings.

I had our research staff dig out the following information. New Brunswick—represented by only one opposition member, a Conservative—accounts for 1.25 per cent of all industrial milk production. There is not much point in making tremendous efforts. Nova Scotia, 1.32 per cent, all Liberals. I have not seen one Liberal member rise in this House to oppose the government. Prince Edward Island, 1.91 per cent. All Liberals anyway. They are playing dead. Saskatchewan, 2.49 per cent; Manitoba, 3.76 per cent; British Columbia, 4.31 per cent; and Alberta, 6.52 per cent.

The members representing these provinces cannot be relied on, especially Liberals. There is, of course, the leader of the Conserva-

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tive Party who represents a riding in Quebec. I shall direct the following question to him: "Hon. member for Sherbrooke, why do you not rise in this House to defend the interests of your constituents?" He remains as mute as a maggot.

As for the hon. member for Brome—Missisquoi, who boasted about coming to Ottawa to defend his farmers, these producers, whom I met, asked me: "What is our MP doing for us in Ottawa?" My answer was: "He remains as mute as a maggot. He does not say a word in your defence". That is true. Take a look in *Hansard* and show me when he rose in this House to defend his farmers. Never.

Ontario produces 30 per cent of all industrial milk in the country, while Quebec produces 47.57 per cent.

• (1520)

I did not see a single Ontarian rise in this House, not one, but that is understandable: 98 out of 99 are Liberals. They are buying their finance minister's budget. They will applaud it even if it is no good. That is why only Bloc members are rising in this House to represent the interests of Quebec milk producers.

What our producers will be forced to do is to go before the Canadian Dairy Commission to request a price increase. If they do not, some of them are facing bankruptcy, while others will literally be working for peanuts.

Did you know that each 10 per cent increase in the price of butter entails a 7 per cent drop in sales? All this because a number of consumers will no longer be able to afford to buy butter at the price it will have to sell for.

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, first I want to congratulate my colleague, the Minister of Finance, on his excellent budget. The minister has once again reached his goal of reducing the deficit. This is the second time he manages to do that, thus succeeding where his predecessors of the last decade failed.

By targeting expenditures with determination, consistency and intelligence, the minister largely contributed to establishing a visible and sound financial environment. Indeed, a sound national balance sheet is an essential prerequisite to grow, prosper and improve our standard of living at the turn of the century. Such a balance sheet is the only durable basis that will allow us to maintain the best social security system in the world for future generations. Our goal is to achieve nothing less than that.

[*English*]

The United Nations, the OECD, as well as men and women around the world who seek to move to Canada all tell us that we have the best country in the world but here at home, Canadians need a reality check. We must challenge Canadians who do not agree that we are the best to tell us where countries do it better,

more effectively and with better results, not where governments spend more money, but where they get more for their money.

We need to determine what nation allows low and average income seniors to retire with better security. What country has a better and more accessible post-secondary education system? What country has a better, more inclusive employment insurance system that balances the need for reasonable income benefits with active re-employment measures, including a basic income for low income families?

We must challenge Canadians who no longer have faith in our system to tell us in what country single mothers have better access to re-employment programs or child care assistance. What country has a more accessible and effective public health care system? Where in the world can disadvantaged citizens be assured of a stronger safety net to support their needs for food, shelter and basic services?

Canadians are going to have to learn to benchmark what we have achieved against the programs and practices of other G-7 and OECD countries, not against some phantom abstract notion of what we think we should have accomplished or deserve to have in the future.

The message that is fundamental in this budget is that the Liberal government is committed to modernizing and securing the Canadian social safety net and we make real strides toward meeting that goal. I do not hesitate to say that this is the first Liberal budget we have seen in this country in 12 years. We have reason to be very proud of it. The Minister of Finance had to struggle through his first few years cleaning up the mess that was left behind. Our objective is unmistakable: a Canadian social safety net that is affordable, effective and contemporary.

[*Translation*]

This budget is a major step toward a sustainable and reliable government pension plan for seniors in the next century. The new seniors benefit, which will take effect in the year 2001, is a practical and progressive solution to the costs related to our aging Canadian society. These costs must be contained, while also ensuring that most retired people will be as comfortable, if not more, than is currently the case under the old age security and guaranteed income supplement programs.

• (1525)

Most retired people in the year 2001 will enjoy greater protection. A full 75 per cent of seniors will be treated as well, if not better, in the year 2001 than now. Given the demographic projections for the next 25 years, this is quite an achievement.

The second component of the reform is to design the Canada pension plan so as to make sure that all Canadians can rely on it when they retire. Negotiations are currently under way between

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the federal and provincial governments to find a sound long term financial base for the CPP.

We must find the best and most sustainable balance between the necessary increases to the contribution rates and the amendments to the benefit structure, so as to ensure the plan's middle and long term viability.

[*English*]

The budget demonstrates the priority we place on helping young people find their place in an increasingly competitive and tough global job market. We are investing in jobs for youth. The budget provides \$105 million extra per year for three years to assist our efforts to help our young people get jobs. As part of this new funding the Government of Canada will double to \$120 million the support for private, public and not for profit partners to create summer jobs this year alone.

We are helping to make work pay by doubling the working income supplement by 1998 to \$1,000 a year per family. This special supplement is targeted directly at our nation's low income working families and will give our children a better future.

The right of children of divorced parents to adequate financial support will be respected. Major tax changes linked to new standardized guidelines nationwide for child support will be brought into effect and will be backed by tougher enforcement.

At the same time, we are helping working parents, particularly single parents, by broadening the child care expense deduction. These are parents who cannot be at home and need child care because they are on the job or taking courses to help them get a job. Eligible parents with teenagers between the ages of 14 and 16 will now be able to receive the deduction.

We are adding an extra \$80 million a year to fund student tuition fees and education tax credits. The limits have been raised on registered education savings plans.

We are especially proud that this budget provides for a permanent floor for cash contributions to the provinces for health, post-secondary education and social services.

When the growing value of tax point transfers are included, worth some \$14 billion this year, it means that overall the size of the CHST will stabilize next year and the two years following at \$25 billion. By the turn of the century, the full value of these important transfers will begin to rise in a way that directly tracks economic growth. By putting these important transfers on a solid footing and establishing a growth path, we are demonstrating our unshakeable commitment to the Canadian social union.

We are ready to fulfil our responsibilities as a strong partner with the provinces which deliver the social programs and services to our citizens. This is the unique genius of the Canadian federation; this country was built by the national and provincial governments

working co-operatively, recognizing and respecting the strains and tensions inherent to all federal systems. The implementation of the CHST marks a new era in the fiscal arrangements that support the Canadian social union.

The 13.5 tax points ceded to the provinces in 1977 to help pay for health and post-secondary education are now worth some \$14 billion. They are every bit as important as is the cash component we hear so much about.

[*Translation*]

Indeed, in the speech from the throne as well as in last year's budget, our government committed itself to co-operate with the provinces to define by mutual consent the principles and rules of the Canadian health and social transfer.

Now that the long term funding rules have been decided upon, including the transfer distribution formula, we are going to have discussions on the principles. We have retained the five principles of the Canada Health Act with the proviso that provinces cannot discriminate according to the place of residence in the delivery of social services. Moreover, we are ready to discuss with our partners.

We are all increasingly aware of the unacceptable human deficit our society is confronted with.

• (1530)

This deficit can have all sorts of fiscal and other consequences for future generations of Canadians. But we do not have the means required to assess this human deficit, and we must understand the problem well in order to solve it.

We do not have a good system of social indicators similar to the economic indicators we all know—inflation, unemployment, growth, monetary aggregates, etc.—on which the government bases many of its decisions. This is a need that all governments should try and meet together. A lot of crucial work awaits us in this sector.

The budget clearly revives our plan to put our social safety net on a sound basis.

[*English*]

The employment insurance bill is before the House and it is hoped it will be implemented on the target date of July 1, 1996. This important pro-employment initiative is now being examined in committee where members will have an opportunity to make some adjustments that will improve the overall balance and fairness of the package.

Without prejudging the specific amendments that will be brought forward, I have already made it clear that we must have changes that will do the following. Resolve the problem of gaps in employment that unfairly affect benefits for workers in some

industries across the country where work patterns are irregular. The system must be connected much more closely to changes in local employment conditions. As jobs become available everyone should be obliged to take whatever work is available and must be well motivated to do so. The social safety net should be reinforced by ensuring an appropriate income floor for low income workers, particularly in our large cities where there are significant numbers of working poor who must have access to employment insurance.

A fundamental feature of employment insurance is the reinvestment in direct, results oriented re-employment measures for unemployed Canadians. We understand the enormous and turbulent impact of technological change on workplaces everywhere. Our intention is not to interfere with the provinces but to work in partnership with them.

As announced in the throne speech, the government is totally committed to accelerating discussions with the provinces to get agreement on how to best harmonize labour market activity. Already the draft report of the provincial Ministerial Council on Social Reform, the Quebec government statement of principles on a possible labour market agreement and part II of the EI legislation together provide for the orderly withdrawal of federal activity and training, and to explore new approaches and the appropriate roles and responsibilities of each level of government for strengthening national and local labour markets.

We plan to work closely with the provinces in the coming months to find a mutually acceptable way of strengthening access to child care services, thereby helping to reduce for many low income families and single mothers a serious barrier to jobs and economic independence.

However, I want to emphasize that as the throne speech stated, the Government of Canada will not use its spending power to create new shared cost programs in areas of exclusive provincial jurisdiction without the consent of a majority of the provinces.

[*Translation*]

To conclude, I repeat that the Government of Canada is determined to see to it that at the beginning of the next century this country offers its people the best social programs and the best tax and fiscal conditions in the world. The last budget tabled by my colleague the Minister of Finance will be a great help to that end, by giving us better control over our deficit while hastening the reform and the strengthening of the Canadian safety net.

[*English*]

The Acting Speaker (Mr. Kilger): I take note of the many members who wish to participate in the question or comment period. I will endeavour to facilitate the participation of as many as possible. I can only do that with the co-operation of both the

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members asking questions and the minister responding. Perhaps members could keep individually to two-minute interventions.

I will begin with the hon. member for Frontenac, then the hon. member for Calgary Centre. We will see how things go from there.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, you acted somewhat like King Solomon, which is very much appreciated.

I listened with much interest to the Minister of Human Resources Development, who, of course, was not about to criticize the budget of his colleague, the Minister of Finance. It was to be expected. However, I could criticize the member from Acadia, a riding that is not, relatively speaking, the richest of the country—no insult intended for its citizens—because his government is reducing the deficit largely at the expense of the little people.

• (1535)

It is for a good reason then that, in his own riding, the government's budget as well as its UI reform are being criticized. Are there any measures on tax shelters in the budget? No. Does the budget contain measures to tax big corporations, and I take the liberty of quoting the president of Bombardier, who does not remember the last year he paid one cent of tax to the federal government? What is there in the budget on major corporations—and the Minister of Finance himself is right in there—who register their boats in the Bahamas? There is absolutely nothing against that.

What is there in the budget for job creation, which was the Prime Minister's slogan—"Jobs, jobs, jobs". Nothing, except for the meagre \$60 million more or the \$60 million already earmarked for summer career jobs for students. There is nothing for job creation. This budget does not get a passing grade.

I invite the minister to take a few minutes to try to explain to his constituents, among others, how this budget is fair and equitable, particularly for ordinary people.

Mr. Young: Mr. Speaker, if you allow me, I would like to say that when describing the people from my riding I never make a distinction between big or small, rich or poor. I have a great respect for all of my constituents and I am perfectly aware that there are serious concerns every time we have to discuss social programs. What I regret is when those concerns are exploited and that is something I have no intention of doing today.

My hon. colleague made a few comments on big companies, including one I would have thought the hon. member would be particularly proud of because of its international reputation in the

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aerospace area. But I will leave that to others because I would like to speak to a particular point.

The hon. member for Frontenac asked me what there was in the budget on job creation. He forgot to mention the \$800 million in the reinvestment fund included in the employment insurance program we are proposing, \$800 million when fully implemented. There is another \$300 million transitory fund specifically aimed at helping regions where the unemployment situation is the worst. Of course, for my hon. colleague, that \$1.1 billion was not important. Apparently, he did not even notice it when reading the budget.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, it is very seldom that I get a chance to make a comment and ask a question of a cabinet minister during debate so I appreciate this. This is one of my first opportunities and I have been here for over two years.

Could the Minister of Human Resources Development confirm the current size of the UI fund? I know during the campaign there was a deficiency of about \$3 billion. I know there is a surplus and I would like to see the amount confirmed. I anticipate it is going to grow. At what point would he consider offering tax relief to this sector by lowering premiums?

I come from the private sector and I know what employers and employees think of payroll taxes. It is a subject of concern to many Canadian taxpayers.

My final question for the minister is this. Has there been talk or consideration given of reconciling the UI fund in the future? Has consideration been given to making it into an insurance program between employer and employee that stands alone, regulated and monitored by the federal government to ensure that people get their proper benefits as opposed to co-mingling the fund into the general account and using it to apply on current revenues?

• (1540)

Mr. Young: Mr. Speaker, as usual the member for Calgary asks excellent questions and I want to address each of them.

First, we have to be very careful with respect to the principle of insurance as it applies to employment insurance. I have spoken to people who are involved in the insurance business. For example, I do not know of anyone who has bought death insurance. Agents usually try to sell it as life insurance. They do not sell sickness insurance. They sell it as health insurance. All of my adult life I have had term insurance. I hope the hon. member for Calgary will understand why I am glad no one has collected on it yet.

We have to be extremely careful because insurance can have different functions. There has to be a sharing. People who have full time jobs and long attachments to a job are probably extremely

pleased that they have never had to go to the employment insurance system for support.

We have to be extremely cautious when we make the changes to retain equity and fairness. People told me on the weekend that they were prepared to change places with people who felt there was too much unemployment insurance money going into certain parts of the country. They would exchange the unemployment insurance cheques for the full time jobs that existed in certain parts of the country, for example, in the automobile industry in Ontario. I say that knowing my friend is from the great province of Alberta. There is always a need to try to keep some balance.

I agree we have to look at the surplus. The hon. member asked what the amount is now. We have just come out of a deficit position. We have been running a surplus on current account but there was an existing deficit in the UI fund. In the last few months, probably since December, we have moved into a surplus position. The budget documents indicate that we may get to approximately \$9 billion to \$10 billion in a couple of years.

I do not think there is any doubt that the Minister of Finance would be prepared to tell my hon. friend that there is a level at which the surplus has to be controlled. I will indicate my interest as well. The member would know that the surplus is merely a myth in the sense that it is a liability the government has when it uses it in the CRF because it is a debt owed to the employment insurance fund.

Although it is useful in managing the deficit to some extent, in the final analysis it will have to be used to protect against a downturn in the economy. We want to avoid the kind of scenario we had a few years ago when the country was in a recession and premiums were going up when companies and individuals were least able to pay them. I take my hon. friend's comments seriously. We have to look at where we are going to put a ceiling on the surplus.

To answer another point he made, I do think the right way to go about it will be to make some dramatic changes in the premium rate because it is a payroll tax. It is a disincentive. We can address that in the next 18 months if we continue on the present trend of an increasing amount in the reserve. Jobs are also being created in the private sector that will allow for premiums to be adjusted downward.

[Translation]

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, I have listened carefully to the minister's remarks. Naturally, when we hear such remarks, we must focus primarily on the role this minister plays within the Liberal caucus. Of course, the minister sidestepped the main questions. He did not talk about the debt,

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which continues to grow, or the deficit, which is slowly shrinking, but only because of the surpluses in the unemployment insurance fund.

He mentioned a few figures, paltry in the context of billion dollar budgets, for job creation. In other words, there is almost nothing. He spoke about students but it was only a diversion.

Coming back to the minister's primary role, he is insinuating in this House that those who oppose the reform come mainly from organized groups, people who earn their living at the expense of the least fortunate making them aware of things.

• (1545)

I would like to draw to his attention something that was sent to me by teachers who do not work on a regular basis, who do not have regular jobs—this is why teaching is called a precarious profession. They sent me a little postcard, just to tell me that this reform is inequitable, unfair and ineffective. Because they can be classified as seasonal workers, they are asking for the pure and simple withdrawal of Bill C-12.

I therefore have a question for the minister. Does he plan to withdraw this bill? Do his plans include Quebec receiving the transfer of powers and money due to so that it can look after its own manpower and unemployment insurance?

Mr. Young: Mr. Speaker, the hon. member for Chicoutimi raised several questions. As far as the debt and the deficit are concerned, this is a mammoth, long term undertaking. We are familiar with the problem that exists in Canada, one that Quebec will also recognize, judging by what the Government of Quebec has had to say recently. This is a problem all governments in the country have to deal with.

As for what I had to say about those who organize demonstrations, I think accuracy is in order here. The French language press reported what I said with extreme accuracy. What I said is that I understand why people who are worried and nervous participate in demonstrations. I understand why they express their concerns and seek change. This is why we have said, ever since the month of December, that we would be proposing changes to bill C-12.

What bothers me somewhat is the presence of professional agitators in communities where they would normally rarely, if ever, be seen, people who do this for a living year round and earn very high salaries. They travel around to exploit people who have serious and legitimate grievances.

This is how I see it, and I have never been embarrassed to call a spade a spade. I must say, in all frankness, that the professional agitators who came into my riding did not spare me with their comments either. They said exactly what they thought of me. We

will exchange views but, at the end of the day, I hope that we will have managed to find solutions for those affected by the changes.

I find this still hard to understand, because when I spoke just now about job creation I mentioned two funds totalling \$1.1 billion. As for the summer jobs, which are described as window dressing, the fund has gone up from last year's \$60 million to \$120 million yearly, only for the program to create jobs for post-secondary students.

If, for Bloc members and for my hon. friend from Chicoutimi, \$120 million this summer is merely window dressing, there are plenty of young people across this country who would like to have their windows dressed in this way.

[English]

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the minister in his speech gave an open challenge to members to point out and compare the fiscal situation of Canada to other G-7 countries. I will do that.

Canada's debt to GDP ratio is the second worst of the G-7, second only to Italy, yet this government is continuing to add to that debt every year into the foreseeable future. There is no deadline set by the government to stop adding to the debt. This ever increasing debt is the biggest threat to health care and to other important programs in Canada. In this government's first budget it added over \$10 billion in interest payments just to service the debt yet the debt continues to go up. I do not understand how the minister can sound so smug about the government's progress to date.

When will the government stop adding to the debt and to the ever increasing interest payments on the debt?

Mr. Young: Mr. Speaker, if I appeared to be smug about any of our accomplishments I want to dissipate any notion of that kind because I think it has been a mighty struggle. I make no bones about it. I have said it in this place and in many other places that had one of my friends, the predecessor to the present Minister of Finance, been given the opportunity to do what he wanted to do in 1985 and 1986, I think Mr. Wilson would have been able to arrange the affairs of this country in such a way fiscally at least that we would be much better off today.

• (1550)

That is why I complimented my colleague, the Minister of Finance, and the Prime Minister for backing him. We have begun the process of going from a situation where the deficit to GDP ratio was 7 per cent and we have got it down now to 3 per cent. The minister has made an undertaking to go to 2 per cent. I know it is not as fast as my hon. friend would like to see it move. At least after many years with various stripes of government going in the

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wrong direction, I hope that my hon. colleague would at least respect the fact that over the last couple of years the current Minister of Finance has been moving toward balancing the budget.

Besides that an interesting part of all of this is when we get to the cashflow situation which allows us to eliminate borrowing. In other words we will be able to operate on a current account with enough cashflow to be able to pay for our day to day needs.

There are a number of indicators out there. I understand how frustrating it must be for people who would like to have an instant solution to a very longstanding problem. We will continue to do the best we can to get a very difficult deficit situation under control. As Canadians who understand this recognize, we cannot start to do anything about the debt until we have cleaned up the deficit. We are on the way to doing that. I do share the view of the hon. member that we should get to balanced books and begin to pay down the debt as soon as we possibly can.

The Acting Speaker (Mr. Kilger): I want to thank the hon. Minister of Human Resources Development and the four members from the opposition benches who participated in this exchange. I thank you all for your co-operation.

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, I will be splitting my time with the hon. member for Lethbridge.

I am pleased to be able to speak to the budget today. I was pleased to be able to listen to the speech of the Minister of Human Resources Development. He is a very practised speaker and is quite impressive. Any Canadian listening to the minister would say: "We are in good shape. Look at how well off we are compared to other countries". The big problem is that the minister, as pointed out by my colleague's question, did not mention the fact that all of this goodness we are receiving is based in good part on the fact that we are borrowing money to be able to produce all these services. That is not the worst of it. We know that our debt is approaching a tremendous figure of over \$580 billion.

The minister correctly says that the government is trying to tackle the deficit. The government is making some progress on it, I will concede that. However the progress is insufficient when we consider the size of the deficit and realize how much deeper in debt the country is going and that all the services being provided are based on the debt and deficit situation.

As a result of the prorogation of Parliament in February, I had the opportunity to consult with my constituents for some time on this topic. While in my riding of Nanaimo—Cowichan I received a good number of letters and phone calls on the subject. I was also able to conduct a public opinion survey on the budget.

Constituents and business persons alike took the time to share their thoughts with me as to what the budget should offer

Canadians. There was pretty much a consensus of the message people wanted conveyed to the Prime Minister and the finance minister. That message was a very simple and sincere one: Get government off their backs and out of their pockets.

Unfortunately the budget put forward by the finance minister is in many opinions including mine, an abject failure. It is so much so that if I had to assign it a letter grade, I would be unable to do so as the alphabet just is not long enough.

I will criticize the latest Liberal budget from the perspective of an ordinary taxpaying Canadian. I am not doing this because I believe it will benefit the Liberal members across the way who I think have lost touch with the voters. Instead I would like to convey to the House at a personal level how the budget fails Canadians.

● (1555)

A responsible businessman in my riding did some work for me. After he had finished he phoned me and a long conversation ensued wherein he told me his problems. I am going to concentrate his problems on the federal side, but they are shared equally by the provincial government in British Columbia and by the municipal government.

This businessman is an honest, sincere, practical fellow. He obeys all the rules. He obtains all the permits. The people he employs are properly qualified trades people. However, obeying the rules is getting him into trouble. Several years ago he had 21 employees. He dropped to 11 employees. Right now he has five employees. He told me he might have to sell off one-half of his business and go into business by himself. Why is this? He fills in all the returns. He obtains the permits. His employees are educated. He pays his taxes, including the GST.

The problem is that other businessmen do not obey all of the rules. All of the rules and all of the taxes are so high and so complex that instead of open business being conducted, there is an underground economy and fly by nights can take advantage of the situation. They do the job for cash and therefore do not pay the GST. They undercut the responsible businessman who is playing by all the rules. It is unfortunate.

Of course, it shows the effect of the GST. It shows the effect of all taxation. It shows the effect of the bureaucracy which is all over the businessman. He does not have any choice but to shrink his business and watch in vain as business goes to fly by night operators. That is a shame.

A great deal has been made in media reports especially by the CBC that the deficit has been tamed. Nothing could be further from the truth. The callous way in which the media have chosen to ignore the fact that the government will allow the debt to increase to some \$600 billion in a year or two is absolutely shameful.

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If there was ever any question that the CBC had abandoned its commitment to journalistic integrity, its coverage of the Liberal budget ended whatever doubt may have existed in the minds of many Canadians. No doubt owing to the gratitude the CBC must feel for being spared new cuts in the budget, the Liberals have effectively bought themselves a powerful lobbying machine and cheerleader.

In relation to the budget, personal examples of how Canadians will be affected by its contents best serve to illustrate the government's fiscal shortcomings. I have in my hand a copy of the T1 general tax form which every Canadian will be filling out in coming months. The form at line 437 asks for the total of all taxes deducted, or the amount of money the federal government really takes out of our pockets.

Approximately 40 per cent of whatever amount a Canadian places on that line will go toward interest payments on the total federal debt. Roughly 40 per cent of what we pay in taxes is going to service the debt. Think of all the things that could be bought with that 40 per cent. Translated, if a person is making \$30,000 a year, the amount entered on line 437 would be around \$5,000. Out of that \$5,000 approximately \$2,000 goes toward interest payment on the debt.

• (1600)

That money is not going toward medicare obviously. It is not money that is going to any other social spending, such as education or what have you. It is not even money that the person filing the return can use for his or her own personal enjoyment. This money is spent on servicing the debt and represents the lost opportunities of every Canadian who pays taxes in this country.

Mr. Benoit: That is shameful.

Mr. Ringma: It is shameful. The phrase economists use is opportunity cost. Most Canadians reflecting on it would call it a damnable shame.

The truly sad thing is that unless the budget is balanced, we could eventually spend 50 cents or more of every tax dollar on debt interest. Think of that one. We are still heading in that direction. As the accumulated debt grows so does the amount of interest Canadians must pay to service that debt.

In closing, I urge my colleagues to vote against the government's budget for 1996. Beyond that, I say through you, Mr. Speaker, to all Canadians: When filing your income tax return this year, and people will be doing that in the next six weeks, do not forget to note how much of your hard earned money the Liberal government is going to spend on servicing the debt and the next time you are at the polls, vote against the Liberal government's destructive fiscal policy.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I thought I heard the hon. member say that he could not give this budget a letter grade because it was so bad.

Members opposite often cite the Fraser Institute, but on this occasion, not a word. Michael Walker said: "In regarding the government's latest budget as boring, commentators have missed some of the most aggressive fiscal action in the country's history. Far from being a bore, this budget was a turning point in Canadian fiscal history. We may well chart a dramatic turn in our fortunes to March 1996".

Would the hon. member like to comment? It is not that Mr. Walker has had a conversion on the road to Damascus; he has read the budget.

Mr. Ringma: Mr. Speaker, I do not want to defend what Michael Walker of the Fraser Institute said. What I would like to do is read through his entire statement and pull out the parts the member opposite is not quoting.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I listened with interest to the member's comments. I want to address the issue about the national debt, some \$550 billion. This is a very large amount which scares many Canadians. It represents an amount that has been accumulated over the last 25 years. Some \$350 billion has been accumulated in terms of accumulated deficit. The balance is compounded interest.

One of the things members do not ever talk about is the rest of the balance sheet of the Government of Canada. Since the previous questioner was talking about the Fraser Institute, let me share with members what the Fraser Institute had to say about the assets of Canada. It said that the value of Canada, excluding the land value, was some \$3 trillion.

If all the assets, the purchases, the goods that Canada owns excluding the land, were to be put on the balance sheet, those \$3 trillion worth of assets would be there along with the debt. It is like a mortgage. It is a mortgage that has to be paid down. It is a mortgage that will be paid down, but it will not be paid down on the backs of the poor, the disadvantaged and the seniors as the Reform Party has been advocating all along.

• (1605)

I will put it simply for the member. If he is like other Canadians he probably bought a house and has a mortgage. Does the member think the mortgage interest he pays is just throwing money away or is he investing in real assets which are to the benefit of him and his family for the rest of their lives?

Mr. Ringma: Mr. Speaker, I will not grace the debate by doing a comparison such as is being offered here. I would like to do a couple of things in addressing the words I have just heard.

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First, I will correct the false statement that the Reform would do debt correction on the backs of seniors and such. This is so much hoey and we keep hearing it from the other benches. I quite resent it.

The other statement made by the hon. member had to do with Canada's worth. Implicit in this statement of so many trillion dollars of worth is that we can afford to keep on adding to the debt. When we consider the debt servicing charges alone account for \$40 billion and they are going to be increasing in time while the Liberal government is in power to \$50 billion a year, that is a shocking figure. Think of all of the services we could buy for that \$40 billion or \$50 billion.

We all believe in the worth of Canada. Yes we can prove it in our infrastructure et cetera. However, to say that therefore we can continue to go into debt, because we have not anywhere near accomplished the possible debtload here, is a specious argument at best.

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, I am glad to have the opportunity to participate in the budget debate.

In my 10 minutes I will make three points. First, I will talk about the impact Reform has had on the government's fiscal agenda. Second, I will illustrate the impact by comparing the taxpayers budget which is talked about in this House to the Liberal government's actions and what has happened. Third, I will look at what lies ahead.

The first thing to look at is the dramatic change in the direction of the Liberal government since coming to power in 1993 and the role of the Reform Party in influencing the direction of that government. Let me explain.

In the 1993 campaign the Reform Party warned that job creation would be weak until the deficit was eliminated and taxes were lowered. We argued that the country's poor economic performance was directly related to its poor economic fundamentals. Our prescription was very straightforward and quite logical: eliminate the deficit, pay down the debt and lower the taxes. On the other hand, the Liberals told Canadians that the deficit and interest rates were high because the economy was so weak. The economy was weak because the government was not creating enough jobs.

What does that translate into? The deficit was not the problem. The economic fundamentals were not the problem. Government cutbacks were the problem. All that was needed was for some good old-fashioned Liberal government to come along and prime the fiscal pump. The jobs would start flowing, the economy would start growing and the deficit would go away.

The Liberals followed through with that pump priming when they came to power. What did we have in February 1994? They spent \$2 billion of borrowed money, asked the municipalities and asked the provinces to borrow another \$4 billion, to build things

like bocce courts in Toronto and canoe museums in Shawinigan. They raised a few taxes, trimmed a little spending and waited for the jobs to roll in. But the jobs did not roll in. In fact they slowed to a trickle. Interest rates did not come down, they went up. Bluntly the Liberals' plan did not work.

Being the pragmatists that they are, the Liberals looked around to see what other solutions were before them. The option there was the message being preached and talked about by the Reform Party in 1993, a message of spending reduction, deficit reduction and fiscal restraint. The about face which followed is unprecedented in the history of Canadian politics.

• (1610)

Starting with last year's budget the Liberals have transformed themselves from traditional Keynesian pump primers to orthodox fiscal conservatives which is quite a transition in Canada. In the wake of this conversion the new Liberal gospel which we heard from the lips of our Minister of Finance not too long ago reads as follows: First, governments no longer create jobs, the private sector does. What a realization. Second, spending no longer stimulates the economy, lower interest rates do. Third, deficits no longer keep the economy afloat, they sink it. Most important, it was said by the finance minister that job creation is dependent on low taxes, low deficits and low interest rates rather than the other way around. What a conversion.

If asked to comment on this transformation I would make two observations. First, it is good. The change is good. Second, the Reform Party of Canada impacted and got through to the government to change the circumstances, which is a bonus in itself.

Actions speak louder than words so let us look at the Liberals' budget to see how far they have come.

Last year my party estimated that to balance the budget by 1998 without increasing taxes, spending would have to be reduced by some \$25 billion. How have the Liberals done? To date they have proposed spending reductions of \$15 billion. In other words, they are 60 per cent of the way there. They have also raised taxes which has narrowed the gap somewhat. They have promised to continue their work which means we are conceivably on the track to a balanced budget sometime around the year 2001 which is also good.

To break it down further, the taxpayers budget recommended reducing departmental spending by \$10 billion. The Liberals have now done that. They reduced it by \$10 billion and are counting and it seems to increase.

The taxpayers budget recommended reducing transfers to provinces by 24 per cent. Despite increasing equalization payments spending under the Liberals has been reduced by more than 21 per cent. Health, education and welfare have been cut far deeper.

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The taxpayers budget recommended downsizing the UI program by some \$3.4 billion. With the latest UI proposals, the government will surpass that goal.

As we can see, progress has been made and for that I applaud the government. I also applaud my own colleagues, for these numbers make it clear that Reformers have had a significant impact on the direction of the Liberal government. However, much more can be done.

For example, Quebec is the fourth richest province in Canada yet it is the largest beneficiary of equalization dollars. By putting a priority on the poorest provinces we can save another \$3 billion annually. Eliminating all subsidies to businesses would save at least another \$2 billion a year. I could go on. The federal government today is closer to fiscal stability than at any other point in 15 years. I certainly applaud the government for that direction.

The major criticism I and my colleagues have is that in dealing with the deficit the Liberals have not moved quickly enough. This is not being picky. The Liberals' inaction carries a cost which comes in the form of interest payments on the debt. To illustrate, by 1997-98 with the latest Liberal budget we will be \$42 billion further in debt than we would have been if the Liberals had followed the taxpayers budget. By my calculation the interest cost price tag associated with this additional debt is an accumulated \$5.3 billion over the first three years alone.

Sadly, this has forced the Liberals to do the one thing they sought most to avoid: to make deeper cuts to the programs Canadians value most. Let us look at that. My hon. colleague commented on it a few moments ago.

• (1615)

The taxpayers budget called for health care reductions of just \$800 million. The Liberal cuts so far are \$3.4 billion and counting. Compare that. The taxpayers budget asked to reduce funding for education by only \$200 million. The Liberals have now cut seven times that amount.

Third, going even further back to the 1993 election, we proposed to limit old age security payments to those earning less than \$54,000. The Liberals now plan to place the threshold at \$45,000. Who is slash and burn and who is really cutting? I think that has to be laid on the table so that people know about it.

These are the costs associated with what the finance minister likes to call a moderate deficit reduction pace, even faster than the Reform Party in some of the social areas.

However, as I stated earlier, the end is now within sight. While we may differ on the pace of our efforts, members of all parties realize the importance of building on what progress has been made.

What is the end result? What are the fruits of our efforts? They are many. Once our fiscal problems are behind us we can focus on new, more pleasant decisions. Instead of finding new areas to cut, we can debate the matter of lower taxes. We can decide how to pay down our debt. We can opt to bolster health care and pensions if that is what Canadians want to do. Balancing the budget will also result in more permanent lower interest rates. As the finance minister points out, rates have come down already but we expect that to continue.

This brings us the real rewards. Tax breaks mean Canadians will have more in their pockets at the end of the day. Lower interest rates mean more Canadians can afford a car. A healthy economy means more Canadians will have the confidence and ability to buy a home. In short, we will all see a real and perceptible rise in our standard of living. This will bring about the very thing the Liberals promised three years ago but could not deliver: a healthy economy, a positive growth climate and jobs, jobs, jobs.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I do not think I have ever heard such a strange argument. As I understand it, the argument is that the Liberal Party has done so well, and we are accepting that the Liberal Party has done so well over the last three years in its governance, that we are somehow responsible.

All I have heard over the last three years from the party opposite is what a disaster the government has undertaken against the people of Canada. Therefore it is very interesting that today the Reform Party seems to be turning the course in recognizing that the Liberal Party has done the things it said it would do.

In the red book we stated we would bring the deficit down to 3 per cent of GDP. That was months before we even heard about the Reform Party in the House. The reality is the government is on track with that.

It may be that all of the things the member is applauding would have happened even if those seats over there were not occupied. The reality is we are on our agenda. Six hundred thousand new jobs have been created in this period of time. The debt to GDP ratio, which everybody seems to be ignoring, for the 1996-97 period will be 75 per cent. It is nothing to be proud of but in the 1997-98 fiscal period it will be 94 per cent. That is the turning of the course of this deficit which the government has basically brought all by itself, not by the urging of Reform members.

I see that Mr. Forbes in the United States has fallen out of favour on his flat tax but it seems to me Reformers are continuing on in this vein. One of the speakers mentioned his concern for small business. Would the member acknowledge that a flat tax would do away with the current low rate of tax for small and medium size business?

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Would it not also tax interest of the banks, the very interest transfer payments he talked about being the money the poor taxpayer was paying for interest on the national debt where the recipient of that would not pay tax on it under the Reform Party's flat tax agenda?

• (1620)

Mr. Speaker (Lethbridge): Mr. Speaker, as a member of the Reform Party, as a party we want to be fair. When a government makes progress in a certain direction we should applaud it.

The government member wants to deny the idea came from the Reform Party. I think he would have to admit that the Reform Party is the group that put pressure on the Minister of Finance in terms of balancing the budget.

During our first term here our leader asked time after time in question period when the government would balance the budget. I asked it as the finance critic. Across Canada the public and the business community asked the question of the finance minister. The financial houses which look at Canada's credit rating asked it of the finance minister. There was tremendous pressure from a lot of sources to be fiscally conservative and deal with the deficit.

In the last fiscal budget the finance minister responded and went much further. He said his Liberal caucus members took some two or three months to move over and finally thought they would take the risk on more deficit and expenditure reduction. What was the big result? The Minister of Finance set up a bank of telephones expecting Canadians to jump all over them and tromp them with their boots because they had reduced expenditures and tried to deal with the deficit. The telephones were dead. Nobody phoned because it was the right policy. It was what the Reform Party had been saying for months, even two or three years before we came here; cut expenditures, reduce the deficit and there will be all the results I mentioned in my speech.

Now with regard to the question of flat tax, the Reform Party wants a tax that is fair for all Canadians. I think we all want that. There are three or four models of flat tax. One model is the pure flat tax, the one model the hon. member was referencing, which deals with interest, charitable donations in a variety of ways. The Reform Party is taking those models to Canadians and asking: "Which option would work for you as a Canadian? Which one would help small and large businesses and the individual taxpayer in the best way?" That is how we are handling it, by taking it to the people of Canada.

The Deputy Speaker: I say respectfully to all members I am flat out of time.

[Translation]

Mr. John Godfrey (Parliamentary Secretary to Minister for International Cooperation, Lib.): Mr. Speaker, this afternoon I want to talk about the future for Canada made possible by this budget. My comments are based on two statements.

The first one comes at the end of the finance minister's budget speech, and I quote:

We must set great national challenges, not small ones because it is only by reaching as high as we are able that we will discover how far we can go.

Why can we not decide together that ten years hence, Canada will be regarded as the world leader in the new industries of the new economy, in bio-technology, in environmental technology, in the cultural industries of the multi-channel universe? Why not decide together that ten years hence increasing child poverty rates will be a thing of the past, that illiteracy will be erased from our communities and that when it comes to international tests, our students will not simply do fine, but in fact be the very finest?

In that statement, the minister talks about national challenges, about challenges facing all of Canada. The second statement comes from the Prime Minister's presentation on the throne speech, and I quote:

Canadians were used to seeing governments compete, first ministers bicker, but with Team Canada they saw us working together. They liked what they saw and they want to see more it.

We can and must prove to Canadians that we, federal and provincial governments and the private sector, do not need to leave Canada in order to work together. Team Canada worked well in Beijing, Bombay and Buenos Aires but it can work as well in Burnaby, Brampton or Bromont. We should put the same Team Canada spirit to work here at home creating jobs in a true national partnership.

• (1625)

Here is one approach, one way of meeting the national challenges the Minister of Finance was talking about. Today, I am proposing a blend of these two great ideas, combining national challenges with a Team Canada approach. I am putting forward an action plan to make ten blueprints for Canadian society a reality within ten years. Ten days ago, on March 2, we held in my riding a symposium on the theme of blueprints for Canadian society in a renewed Canada. What it was not is a constituent assembly. There was no talk of centralization, decentralization, new distribution of powers within the country, Brussels or subsidiarity.

The partitioning of Quebec was not discussed either. There was no plan A, B, C, D or X. All we talked about was the *raison d'être* of a country. There were discussions about friendly association across the country and about a real country called Canada.

What is a blueprint for Canadian society? First of all, it requires a partnership involving the federal government, the provincial governments, the municipal governments, the private sector, the volunteer sector, the academic sector, the labour movement, and so on.

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Canadian history is filled with examples of such plans. The economic situation during the second world war is but one such example. The construction of our railroads, of the Trans-Canada highway and pipelines, and of the St. Lawrence seaway are more examples. We could even add the development of our national health care system.

What should our new blueprints for Canadian society be? The Minister of Finance mentioned a few; here are a few more. The participants in the March 2 seminar looked at three examples: one in the environmental industry, based on the technology developed by Ballard Power Systems, in Vancouver; one dealing with how to better protect and educate our children; and one concerning the information highway.

The methodology used was similar in each case. First, what is the goal, the vision, the mandate? Second, what is the theory supporting this vision and why choose this project as opposed to another one? Third, what resources are available at every level—federal, provincial, private sector, etc.—to fulfil the mandate? Fourth, how could we join our individual efforts to achieve our common goal?

How can we create that famous Team Canada at home? Let me give you an example. Everyone, and politicians in particular, talks about the need to protect our children. However, this is often mere rhetoric. Yet, we all know that positive support to young children until they reach the age of four or five is absolutely essential for their emotional, social and intellectual development. Headstart programs are well worth the initial investment.

• (1630)

We have all the necessary resources to provide our children with the support they need to achieve their full potential. The Canadian Institute for Advanced Research on Human Development gathers researchers from across Canada, including a very important player in Montreal, the team of Richard Tremblay and Marc Renaud.

There are also federal and provincial programs. As well, there are community based projects everywhere in Canada. Yet, as a country, we have not succeeded in consolidating all these initiatives in a Canadian blueprint for society.

A country exists to face common challenges. This is why, in the coming decade, we need to have at least ten Canadian blueprints for society, if we are to build a new Canada. People do not belong to a country only for reasons of fear or money. They do so because they are willing to work together to create a better country.

The Order of Canada motto, now the country's motto, reads: *Desiderantes Meliorem Patriam*. They want a better homeland, like all of us.

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, my hon. colleague has given a wonderful speech, but in practical terms I do not see what these national challenges can do for us. It is all very lovely, but, practically speaking, this is not the answer.

Furthermore, since coming to power, this government has focussed almost exclusively on budget expenditures in its fight against the deficit. This leaves the less fortunate, seniors and students footing the bill.

I would ask my hon. colleague two questions. National challenges cost money and in order to have money we must create jobs. Regarding the \$5 billion surplus in the unemployment insurance fund, does he think we should use this money purely for the creation of jobs and not to reduce the deficit? That is my first question.

This is the second. Since, at some point, we also have to take another look at the tax system, would it not be wise to ask a parliamentary committee to examine this whole issue? I think that that is where we must begin, by creating jobs first and then looking at the tax system.

Mr. Godfrey: Mr. Speaker, I would rather address my hon. colleague's opening remarks, in which he congratulates me on my speech, but he is very suspicious, very sceptical, very cynical even. I would simply like to talk about a fine example of a national blueprint for society in which Quebec has a very keen interest.

When I was chairman of the Standing Committee on Industry, I was asked to create a sub-committee to look at the defence industries and their conversion in Quebec. This is an example of an industry based in Quebec that depends enormously on the Canadian infrastructure.

At the meeting I mentioned a moment ago, I made a proposition concerning this technology, which I referred to in my speech, to create an urban bus system using a type of electrochemical cell, namely the Ballard system. This is a company that is creating a technology but has no partner in Quebec. And then there is Bombardier, a Quebec company specializing in aerospace and mass transit. Why not form an alliance between this company in British Columbia and the company in Quebec? That would be a form of partnership. That would be a national project in everyone's interest, because it would also entail the conversion of a defence industry. It would mean taking an existing asset, Bombardier, and converting it to environmental technology. That is why we must get involved in this sort of national project.

• (1635)

[English]

Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I appreciate the opportunity to participate in the debate on the 1996 budget.

A few weeks ago the government presented its blueprint for the future. The throne speech outlined the many areas the government said it would address in this session of Parliament.

I was proud of the contents of the throne speech. It was forward looking while addressing the immediate needs of our great country. I am equally pleased with the budget. It provides that the throne speech was not simply a feel good document as some members

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opposite had labelled it. The contents of the 1996 budget proved conclusively that the throne speech is what it intended to be, a true working document.

The budget provides concrete actions for many ideals set out in the throne speech, especially on the jobs and growth front. It is that area on which I should like to concentrate today.

Since being elected in 1993 job creation and economic growth have always been top priorities. While the government has the ability to create direct jobs for Canadians as it did in the successful \$6 billion infrastructure program, the true role of government is to provide the private sector with a framework for growth.

A healthy economic climate is the key to the creation of quality, long term employment. In our three years in office we have met with a large measure of success in this area. Interest rates have declined by 3 percentage points in the past year. Inflation is at its lowest in 30 years. Canada's economy is more competitive than ever. More than half a million private sector jobs have been created since we took office. Since November alone 123,000 such jobs were created.

Due to successive budgets that attack spending we have once again been able to hold the line on taxes. There have been no personal tax increases in the past three years.

Combined, these facts paint a future that is bright for all Canadians who must not be content to sit back and admire the progress that has been achieved. More work remains to be done on the job front.

In a world where fiscal resources are increasingly scarce, our governments must now make strategic choices about where they want to spend their money. That is why the government has chosen to focus on three areas which are keys to our future prosperity: jobs for youth, technology investment and encouragement, and trade.

I could go on at some length about the important role young Canadians will play in our nation's future but that is a speech in itself. It is one that contains fundamental truths that all Canadians share. We must provide our younger generation with the opportunities necessary to succeed.

Times have changed for young Canadians. The rapid changes brought about by the new realities in the global marketplace have affected youth. When I was a young man, a high school education was all that one needed to have success in the job market. Today post-secondary education is only the first step in the lifelong exercise of learning.

The message to stay in school has never been more important. That is why our youth need assistance more than ever before. The federal budget provides that help. The budget provides an additional \$165 million over three years to help students with the

increased cost of education. Education tax credits will be increased and the limits on the transfer of tuition and education credits raised.

The budget will also increase the limits and contributions to registered education savings plans. Broadening the eligibility for child care expense allowance will help more parents undertake education or retraining.

An additional \$315 million will be provided over three years to create new youth employment opportunities.

• (1640)

Funding will be doubled for summer student jobs. The government will also work toward a Team Canada style partnership between business and governments to create entry level jobs for youth. These investments in our youth will pay large dividends in the future.

Let me turn to technology, the second area of the jobs and growth agenda. The budget concentrates on technology as our way in the future. Canada has been a world leader in the growth area of technology. The jobs of tomorrow are in the high tech field and Canada's future depends on our ability to provide continued leadership in these areas. The budget outlined technology partnerships to encourage the development of the environmental technologies, advanced manufacturing and materials, as well as biotechnology. It will also help maintain jobs in the aerospace sector which is subject to heavily subsidized foreign competition.

Additional funding will be provided to the Business Development Bank to provide loans to knowledge based exporting and growth businesses. We will accelerate our efforts to bring the benefits of information technology, especially the much talked about information highway, to the entire country. In particular, we want to connect rural areas—and there are many in my riding of Perth—Wellington—Waterloo—to a program in which 2,000 computer students will connect 50,000 small businesses to the Internet. That is also part of the government's plan. Combined, these efforts will allow Canada to maintain its role as a world leader in the burgeoning field of technology.

The third job and growth field that the budget addresses is trade. The idea is not how to avoid competition but how to get into the game. In this area I am happy to say that we have been very successful. Month after month Statistics Canada is reporting substantial increases in our exports. In the first nine months of 1995 Canada's merchandise exports grew by over 20 per cent and its trade surplus by a dramatic 63 per cent over 1994.

Adding to the good news is the fact that this rapid growth is diversified. The good news does not stop there. This phenomenon is taking place in all the world's major markets. To ensure that this success story continues, the Export Development Corporation will receive \$50 million in new equity capital for further innovation types of export funding. Other areas of export finance will be

increased and a review of business taxes will be undertaken with the goal of promoting jobs and growth.

We have lived up to the promises outlined in our jobs and growth agenda. I have only provided a brief overview of some of the changes put forth in the 1996 budget. I could go into some detail about other commitments that have been kept. For instance, we will easily hit the 3 per cent of GDP deficit target this year and have outlined an even more ambitious 2 per cent for next year.

The budget is also full of other good news stories such as reassurances of stability in our social programs and enhanced RRSP regulations. What is most important to me is our efforts on the prosperity front, our investments in youth, technology and trade to ensure that the Canadian economy has the ability to adapt and grow in the face of future changes.

We were elected on a jobs and growth commitment and we again spell that agenda out in the throne speech. The budget is just another example of our government living up to its promises.

[Translation]

Mr. Maurice Godin (Châteauguay, BQ): Mr. Speaker, I will be sharing my time with the member for Québec. I rise to take part in the debate and in the analysis of the budget brought down by the government on March 6. My comments will point to the positive aspects of it, but will also cover its negative side.

We all know that the role of the opposition is not always easy, but it is very effective, because all too often, the government mentions a few positive points, but innocently forgets to mention the negative ones.

• (1645)

I will also speak to the amendment proposed by my colleague, the member for Saint-Hyacinthe—Bagot, which summarizes what I have to say very well. It reads as follows:

“the budget statement by the Minister of Finance be rejected by this House because:

it proposes no real job creation initiatives and does not reduce government spending, most notably the approximately \$50 million appropriated annually to the Senate;

it uses the Unemployment Insurance Fund surplus to reduce the budget deficit and reduces social transfers to the provinces;

it undermines labour sponsored venture capital funds, such as the FTQ and CSN funds;

it does not propose a transparent process for achieving genuine reform of corporate taxation, or an unequivocal determination to undertake such reform;

it undermines the provinces' fiscal autonomy;

it eliminates subsidies to dairy producers without offering them adequate financial compensation;

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it jeopardizes women's financial independence by adopting household income as the basis for determining seniors' benefits”.

Whether it is a government, corporate or family budget, a budget acts as a mirror. It helps us evaluate revenues and expenses, identify management strengths and weaknesses and plan for the future. In the present budget, I see no plan for the future. It is the status quo in terms of management and excess in terms of expenditures.

I divide the budget into two parts: short and long term actions. In the short term, there is mention of deficit reduction and the absence of taxes—I consider these positive. The negative aspect is the dumping of federal expenditures onto the provinces through the reduction in transfers to the provinces. It involves the taking over of the unemployment insurance fund. When we need so much money for job creation, when employers and employees alone are paying into the fund, the government simply seizes the fund to pay down its deficit.

Revenues are naturally on the rise because of a certain economic upturn and cuts in the public service.

As far as taxes are concerned, we have been told there will be no increase. Here again, we tend to see this as really positive. However, the down side is that no one is mentioning the cuts in goods and services, which amount to several millions of dollars in revenues. Take, for example, support payments in single parent families, which will bring in between \$300 and \$400 million.

There is also the reduction from 20 per cent to 15 per cent in the exemption in risk capital investment funds. There are the RRSPs, the seniors' pensions, and we could go on at length naming revenue-providing goods and services that have been cut.

Earlier, the minister spoke of the \$60 million allocated to students, but failed to mention the cuts of some \$400 million in post-secondary transfers. We can see that it is simply a matter of shifting funds about.

• (1650)

We are told that there are no tax increases. However, a cut here or a reallocation of funds there is often equivalent to much more than a tax increase. Long term measures announced in the budget include the creation of a securities commission, a revenue commission, a health research commission and a SchoolNet program.

All these measures seem very positive at first glance, but they forgot to mention that these are primarily provincial responsibilities and, above all, that they will lead to overlap, waste and absolute spending powers without provincial authorization. What is even more serious is that in 1997-98, the debt will reach \$600 billion, \$50 billion of which is interest, and the debt is due to this

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overlap, this waste and this absolute spending power of the federal government.

Earlier, the member opposite told us that there was no problem, that it is a capital asset, that it is comparable to someone buying a house. I do not see much of a long term capital asset in this overlap and waste.

Imagine, \$50 billion. If one could, tomorrow morning, have \$50 billion to invest in jobs creation, there would probably be a shortage of workers in Canada. A mere \$6 billion was made available for the infrastructure program and several thousand jobs were created. These \$6 billion will have to be repaid. The interest on this amount is paid out of revenues, in hard cash. So if every year we had \$50 billion to invest in job creation, there would not be enough workers left in Canada.

Unfortunately I believe that the message sent by Quebec the day of the referendum, on October 30, has not been understood by Canada and instead of withdrawing from provincial jurisdictions, instead of decentralizing and stopping wasting money, the government is going in for even more duplication, in particular with such things as the securities commission, the revenue commission, the health research commission and the Internet for every school.

Regarding Internet, the matter was raised in California during the last weekend. Internet will be installed in every school but it will be done by way of general mutual co-operation. Now, I am convinced that here the installation of Internet, which the government wants to have in every school in Canada, will require a huge organization. People will travel from coast to coast to make sure standards are enforced and that the program functions well. We will need more than the \$800 million usually spent each year on government travel.

In a nutshell, I see nothing there for employment, debt reduction, taxation or Montreal. Yet, economic raiding has done much harm to Montreal. I could give as examples the construction of the seaway versus the port of Montreal, the Borden commission on the petrochemical industry in eastern Canada, the construction of Mirabel versus the shift in air transportation towards Toronto, and many other examples. In other words, I will conclude by saying that the *raison d'être* of the Bloc Québécois, which is the sovereignty of Quebec, makes more and more sense.

• (1655)

The Acting Speaker (Mr. Kilger): Before resuming with questions and comments, it is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Regina—Lumsden—Corporate downsizing.

[*English*]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the hon. member raised the issue of the government's using the UI fund

to move toward a balanced budget or reduce the deficit. Had the member been in the House earlier this day he would have heard the Minister of Human Resources Development explain that it was just this past December that the UI fund actually moved into a surplus position. That is because of the significant deficit that was accumulated during the last recession. The member might want to check those facts again.

He also talked about the infrastructure program and indicated that \$6 billion was simply spent. He elaborated that this is really not a very good use of the government's money. However, the member did not comment on the savings Canadian taxpayers have achieved by not having to pay UI out to those people who are working on infrastructure projects.

He did not comment on the fact these people are paying income tax and contributing to the payroll taxes which ensure we have a secure system. There is also a ripple effect of those programs throughout the economy. Clearly the infrastructure program had a tremendous impact on jobs, which is really the issue I wanted to raise with the member.

He will know that on March 8 Statistics Canada reported that 44,000 new jobs were created in February following the creation of 44,000 jobs in January and 49,000 jobs in December of 1995. That is a total of 137,000 new jobs created in the last three months alone, some 82,000 being full time. Even better, that means more than 600,000 new jobs have been created by the government since it took office in November 1993.

Does the member not really believe that even Quebec has benefited from the responsible fiscal management of the government?

[*Translation*]

Mr. Godin (Châteauguay, BQ): Mr. Speaker, I thank my colleague for his question. Perhaps I was not here earlier today, but I think that the member did not follow or understand properly what I said concerning the infrastructure program. I did not say that the infrastructure program was not a good thing, I did not say it did not create job, what I said is that if that program created only 44,000 jobs, according to the member, with a \$6 billion investment, I believe the \$50 billion now spent on the interest on the debt would create a lot more of them. The difference is that these \$50 billion that could now be invested in job creation would not have to be reimbursed. The \$6 billion spent on the infrastructure program must be reimbursed. Some municipalities got in debt to do this work and will have to pay back what they borrowed.

That is what I was thinking when I said that, had we not accumulated such a debt through so much waste and duplication, had we simply respected the principle agreed upon in 1867 by the Fathers of Confederation, that is one level of government in charge of national and international activities leaving management of provincial activities to the provinces, we would not be in such a

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predicament now. At present, we are in gridlock. We spent \$10 billion on national symbols that are now resold for next to nothing.

That is the simple explanation, in my estimation. The \$50 billion would have enabled us to create so many jobs, but now that amount is a burden instead, generating the unemployment we now experience.

• (1700)

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, I wish to take part in this debate on the last budget to show its impact on the lives of my fellow citizens, especially those in my riding.

Because it seemed like a very nice budget that did not impose any new taxes or because tobacco, gas and alcohol prices did not go up, some people might feel that it evens out the score, that it is not worth arguing about.

That is why I decided to shed light on this budget's hidden impact on family life. To that end, I will use the example of a fictitious family of five people, which could be called the Lemay-Dumas or the Jobin-Duguay family. It includes the mother, the father, their two children and a grandmother.

The mother, Mrs. Lemay, is currently unemployed after losing her part time job as a nurse's aide in a home for seniors. The father, Mr. Dumas, works for a community organization and earns \$32,000 a year. The older daughter, Martine, is in her last year of college and hopes to be accepted in the maths program at Laval University next year. She works part-time as a waitress in a restaurant. As for the son, Maxime, he is in his last year of high school and has not yet started to earn money. The grandmother is retired and has been a widow for three years. She lives on the second floor of the house belonging to her son and daughter-in-law. After the birth of her first child, the grandmother never went back to the labour force.

I would like to explain how the federal government's budget cuts will affect these five people, how they will threaten and, as a result, lower their quality of life.

To that end, I will go quickly over the cuts to the Canada social transfer, which were widely condemned by the Bloc Québécois because these cuts and the resulting shortfall in social programs financing will threaten and automatically alter the lives of the people in this family.

It is quite simple. The Quebec government will receive less money from the federal government. There is talk of \$1.2 billion for the year 1996-97, which means \$4 billion over four years. The people in Quebec will receive less but continue to pay the same amount in taxes. This will not change the tax rate. So, Mr. Dumas

will pay his share to Ottawa, but his provincial government will not get back from Ottawa as much as it used to in terms of transfers.

The Government of Quebec will have no choice. Since it will be receiving a smaller percentage of the taxes paid to Ottawa by its taxpayers, it will have to cut its expenditures. That is plain and simple.

In what areas will the Quebec government spend most of its revenue? It will be up to the Quebec government to decide. Will it be health, education, social assistance? The responsibility will have shifted from one level of government onto the other—in fact, several government members plan to take advantage of this situation to score political points, praising the benefits of the federal system and contending that only the federal government can provide an efficient social safety net.

The government has come up with a novel idea: the social union; at the same time, and the President of the Treasury Board himself boasted about it in this House: "We are going to wait for the Quebec government to make cuts, and then we will brag about how the federal government, which is committed to providing all Canadians, including Quebecers, with a social safety net, will go about it."

Chances are that the family in question will be directly affected. Martine, the young student, will have to pay higher tuition fees at the university because of the social transfer transferring less to Quebec. With these higher fees, her income as a waitress will no longer be enough, and she will have to forget about pursuing her education or work longer before being able to register.

Chances are also that Mrs. Dumas will have to pay out of her pension benefits a portion of the cost of her medication, because that too is what the Canada social transfer is about.

• (1705)

Should she need to be hospitalized, or to have a nurse come from the local community service centre, at this point, it is hard to know the impact, since the Quebec government has not yet announced where it will make cuts, but some cuts will definitely be made. The government is no different than a family. If its revenues go down, so must its spending. This is why the Bloc Québécois so strongly condemned federal cuts in transfers to the provinces.

What would the grandmother, Mrs. Dumas, Martine, Mrs. Lemay or Mr. Dumas do if they were asked to choose between these new constraints imposed on them and a increased tax on profits made by banks? Considering that, for the first quarter alone of the current fiscal year, the five major Canadian banks made profits of \$1.47 billion, and considering that if the trend persists, these banks will exceed their record profits of \$4.9 billion in 1995,

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do these people wonder, like us, whether the banks could contribute a little more to the effort to put our fiscal house in order?

Do the members of that family approve of the federal government tolerating such huge profits, while forcing the provinces to cut programs such as education, health and social assistance? No, they do not approve. I am convinced that they do not approve, and neither does the Bloc Québécois.

Let us now talk about old age pensions. Mrs. Dumas does not have to worry about her pension, since she is already receiving it. She does, however, and deservedly so, worry about her son and her daughter-in-law's future. She realizes that the federal government is doing a great injustice, particularly to her daughter-in-law. Indeed, Mrs. Lemay, who contributed to the plan for years when she was working, and who will continue to do so as soon as she finds another job, could see her pension affected, since it will be based on her income combined with that of her spouse.

Years of efforts to ensure that women would gain financial autonomy have been annihilated by this new measure. There is a strong possibility that Mrs. Lemay will get less than she would have under the old system.

Moreover, Mrs. Dumas realizes that her son's family is far from being rich and that its members had to give up small luxuries. She also finds it unfair that they are forced to contribute to a pension fund, which reduces their disposable income, without knowing whether they will be able to benefit from it later on.

Now let us take a brief look at student employment programs. Our student Martine is worried. She has heard about an increase in federal budgets for student jobs. However, one of her friends has explained to her that the money would go directly to employers hiring students.

Martine is well aware that her employer has no trouble finding employees and that he does not need any more bureaucratic red tape. She tells herself that it must be the same in most places and that she therefore stands very little chance of finding another, better paying job to cover the probable increase in tuition fees.

Mrs. Lemay is also worried about unemployment insurance reform. She has heard talk about demonstrations to protest the reform and has gone to her union for information. They have told her that she would indeed be penalized.

Mrs. Lemay and her husband had agreed that she would look after the children full time until both were in high school. This has meant that Mrs. Lemay has fallen considerably behind in her field and been unable to find a full time job. She wonders why the federal government is not proposing any measures that would create jobs. All she wants is a job, and she will take care of the rest. Jobs are not a dime a dozen and I do not think that there are any job creation measures in the budget.

There are 21,500 families like this one in my riding. There are 16,000 senior citizens. There are also 6,000 people currently unemployed. When you explain to these families and these individuals why the Martin budget is not as nice as it seems, they are of the opinion that the government has definitely not done its homework. They think that we should call this government to order and propose alternative measures. People will see through this budget. They know that it does not create jobs and that it is not fair to Canadians and Quebecers.

• (1710)

[English]

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I listened intently to the hon. member's speech.

I hear a lot of members talk about deficits and debts in this venue. The reality is deficits represent unpaid taxes. It is not a simple matter of saying we will reduce spending today or that we will increase taxes. The bottom line is we have not paid all of our taxes from prior years.

In reality a lot of that spending occurred within the province of Quebec. It is no different than other parts of the country. There are bills which we have not paid. That is what deficits are all about.

It is not a simple matter of comparing the reduction in spending on certain programs today; we have to look at the reality of the past.

I was interested in the hon. member's discussion of the Dumas family. She did not mention a number of issues which would have had an impact on that family: possibly child tax credits, which have been increased, and that we have increased the cash flow to that family. That we are fighting the deficit as judiciously as we are has reduced interest rates significantly.

The Dumas family, I suspect, also has a mortgage on its house. The next time it remortgages its house it will find out its monthly payments have been reduced and its cash flow has been improved.

The summer youth employment program is not only private sector employers, it is governments as well. It is the municipalities and the not for profit sectors which exist within the province. That adds a benefit to the community by employing youth and also adds a benefit to the communities in which they serve.

These are other areas in which the federal government has created a linkage with youth in giving them experience which they can put on their resume when seeking future employment.

The facts are clear that in the last two and a half years the economy has created over 600,000 new jobs, many of which are in the province of Quebec.

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I wonder if the hon. member would like to address some of the real impacts the budget has had which will make the Dumas family a lot better off than it was a year ago.

[*Translation*]

Mrs. Gagnon: Mr. Speaker, now I have heard everything in this House. When it is said that the deficit is due to unpaid taxes, this is not showing responsibility. It is irresponsible. Come on, now. Does that mean that the taxpayers have not paid enough taxes? What does that mean? What lies behind those words? I think that the government was unable to raise taxes this year because it knows very well that taxpayers have been taxed as much as they can bear. There have been no additional taxes, so I think the hon. member's remarks are not very realistic.

When a member speaks of giving funding to enable students to find jobs, the funding goes to businesses and the latter are the ones who are going to profit. There is one thing that I would like to say: behind all this, the budget is two faced. Let me tell you what cuts students have had to face. There was a \$26 million cut in summer employment programs two years ago. Funding was reduced to \$60 million and now that is being doubled to \$120 million, but still \$26 million were cut. There are cuts to the provinces for health, education, social assistance, to the tune of \$4 billion. So who are the fall guys? The students, because the provinces will be obliged to make cuts in educational programs. They are making the worst cuts ever in 1996-97, \$150 million at the post-secondary level. With such cuts, I do not think the results will be all that fabulous. It is kind of cynical, to help students so that they may shoulder a greater burden.

To my mind, these are inefficient and ineffective measures. Students, moreover, do not seem to be all that grateful for the pittance contributed to allow them to find summer jobs. And not all students will be the chosen ones who will find jobs. We know very well that it is a very competitive atmosphere and that businesses will take the cream of the crop. Students are not all that thrilled with this pittance. Because funding to education is being cut, their tuition fees will end up being raised.

• (1715)

[*English*]

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, I welcome the opportunity to enter the budget debate and I congratulate the minister for the progress he has made in getting the deficit under control.

I support the approach of the minister in setting short term targets and meeting them with a gradual, well executed plan. It is clear that the approach has increased confidence in the economy.

In Atlantic Canada, the unemployment rate decreased from December 1994 to December 1995 from 14.1 per cent to 12.3 per cent. Domestic exports from January to October 1995 over the

same period in 1994 have increased by 18.8 per cent. Manufacturing shipments have increased by 11.6 per cent.

In P.E.I., tourist data show that total visitor spending increased from \$121.5 million in 1993 to \$177.9 million in 1995. That is a clear indication of a healthier economy because most of the visitor spending statistics show the spending came from Canadian visitors in the main.

No doubt that is due to the better economy brought on by the successive budgets of the Minister of Finance. People want to come to see the beauty and the wonderful hospitality of Prince Edward Island. I encourage members in the House to come and see for themselves. Because of the improving economy and because we have a provincial Liberal government in Prince Edward Island, that province last week announced its second surplus budget. Certainly the Minister of Finance in Prince Edward Island should be congratulated for his performance.

Quite a number of my colleagues have talked about major advancements in the budget to address the needs of people. Measures are targeted at youth employment. We certainly welcome that endeavour. The increase in the working income supplement is a major move forward which I support, as I do securing seniors' pensions into the future.

In all our budget measures, finding the balance is always difficult. Since I came to this place, I have tended to lay out the facts, the good and the difficult. I intend to do so again today.

We must recognize the impact the federal budget will have on rural Canada and the economic activity on which rural communities are based, especially when the budget is combined with previous budgets.

We have to be cautious when looking at investing in the new technologies. It is the natural resource industries: agriculture, fishing, mining and forestry that have been the mainstay of the country over the years and will continue to be the mainstay into the future. In our quest to expand into the new service and technology areas, we should not draw too far from those basic natural resource areas that have built this country to what it is today.

This is my key point today. The government must recognize the necessity to continue to pursue its initiatives of deficit and debt reduction but with a key proviso that if the initiatives currently under way begin to have a negative impact specifically on the economic well-being of rural Canada, the federal government will be prepared to respond quickly, adjusting those policies should they have a negative impact.

I ask specifically that the government monitor the impact on rural Canada and be prepared to address negative impacts should they occur. Rural Canada has done more than its fair share in meeting our deficit needs. These have included transport policy changes, cost recovery and marine policy, cost recovery in Agriculture Canada, reduction of subsidy programs in the farm community. In the main and from what I hear from rural Canadians, they are

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willing to accept the new responsibilities and shoulder on. But should the burden become excessive, I expect the government to be there to back them up.

• (1720)

I view the throne speech in part as being that kind of commitment. The throne speech said in part:

The Government is committed to the economic renewal of rural Canada. The Government will address the problems facing rural Canadians in a way that is tailored to their needs. Rural Canada is rich in natural and human resources and faces different challenges than urban areas. The Government will move forward in the coming session to make sure that all Canadians benefit from economic prosperity.

Let me take a moment to outline one of the areas that is the foundation of wealth in the country, the agriculture sector. Agriculture accounts for 8 per cent of Canada's gross domestic product. It accounts for 15 per cent of Canada's total employment, 1.8 million jobs. In 1995 agriculture products accounted for \$17.3 billion of exports, a 30 per cent increase over two years.

As I have already mentioned, we have to be careful not to undermine the goose that laid the golden egg, the agriculture sector. Over the past couple of years it has absorbed some hits and has lost programs.

I do not mind admitting that I am a little worried about the new and increasing use of user fees throughout the agriculture and supporting sectors that add to costs. In fact, in agriculture and agri-food alone we could face, I believe, 42 such user fees. One in and of itself is not a problem but the domino or multiplier effect could be serious and we need to monitor it to ensure that does not happen.

Another point I would like to make about user fees is that not only does the government have to monitor and control its deficit, it also has to keep in mind that other trading countries, our competitors, do the same thing and cut back on their subsidy programs and increase the costs to their agriculture sector. We do not want to find ourselves in a position of undermining the competitiveness of our producing sector in our gusto for deficit reduction.

There are all kinds of examples where the government, differing from previous governments, has responded to unexpected and serious happenings. For example, the recommendations with respect to the feed freight assistance has enabled the federal government to change the timeframe within which compensation is to be provided from the initial 10 to 3 years. That was a change recognizing the concerns of farmers.

The effort to sell the government owned hopper cars to the railways at a discount of 75 per cent of market value with farmers

picking up the remaining 25 per cent through increased freight charges has been delayed, allowing a producer based coalition to come forward with an alternative financing arrangement in which maybe producers could take control of those cars. Those are good, positive moves.

In conclusion, the Atlantic region in particular has long faced unique challenges in its economic development. One key role the federal government has performed is to assist those provinces and the region through the sharing of national resources and wealth. This has been the hallmark of the Canadian federation.

It will be important that where financial transfers are being reduced over the next number of years that the federal government ensure that essential services are maintained. Should there be problems those changes should be monitored and the government be prepared to meet the challenges to assist the producers and the communities should they find themselves in unexpected need.

• (1725)

[Translation]

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, once again they are skirting the real problems and avoiding the main issues, such as the ever growing debt and the deficit, which is being reduced on the backs of the disadvantaged and the unemployed, with the surplus in the unemployment fund going to reduce the deficit.

They also forget to tell us that the budget contains no provision for trimming government machinery. They neglect to tell us that there is nothing to eliminate overlap or to show us how the government intends to really decentralize. There is no mention either of this government taking steps to recover the \$6 billion in taxes owed by various companies and individuals.

They also do not say that what is currently being put into the pot allegedly for job creation is simply money from elsewhere. There is nothing in the budget for research and development or for job creation in this area. Our universities and our researchers are reduced to zero at this point.

Therefore, in actual fact, the problem itself, the real problem, is that this budget contains no provision for job creation.

[English]

Mr. Easter: Mr. Speaker, I am surprised at the remarks by the hon. member. It makes one wonder if he has even read the budget.

The facts are that we have been moving forward in step while reducing the deficit. We have not been reducing the deficit on the backs of people.

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It is very important that there is a surplus in the UI fund. The last thing we want is what previous governments have done and not build up a surplus in the EI fund. When you are in a recession you have to increase premiums in order to cover the unemployment insurance benefit payments and as a result you start to kill the economy. It is very important to build up a surplus in the EI fund.

The hon. member says the government is not creating jobs. The most tremendous potential of the country is its youth. The budget has set aside funding for increased summer employment of youth. It looks at measures for training. It looks at new technologies. It sets up a new agency to try to increase spending in those areas where youth will be gaining jobs in the future. It is trying to build on that potential so that Canada has a sound economy in the future. I would suggest that the member re-read the budget.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I always enjoy hearing the hon. member for Malpeque stand up for farmers. Is he one of those taxpayers that has not paid his share of taxes in the past so that we have this huge debt and deficit.

The hon. member is fighting for the livestock producers getting better feed freight assistance programs. Does he feel it is fair that livestock producers in western Canada get absolutely nothing out of the WGTA payout because they are suffering just as his livestock producers are?

Mr. Easter: Mr. Speaker, that was quite a long winded question.

We are trying to find a better balance in the budget by having a fairer taxation policy and that shows throughout the budget papers.

I always enjoy the member's questions concerning the agricultural area. As I mentioned, because of concerns the member and some of his constituents raised, we have moved to address the concerns of the Crow benefit payout. We moved up the time frame it would be paid out so that producers would have the capital up front to do what they have always wanted to do in western Canada: get into a more diversified economy.

• (1730)

The bill also increases the ability of the livestock sector and makes it more competitive because there is cheaper grain as a result of the transportation changes.

Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.): Mr. Speaker, it gives me great pleasure to have an opportunity to speak to the government's most recent budget which has established the right combination of measures to help move the country forward.

The budget deals with the Canadian deficit, as it needs to do. It deals with the issue of jobs, which is also a priority today. It also

deals with the least advantaged in Canadian society and the obligation and need of government to help those people.

It does it in a way that understands government has two responsibilities. The first one is a fiscal responsibility. As a government we have a need to ensure that the expenditures we undertake are prudent, that we get value for every dollar we spend, and that we make sure Canadian taxpayers are getting full value for the money they are paying into the federal government.

Our responsibility as a government goes far beyond fiscal responsibility. It is more than just a matter of maintaining the books. It is more than just a matter of a balance sheet or an income statement. As a government we also have a social responsibility. We have a responsibility as a government to individual Canadians.

For the last 50 years we have historically agreed that we will not allow Canadians to fall below a certain level. As Canadians we collectively agree that when an individual goes to a hospital the first question asked should be what is wrong and not how much money does he have. We also agree to ensure that people have shelter and will not starve. We must have a social safety net, and government has that responsibility.

When we look at the budget it is important to recognize that we have achieved our mandate or our objective of fulfilling both those responsibilities.

I will talk a bit about fiscal responsibility. The government has done a good job in the three budgets it has brought forward in dealing with the Canadian deficit. During the campaign we promised to reduce the deficit to 3 per cent of GDP and we will be achieving that. Beyond that we have set a new objective of 2 per cent of GDP.

It is difficult to get one's mind around percentages. It is even better to look at some numbers. When the two-year planning phase announced by the minister in his recent budget is completed, the deficit in Canada will have been reduced by \$25 billion. No government in the country has done a better job in reducing expenditures or in deficit reduction than we have done as a federal government.

Even more important in terms of fiscal responsibility, our borrowing as a nation and as a federal government in the upcoming year will be reduced to \$13 billion and in the year following to only \$6 billion. That is the best record in the country in 30 years and the best among the G-7 as a percentage of GDP. We are doing a good job in ensuring the borrowings of the federal government are being reduced dramatically.

We have gone from program spending being about 16 per cent of our gross domestic product to where it will be reduced by about 12 per cent when this budgetary cycle is completed. That also represents significant progress. It is the best we have done in the nation since the second world war.

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• (1735)

There are things far beyond deficit control that governments need to deal with. One important objective is the need to create jobs. As a government we are doing a good job in that regard. We are ensuring that an environment exists within the country which allows jobs to be created. We are doing it in part because we are getting the economic fundamentals right.

Inflation in the country is at the lowest sustained level it has been in 30 years. That is a strong economic fundamental. Interest rates in the country have dropped by three points in the last year, another strong fundamental.

As I mentioned a moment ago, government's borrowings are being substantially reduced. This means the private sector is not being crowded out of the capital market and is being allowed investment opportunities to create jobs. We are getting the fundamentals right. We are allowing for an environment to be created in the country in which job creation can occur.

As many of my colleagues have pointed out today during the debate, job creation has been occurring in the country. In the last three months Statistics Canada has reported almost 125,000 to 130,000 new jobs or in excess of 600,000 new jobs since the government came to office.

Despite getting the fundamentals right, which is important and represents real progress, our government also understands the necessity for government to target specific areas in which to do specific work. That is why we see new initiatives announced in the budget which deal with youth unemployment. Our government realizes this is a particular area of concern and we are acting in that respect.

The government also understands that there are areas where we can have the most impact on job creation. We have seen some initiatives undertaken by the government which will help see that happen. The establishment by Industry Canada of a technology fund that will start off at \$150 million and grow to \$250 million is important. It is a growth area of the economy where jobs can occur and we need to support it.

We are a country of exporters. We need to have more small businesses involved in it. Much of our exporting is done by the largest corporations. We need to move that down the scale so that our small businesses are taking part in export development. I was pleased to see our investment of another \$50 million in the Export Development Corporation.

On the high tech side \$50 million has been invested in the Business Development Bank of Canada so that it will be able to provide the necessary capital to firms dealing in the high tech sector. This is an example of the government understanding that in

addition to the fundamentals we have done a good job in getting right there is a need for us to operate in specific sectors to help stimulate job creation.

The third area I mentioned when I started my speech was the need to help the least advantaged in society. There is a need. Whether it is helping the least advantaged areas in society geographically—and we do that through our transfer program, our equalization payments—or whether it is that we have increased the child tax benefits for 700,000 low income families, we understand the need to help the least advantaged in society.

In summary, the government understands that the way to deal with the Canadian economy, the way to create a budget and present a budget, is to have an approach that takes in several components and not to fixate on one simple part of it. That is why we have dealt with the deficit. That is why we have dealt with jobs. That is why we have dealt with helping the least advantaged in society.

I close by reiterating that the government understands it has a dual responsibility in governing the nation. It understands fiscal responsibility but it also understands it has a social responsibility to individual Canadians.

• (1740)

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, first I will make a comment and then I will ask a question. The hon. member who just made his speech took an awful lot of credit for the recent statistics he quoted on how much the interest rates have gone down, on how employment is higher and on recent changes as if the government caused all of them and should take credit for them.

I am glad he is taking the credit. When the economic fundamentals change, when interest rates go up as they will and as they are already starting to do, when unemployment does not get solved by cash injections from governments, and when the Liberals get tired of trying to blame the private sector for the jobs they promised to create but cannot create, I wonder whom he will blame.

The member said that the government has the fundamentals right. A few members over there have accounting and tax backgrounds. I wish they had a little more influence over the finance minister. They stand to tell Canadians that the back of the deficit has been broken and that the balance sheet of the nation is in order. They are distorting some facts to a degree that the elastic band will almost snap.

Does he understand the difference between a government coming in with a huge debt and adding \$112 billion to the debt when exiting? Is that getting it right? Does he understand leaving a \$17 billion deficit and committing the country to spending more than what it brings in as it did when it first started? Does he understand

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when a government has a balanced budget over its mandate? Does he understand the difference between what this party represents in terms of a balanced budget and what the government side represents in its continued support of deficit spending?

The difference is the size of the debt and how much the government adds to the debt. According to the finance minister's own numbers, the government will have added close to \$113 billion to the debt when it leaves. With our numbers it would have been half of that; it would have been \$60 billion. The difference is \$61 billion. The interest cost to service that additional debt is what it is all about. Those are the fundamentals. Does the member understand that difference in the fundamentals?

Mr. Mitchell: Mr. Speaker, I am pleased to answer both the observation of the member and his question.

As to his observation, I have no doubt that if the fundamentals were not right he would be very critical of the government. When the fundamentals are right because of positive government action I will say so. Our government has done a good job. It has made good progress in making the fundamentals right.

As to adding to the debt, I am glad the member admitted in his presentation that his party would have added \$61 billion to the debt.

I will go back to my career in the financial services industry before I took this job to give an analogy of what we are talking about. Most of us have found ourselves in a position where we may have overspent. We may have bought a house that was a little too big or had a mortgage that was a little higher than it should be. Perhaps we bought a vehicle on the spur of the moment because of its accessories, making the debt for our car a little higher. Perhaps we ran the plastic up on the last trip or whatever and we find ourselves owing more than we should.

As somebody who dealt with consumer loans I often had individuals come to me who had found themselves in that situation. Our country is essentially in the situation today where we find that we have overspent and we have a large debt. If we took the philosophy of the third party in our dealings with such individuals, we could simply say that is too bad, that they have to pay back all the debt in one year and the fact they will not have enough money to feed their families or clothe their children is irrelevant.

Or, we could do what is generally done in the industry. We could arrange a debt consolidation loan where the need to eliminate that debt is recognized and the fact that while it is being eliminated food for the family and clothes for the children have to be provided. Therefore we would arrange for the payments to be over a reasonable period of time.

• (1745)

In my speech I pointed out that we take a balanced approach as a government. However, here we have a party fixated on one aspect of our responsibility. It does not recognize the social responsibility which the government has to Canadians.

[*Translation*]

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, the finance minister's budget seeks essentially to reduce the deficit and succeeds in doing so through a series of measures with which I disagree. I will express this disagreement to my colleague, who may respond.

First of all, operating expenditures are being cut. But, for every \$1 reduction in operating expenditures, one dollar will be cut from transfer payments to the provinces and another one taken from the UI fund. This is a strange combination. This combination requires employers and employees to pay a special tax amounting to almost 30 per cent of their UI contributions to help reduce the deficit.

By cutting transfers to the provinces the federal government has decided that it is in a better position to spend this money than the provinces themselves. Finally, when it cuts its operating expenditures by only one dollar, that is to say, by another third, it is not listening to the auditor general, who said among other things last year that the defence budget could be cut by as much as \$1 billion without any noticeable effects because it was sheer waste. Well, only \$600 million was cut, which leaves \$400 million. Meanwhile, students are being penalized as transfer payments for post-secondary education have been cut by \$150 million. And, to top it all, because the government has set aside \$600 million to create summer jobs, it is expecting students to be grateful. These are the facts. This is what it says in the budget. I totally disagree and await the explanations of my colleague across the way.

[*English*]

Mr. Mitchell: Mr. Speaker, in the budget we will ensure that all parts of society according to their needs will contribute to reducing the deficit and no one part of the country or no one part of society will be totally spared.

I disagree with his figures. Our expenditure cuts will amount to 19 per cent of government programming. It is less than half of that amount in terms of transfers to the provinces.

In terms of building up a surplus in the UI fund, the hon. member opposite would be the first person to criticize the government during a recession if it were required to increase UI rates. Members opposite would be yelling at us that we were increasing UI rates during a recession at a time when we should not be taking money out of the hands of workers and the businesses which create jobs.

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Having a UI surplus during periods of economic growth makes eminent good sense so that we do not have to take money out of the economy during a recessionary period. It makes good economic sense. It should have been done by previous governments. This government is doing it.

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, it is a pleasure to debate this, the third attempt by the federal Minister of Finance and his lackluster government to get it right.

It is my duty to report, and I regret to inform the government, that it still did not get it right. For the 27th year in a row federal revenues and expenditures are not balanced.

The weariness of the debt and the hopeless treadmill of lack of resolve by the government continue. It is a sad commentary that debt continues to grow and accumulate, which over the government's term will add more than \$112 billion to the debt load.

It is a sad commentary. This government generated debt will place the average Canadian in a position of financial hopelessness, unable to get ahead and forced to survive with a current personal debt load equivalent to 95 per cent of their annual personal disposable income. In 1982 that number was 62 per cent.

• (1750)

With no tax relief in the foreseeable future, the Minister of Finance counters by saying there are no tax increases. How does he explain why gasoline taxes jumped half a cent per litre in Ottawa less than a week after his budget theatrics on Wednesday? What does he have to say to shell shocked taxpayers who last week faced one-half to three-quarter per cent increased rates for mortgages?

The minister knows full well that for every 1 per cent increase in these rates, 100,000 prospective first home buyers are removed from the list of potential purchasers. So much for the new tax. The cost of living takes care of all of that.

Two of the constraints in life are death and taxes. They are inevitable and therefore we suffer in quiet desperation and resignation. One of the elements of this cliché that makes life on this treadmill bearable is the mistaken belief that all Canadians will share equally in this tax burden; the element of fairness. More and more Canadians are catching on to the cruel myth, and it would be remiss of me not to further dispel the hoax of equity.

Allow me to focus my comments for a moment on departmental spending, specifically the department of Indian affairs, otherwise known as the money vacuum. Let us start at the beginning.

In 1976-76 total departmental spending for the Department of Indian Affairs and Northern Development was \$587 million. Today

that number is \$4.2 billion for about 573,000 status Indians, those registered under the Indian Act, about 2 per cent of Canada's population.

The sadness in this profligate sinkhole of spending is the continued misery and sense of hopelessness wherein so many of our native people continue to live. Despite the spending restraint placed on all other government departments, the department of Indian affairs spending to 1998-99 will grow a cumulative 12.7 per cent compared with a decline of 24.4 per cent in other departments.

This will be the only federal department in which spending in 1998-99 will be higher than in 1994-95. It is a history of misguided priorities where the current minister feels that maintaining this native dependency on the federal treasury will deliver these people to self-sufficiency, dignity and a stable future. It is a denial and a cruel manipulation of these people that is demeaning and paternalistic; keeping his charge in poverty paralysis, fed and warm but never to let them break the surly bonds of welfare and dependency unless they are the elites at the minister's trough.

Furthermore, it is a cruel, unfair hoax on the Canadian taxpayer because despite all the federal largesse and misguided paternalism, those status Indians who live on reserves do not pay income, property or sales taxes on purchases delivered to the reserves.

Section 87 is surely an outdated, out of step section of the Indian Act which protects and maintains this counterproductive exemption. Total government spending for Indians for all departments runs \$7 billion, excluding the taxation exemption or foregone revenue.

If this is working, why are 43 per cent of on reserve natives on welfare? There are certainly some people getting bloated on the morass of spending. One place is the Hull bunker of DIAND which houses 3,400 of these bureaucrats.

Accompanying these public servants are consultants, negotiators, lawyers and advisors, all taking a piece of the \$7 billion in action and keeping the myth and their club memberships alive. It is an Indian industry that has made some cling-ons very rich.

I have in my possession billings to an Indian band by one Ottawa lawyer of \$300,000 per year for the client, a band of 250 adults, the majority of whom live in poverty, fear, violence and abuse. This is the \$7 billion legacy. It is a system rife with avarice where a federal royal commission on aboriginal people, instituted in 1991 and originally budgeted for \$20 million, is now highjacked by the politically predictable Indian industry. The commission is well overdue and running a tab currently of \$60 million, the most expensive royal commission ever done. It has employed seven commissioners, 150 staffers and more than 500 consultants.

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• (1755)

One of the commission's interim reports dealt with extinguishment. The minister was not content with the results of this \$60 million enterprise and so he commissioned another independent fact finder to hold 65 sessions across the country at a cost of \$500,000. Money for these kinds of exercises is no object for this minister. This keeps the \$7 billion budget intact and makes some lawyers and some consultants very wealthy.

When you raise the issue of native taxation, as I did on March 11 in the House, you do so at your peril from an overly sensitive minister who resorts to bluster rather than explanation. When you have misled Canadians on the issue of taxation surrounding the Nisga'a settlement I guess bluster is the only way out of this misrepresentation of facts.

Anyone reading the Nisga'a agreement can come to only one inescapable conclusion: the Nisga'a will have constitutionally entrenched tax exemption.

I have painted a bleak picture. There are some ways out of this mess. A good place to start can be found in the Reform Party aboriginal policy document. Look for the word accountability. Our policy report calls for the auditor general to have full authority to review Indian management of federal funds. Legal proceedings can be recommended at the auditor general's discretion when he or she feels there is a problem.

We also call for the chief electoral officer of Elections Canada to have full authority to examine Indian election procedures. For too long many band councils have maintained a top down repressive regime. The band council system makes the chief and council more responsible to the minister and the department than it does to their very own membership. On every occasion I have been involved where an individual has appealed to the department, the department has supported the chief and council rather than the individual.

On this issue how can we ever expect any kind of accountability when spending on aboriginal affairs is diffused among 11 federal departments? It is an accountability nightmare surely meant to obfuscate and confuse—

The Speaker: The time has expired. Comments or questions.

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, I am pleased to add some comments and observations for Canadians following this debate on the latest federal budget.

I think the question Canadians are asking and to which they are getting a variety of answers is whether this a good budget for Canada. Some people say yes, some people say no.

I would like to address that question and give some observations I hope will be of some assistance as we evaluate, as Canadians,

whether this is the way we want our finances managed. The budget was summed up in a newspaper headline that I read the day after its presentation. It read: "Canadians left sitting on a ticking time bomb". The time bomb is the debt. Canadians owe a mortgage on the country of over \$600 billion.

• (1800)

Most of us do not compute in terms of billions of dollars. It would be helpful if we talked a bit about how much \$1 billion is. Canadians might want to be aware that \$1 billion is so big that if one spent \$1,000 every day since the birth of Christ one would not yet have spent \$1 billion.

If you made \$1 per second, Mr. Speaker—and I know some people think you do but I know it is not so—you would be a millionaire in just 11 days and it would take 33 years to become a billionaire.

A billion dollars is a great deal of money. Yet the government has borrowed or put us in the hole for another hundred billion dollars in the very short time it has been in charge of our fiscal affairs, a hundred billion dollars that we have to pay interest on every year, a hundred billion dollars that we will have to pay back some day, a hundred billion dollars added to the mortgage on the future of our children and our grandchildren. In my mind it is a very big burden for Canadians to be saddled with.

The government likes to talk about having cut the amount of money it has been borrowing. Yet it is interesting to note that its total spending has been cut a minuscule 1.8 per cent over the time of its stewardship.

The interest we have to pay on our debt has risen considerably from \$38 billion when the government took office to a forecasted \$48 billion next year. That is another \$10 billion that we have to pay to our lenders. It is \$10 billion that we cannot put into an ailing health care system. It is \$10 billion that we cannot use to educate our young people so that we can be internationally competitive. It is \$10 billion that we have to take away from job creators. It is \$10 billion more that we have to pay, pull out of our jeans, than we did before to service the country's staggering debt. We have one of the highest debt to production ratios in the industrialized world.

What does that mean? The simple reality is that we will need not less but more money for services in coming years. In 20 years time people like me, baby boomers of whom there are a great number, will be retiring. They will be demanding the pensions they have been promised and have been paying into. They will be demanding and needing extra health care and other senior services. The demand for these things will increase dramatically within the next 20 years.

The Budget

The only way to prepare for it is to run surpluses now and reduce the debt as quickly as possible so that the government has the flexibility to meet the needs of the future crowd of seniors who will soon be retiring. This is not happening. In fact our debt load is increasing by \$24 billion of the billions of dollars I was talking about earlier. It is a lot of money to borrow, to go in the hole in one short year.

The younger generations will be saddled with an unprecedented burden. Not only will they have to pay for health care programs, putting something away for retirement, educating their children, helping those who are disadvantaged and needy and supporting the activities of government. They will also have to pay a staggering amount of money every year on the billions of dollars the government has so cavalierly borrowed and spent, the \$24 billion this year. The finance minister is borrowing and spending about what we take in and the younger generations will be saddled with that.

• (1805)

A paper released earlier this month by the Institute for Research on Public Policy in Montreal showed that under the fiscal policy of the finance minister a baby born today will pay \$131,000 more in taxes than he receives in benefits from the government over his lifetime.

For the first time the government made no prediction in the budget about the unemployment rate. One is led to conclude the government must feel pretty negative about the job situation to have had to take job projection numbers out of its budget.

Much has been made of the fact there are no tax rate increases in the budget although the government will take in more tax money this year than it did last year. One citizen observed: "I cannot pay the taxes I have already paid so no new taxes does not mean much to me. I need a job".

High taxes and payments to lenders as a result of the wild borrowing that has taken place over the last 30 years are doing two things to the economy. First it is destroying job opportunities. When job creators have to pay a large amount of their incomes to government they are unable to use the money to create jobs, to expand their businesses and to take advantage of export opportunities. High taxes and payments to lenders are also eroding our social services. We see evidence of that every day. We also see evidence of the concerns of citizens in that regard.

In the last two and a half years the Liberal government has increased the tax take from Canadians by \$8.8 billion. Notwithstanding this enormous tax increase a balanced budget is still nowhere in sight.

On one hand the finance minister expects Canadians to take more personal action to plan and save for their retirement. On the

other hand he makes taking such action more and more costly for Canadians. They can now only hold RRSP moneys until age 69 and RRSP management fees can no longer be deducted.

The finance minister has continued to freeze the contribution limit on RRSPs to \$13,500 a year even though it was promised to be raised in 1995 to a level that would allow a reasonable rate of retirement income. Worst of all, there is no target or plan to get to a surplus position which would allow tax reductions, a systematic debt pay down and flexibility in our important social programs.

We have some real concerns about the budget. I would answer the question on whether the budget is good for Canadians with a resounding no. I urge the government to set realistic targets as quickly as possible to eliminate the deficit, to quit borrowing money, to quit spending more than we take in, to get to a surplus position, and to protect the social programs that we need and the economic future of the country.

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, I found the member's comments very interesting and noted them. I have been talking with people in my riding of Halifax East since the budget was presented and the comments I have been hearing about it have been very positive.

People seem to be very pleased about many aspects of the budget including the measures which deal with child poverty, in particular the working income supplements increase over the next three years from \$500 to \$1,000 a year. It will help low income working families take care of their children. It is a very important measure.

• (1810)

I found it interesting that members suggest we need to run a surplus. I understand the idea; it would be nice if we could run surpluses overnight and cut the deficit to zero and beyond right away. However that does not take into account the economic reality of our country or the impact that would have on individual people across the country.

To say we will do that without, as the Reform Party promised, bringing forth its own version of what it will do and how it will achieve those goals seems irresponsible.

Why is it that the Reform Party did not, as promised, bring forward its own proposed budget this year before the budget was brought down to say what it would do? What would that party cut? It is saying that it would cut far more than the government has cut so far, that far more would be required to be cut from the federal budget to reach a surplus.

What fees would the Reform party increase? What programs would it cut far more than has been cut already? Would it cut health care? Would it increase the cuts in transfers to the provinces? What

The Budget

other areas would it cut? It is not telling us about those things which are so important to know and I look forward to hearing.

Mrs. Ablonczy: Mr. Speaker, I am not sure why the hon. member is begging for a budget from the Reform Party since he obviously has not read the first one.

The taxpayers' budget we placed before the Liberals for their consideration would have cut health, post-secondary education and welfare by \$3.5 billion and in three years that would have put us in a surplus position.

What have the Liberals done? Have they cut \$3.5 billion from health, post-secondary education and welfare? Yes, they have cut \$3.5 billion from those areas. In fact they have cut \$6.3 billion from those areas and we are still not in a surplus position.

I urge the hon. member to look at the budget we put forward. With far less draconian measures we would at least get some results, which is more than we can say for the government.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, very simply the issue of RRSPs is a very good example of the difference between the thinking of the Reform Party and the thinking of the Liberal Party.

The hon. member talked about increases in taxes as a result of changes such as reducing the age at which one can make a contribution from 71 to 69. At that point we are not talking about providing retirement income; we are talking about sheltering wealth for those who have the means to shelter wealth.

She was concerned about massive management fees no longer being deductible for tax purposes. However she did not mention that they would be payable out of the RRSP itself and would not impact the taxpayer.

She lamented that we did not increase the \$13,500 limit. Those people who can afford to put away \$13,500 would have to make \$75,000 a year.

The hon. member has been critical of changes which affect the most wealthy Canadians, but she failed to recognize that one of the important changes included in the budget was the elimination of the seven-year limitation on the carry forward of unused balances of RRSPs. This means ordinary young Canadians who are struggling from paycheque to paycheque will have an opportunity in the future to make up those years in which they could not make a contribution.

The difference between the Reform Party and the Liberal Party is that the Reform Party is advocating on behalf of the most wealthy Canadians and the Liberal Party is advocating on behalf of ordinary Canadians who are living from paycheque to paycheque.

Mrs. Ablonczy: Mr. Speaker, I know Liberals opposite would like to characterize their budget as being tough on the wealthy. However I point out a couple of matters the hon. member might want to keep in mind.

The 40 per cent of people who invest in RRSPs make less than \$30,000 a year. People are very worried about their retirement future. They are starting to put away money in RRSPs in order to protect themselves. Yet this government is making it more difficult for them to do that.

The level at which a person has to save in order to have a reasonable retirement income has been pegged at \$15,500 but the government will only allow people to save \$13,500. Even if the wealthy need a reasonable amount to live on when retired. This government is telling seniors on one hand that if they are wealthy, they should not expect anything from the government but on the other hand they will not be allowed to save a reasonable amount in order to compensate for that. Wealthy people have to live too.

People have to have enough for a reasonable retirement income, particularly with services being eroded by the debt the government is running up. We cannot have it both ways. There will not be the wealthy at all. Wealthy will just be a memory of Liberal rhetoric. There will only be very poor, very needy and very unhappy retired Canadians.

The Speaker: My colleagues, it being 6.15 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the subamendment now before the House. The question is on the subamendment. Is it the pleasure of the House to adopt the subamendment?

Some hon. members: Agreed.

Some hon. members: No.

The Speaker: All those in favour of the subamendment will please say yea.

Some hon. members: Yea.

The Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Speaker: In my opinion the nays have it.

And more than five members having risen:

The Speaker: Call in the members.

(The House divided on the amendment to the amendment which was negated on the following division:)

(Division No. 11)

YEAS

Members

Ablonczy	Benoit
Breitkreuz (Yellowhead)	Chatters
Cummins	Duncan
Epp	Forseth
Grey (Beaver River)	Grubel
Hanger	Harper (Calgary West/Ouest)
Harper (Simcoe Centre)	Harris
Hart	Hayes
Hoepfner	Jennings
McClelland (Edmonton Southwest/Sud-Ouest)	Meredith
Mills (Red Deer)	Penson
Ramsay	Ringma

Privilege

Schmidt
Speaker
Williams —29

Silye
Stinson

Telegdi
Torsney
Ur
Vanclief
Verran
Wappel
Whelan
Zed—167

Thalheimer
Tremblay (Rimouski—Témiscouata)
Valeri
Venne
Walker
Wells
Young

NAYS

Members

Adams
Althouse
Anderson
Assad
Asselin
Axworthy (Winnipeg South Centre/Sud-Centre)
Baker
Belanger
Bellemeur
Bertrand
Bevilacqua
Blondin-Andrew
Boudria
Brushett
Calder
Catterall
Chrétien (Frontenac)
Cohen
Collins
Copp
Crawford
Dalphond-Guiral
Debien
DeVillers
Discepola
Duhamel
Easter
English
Fillion
Finlay
Fontana
Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Galloway
Godfrey
Goodale
Guarnieri
Harb
Hickey
Hubbard
Irwin
Jacob
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lalonde
Langlois
Lavigne (Beauharnois—Salaberry)
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Leroux (Shefford)
Loney
MacDonald
Maloney
Marleau
Massé
McGuire
McLellan (Edmonton Northwest/Nord-Ouest)
McWhinney
Mifflin
Minna
Murray
Nunez
O'Reilly
Paré
Peric
Phinney
Plamondon
Regan
Robichaud
Sauvageau
Shepherd
Simmons
Solomon
St. Denis
Stewart (Brant)
Szabo

Allmand
Anawak
Arseneault
Assadourian
Augustine
Bachand
Barnes
Béjise
Bernier (Mégantic—Compton—Stanstead)
Bethel
Blaikie
Bodnar
Brien
Bryden
Campbell
Cauchon
Clancy
Collenette
Comuzzi
Cowling
Crête
de Savoye
Deshaies
Dingwall
Duceppe
Dupuy
Eggleton
Fewchuk
Finestone
Flis
Fry
Gagliano
Gagnon (Québec)
Gauthier
Godin
Grose
Guimond
Harvard
Hopkins
Ianno
Jackson
Jordan
Keyes
Kirkby
Kraft Sloan
Landry
Laurin
Lebel
Lefebvre
Lincoln
Loubier
MacLellan (Cape/Cap-Breton—The Sydneys)
Marchi
Martin (LaSalle—Émard)
McCormick
McKinnon
McTeague
Mercier
Milliken
Mitchell
Nault
O'Brien
Pagtakhan
Payne
Peterson
Pillitteri
Reed
Richardson
Rocheleau
Scott (Fredericton—York—Sunbury)
Sheridan
Skoke
Speller
Steckle
Stewart (Northumberland)
Taylor

PAIRED MEMBERS

Alcock
Bergeron
Bonin
Canuel
Davialt
Dumas
Graham
Guay
Lastewka
Lee
Manley
Ménard
Peters
Pomerleau
St-Laurent

Bakopanos
Bernier (Mégantic—Compton—Stanstead)
Cannis
Caron
Dubé
Gerrard
Gray (Windsor West/Ouest)
Harper (Churchill)
Leblanc (Longueuil)
MacAulay
Marchand
Parrish
Picard (Drummond)
Robillard
Tremblay (Rosemont)

• (1840)

The Speaker: I declare the amendment to the amendment defeated.

* * *

[English]

PRIVILEGE

COMMUNIQUÉ FROM THE MEMBER FOR CHARLESBOURG

The House resumed from March 14 consideration of the motion, the amendment, and the amendment to the amendment.

The Speaker: The House will now proceed to the taking of the deferred recorded division on the subamendment of the hon. member for Kootenay East in relation to the privilege motion. Shall I dispense?

Some hon. members: No.

The Speaker: Mr. Hart, seconded by Mr. Frazer, moves:

Whereas the Member for Charlesbourg, acting as the defence critic for the Bloc quebecois and supported by the then Leader of Her Majesty's Loyal Opposition, released a communiqué on the letterhead of the Office of the Leader of the Official Opposition on October 26, 1995, before the referendum in Quebec, inviting all francophone members of the Canadian Armed Forces to join the Quebec military in the event of a "yes" vote supporting separation from Canada;

That in the opinion of this House, this action by the Honourable Member for Charlesbourg, and the then Leader of the Official Opposition should be viewed as seditious and offensive to this House and constitutes a contempt of Parliament; and consequently, the House refer the matter to the Standing Committee on Procedure and House Affairs for examination;

Privilege

Mr. Zed, seconded by Mr. Boudria, moved:

That, the motion be amended by deleting everything before the word "That" and be deleting all the words after the word "That" and by substituting for those words the following:

Shall I dispense?

Some hon. members: No.

The Speaker:

"the matter of the communiqué of the Member for Charlesbourg released on October 26, 1995 with reference to members of the Canadian Armed Forces be referred to the Standing Committee on Procedure and House Affairs."

Mr. Abbott, seconded by Mr. Epp, moved:

That the amendment be amended by adding after the words "the matter of the" the following:

"seditious nature of the".

(The House divided on the amendment to the amendment which was negated on the following division:)

(Division No. 12)

YEAS

Members

Ablonczy	Benoit
Breitkreuz (Yellowhead)	Chatters
Cummins	Duncan
Epp	Forseth
Grey (Beaver River)	Grubel
Hanger	Harper (Calgary West/Ouest)
Harper (Simcoe Centre)	Harris
Hart	Hayes
Hoeppner	Jennings
McClelland (Edmonton Southwest/Sud-Ouest)	Meredith
Mills (Red Deer)	Penson
Ramsay	Ringma
Schmidt	Silye
Speaker	Stinson
Williams —29	

NAYS

Members

Adams	Allmand
Althouse	Anawak
Anderson	Arseneault
Assad	Assadourian
Asselin	Augustine
Axworthy (Winnipeg South Centre/Sud-Centre)	Bachand
Baker	Barnes
Bélangier	Bélisle
Bellehumeur	Bernier (Mégantic—Compton—Stanstead)
Bertrand	Bethel
Bevilacqua	Blaikie
Blondin-Andrew	Bodnar
Boudria	Brien
Brushett	Bryden
Calder	Campbell
Catterall	Cauchon
Chrétien (Frontenac)	Clancy
Cohen	Collenette
Collins	Comuzzi
Copps	Cowling
Crawford	Crête
Dalphonf-Guiral	de Savoye
Debien	Deshaies
DeVillers	Dingwall
Discepolo	Duceppe

Duhamel	Dupuy
Easter	Eggleton
English	Fewchuk
Fillion	Finestone
Finlay	Flis
Fontana	Fry
Gaffney	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Gagnon (Québec)
Galloway	Gauthier
Godfrey	Godin
Goodale	Grose
Guarnieri	Guimond
Harb	Harvard
Hickey	Hopkins
Hubbard	Ianno
Irwin	Jackson
Jacob	Jordan
Karygiannis	Keyes
Kirkby	Knutson
Kraft Sloan	Lalonde
Landry	Langlois
Laurin	Lavigne (Beauharnois—Salaberry)
Lebel	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lefebvre	Leroux (Shefford)
Lincoln	Loney
Loubier	MacDonald
MacLellan (Cape/Cap-Breton—The Sydneys)	Maloney
Marchi	Marleau
Martin (LaSalle—Émard)	Massé
McCormick	McGuire
McKinnon	McLellan (Edmonton Northwest/Nord-Ouest)
McTeague	McWhinney
Mercier	Mifflin
Milliken	Minna
Mitchell	Murray
Nault	Nunez
O'Brien	O'Reilly
Pagtakhan	Paré
Payne	Peric
Peterson	Phinney
Pillitteri	Plamondon
Reed	Regan
Richardson	Robichaud
Rocheleau	Sauvageau
Scott (Fredericton—York—Sunbury)	Shepherd
Sheridan	Simmons
Skoke	Solomon
Speller	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	Szabo
Taylor	Telegdi
Thalheimer	Torsney
Tremblay (Rimouski—Témiscouata)	Ur
Valeri	Vanclief
Venne	Verran
Walker	Wappel
Wells	Whelan
Young	Zed—166

PAIRED MEMBERS

Alcock	Bakopanos
Bergeron	Bernier (Mégantic—Compton—Stanstead)
Bonin	Cannis
Canuel	Caron
Daviault	Dubé
Dumas	Gerrard
Graham	Gray (Windsor West/Ouest)
Guay	Harper (Churchill)
Lastewka	Leblanc (Longueuil)
Lee	MacAulay
Manley	Marchand
Ménard	Parrish
Peters	Picard (Drummond)
Pomerleau	Robillard

Privilege

St-Laurent

Tremblay (Rosemont)

• (1850)

The Speaker: I declare the subamendment defeated. The next question is on the amendment.

Mr. Boudria: Mr. Speaker, I wish to seek unanimous consent that the members who voted on the previous motion be recorded as having voted on the motion presently before the House, with Liberal MPs voting yea on the amendment.

[*Translation*]

Mrs. Dalphond-Guiral: Mr. Speaker, Bloc Québécois members will vote against this amendment.

[*English*]

Mr. Ringma: The Reform members will vote no to this amendment.

Mr. Solomon: The New Democrats present in the House tonight will vote yes on this matter.

(The House divided on the amendment which was agreed to on the following division:)

(Division No. 13)

YEAS

Members

Adams	Allmand
Althouse	Anawak
Anderson	Arseneault
Assad	Assadourian
Augustine	Axworthy (Winnipeg South Centre/Sud-Centre)
Baker	Barnes
Bélanger	Bertrand
Bethel	Bevilacqua
Blaikie	Blondin-Andrew
Bodnar	Boudria
Brushett	Bryden
Calder	Campbell
Catterall	Cauchon
Clancy	Cohen
Collenette	Collins
Comuzzi	Copps
Cowling	Crawford
DeVillers	Dingwall
Discepola	Duhamel
Dupuy	Easter
Eggleton	English
Fewchuk	Finestone
Finlay	Flis
Fontana	Fry
Gaffney	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway
Godfrey	Goodale
Grose	Guarnieri
Harb	Harvard
Hickey	Hopkins
Hubbard	Ianno
Irwin	Jackson
Jordan	Karygiannis
Keys	Kirkby
Knutson	Kraft Sloan
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lincoln
Loney	MacDonald
MacLellan (Cape/Cap-Breton—The Sydneys)	Maloney
Marchi	Marleau
Martin (LaSalle—Émard)	Massé
McCormick	McGuire
McKinnon	McLellan (Edmonton Northwest/Nord-Ouest)
McTeague	McWhinney
Mifflin	Milliken
Minna	Mitchell
Murray	Nault
O'Brien	O'Reilly
Pagtakhan	Payne

Peric
Phinney
Reed
Richardson
Scott (Fredericton—York—Sunbury)
Sheridan
Skoke
Speller
Steckle
Stewart (Northumberland)
Taylor
Thalheimer
Ur
Vanclief
Walker
Wells
Young

Peterson
Pillitteri
Regan
Robichaud
Shepherd
Simmons
Solomon
St. Denis
Stewart (Brant)
Szabo
Telegdy
Torsney
Valeri
Verran
Wappel
Whelan
Zed—130

NAYS

Members

Ablonczy	Asselin
Bachand	Bélisle
Bellehumeur	Benoit
Bernier (Mégantic—Compton—Stanstead)	Breitkreuz (Yellowhead)
Brien	Chatters
Chrétien (Frontenac)	Crête
Cummins	Dalphond-Guiral
de Savoye	Debien
Deshaies	Duceppe
Duncan	Epp
Fillion	Forseth
Gagnon (Québec)	Gauthier
Godin	Grey (Beaver River)
Grubel	Guimond
Hanger	Harper (Calgary West/Ouest)
Harper (Simcoe Centre)	Harris
Hart	Hayes
Hoepfner	Jacob
Jennings	Lalonde
Landry	Langlois
Laurin	Lavigne (Beauharnois—Salaberry)
Lebel	Lefebvre
Leroux (Shefford)	Loubier
McClelland (Edmonton Southwest/Sud-Ouest)	Mercier
Meredith	Mills (Red Deer)
Nunez	Paré
Penson	Plamondon
Ramsay	Ringma
Rocheleau	Sauvageau
Schmidt	Silye
Speaker	Stinson
Tremblay (Rimouski—Témiscouata)	Venne
Williams —65	

PAIRED MEMBERS

Alcock	Bakopanos
Bergeron	Bernier (Mégantic—Compton—Stanstead)
Bonin	Cannis
Canuel	Caron
Daviault	Dubé
Dumas	Gerrard
Graham	Gray (Windsor West/Ouest)
Guay	Harper (Churchill)
Lastewka	Leblanc (Longueuil)
Lee	MacAulay
Manley	Marchand
Ménard	Parrish
Peters	Picard (Drummond)
Pomerleau	Robillard
St-Laurent	Tremblay (Rosemont)

Privilege

The Speaker: I declare the amendment carried.

The next question is on the main motion as amended. Shall I dispense?

Some hon. members: No.

The Speaker: Mr. Hart, seconded by Mr. Frazer, moved:

That the matter of the communiqué of the Member for Charlesbourg released on October 26, 1995 with reference to members of the Canadian Armed Forces be referred to the Standing Committee on Procedure and House Affairs.

Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Speaker: All those in favour will please say yea.

Some hon. members: Yea.

The Speaker: All those in favour will please say nay.

Some hon. members: Nay.

The Speaker: In my opinion the yeas have it.

Mr. Epp: Mr. Speaker, on a point of order. I hesitate to correct the Speaker but he said "will all those in favour say yea" and then he said "will all those in favour say nay". I think maybe it should be done again.

The Speaker: Your Speaker stands corrected. Do you want me to do it again?

Some hon. members: Agreed.

The Speaker: All those in favour of the amended motion will please say yea.

Some hon. members: Yea.

The Speaker: All those opposed to the amended motion will please say nay.

Some hon. members: Nay.

The Speaker: In my opinion the yeas have it.

And more than five members having risen:

(The House divided on the motion, as amended, which was agreed to on the following division:)

(Division No. 14)

YEAS

Members

Ablonczy	Adams
Allmand	Althouse
Anawak	Anderson
Arseneault	Assad
Assadourian	Augustine
Axworthy (Winnipeg South Centre/Sud-Centre)	Baker
Barnes	Bélangier
Benoit	Bertrand
Bethel	Bevilacqua
Blaikie	Blondin-Andrew
Bodnar	Boudria
Breitkreuz (Yellowhead)	Brushett
Bryden	Calder
Campbell	Catterall
Cauchon	Chatters
Clancy	Cohen
Collenette	Collins
Comuzzi	Coppi

Cowling
Cummins
Dingwall
Duhamel
Dupuy
Eggleton
Epp
Finestone
Fliis
Forseth
Gagliano
Galloway
Goodale
Grose
Guarnieri
Harb
Harper (Simcoe Centre)
Hart
Hayes
Hoepfner
Hubbard
Irwin
Jennings
Karygiannis
Kirkby
Kraft Sloan
Lincoln
MacDonald
Maloney
Marleau
Massé
McCormick
McKinnon
McTeague
Meredith
Milliken
Minna
Murray
O'Brien
Pagtakhan
Penson
Peterson
Pillitteri
Reed
Richardson
Robichaud
Scott (Fredericton—York—Sunbury)
Sheridan
Simmons
Solomon
Speller
Steckle
Stewart (Northumberland)
Szabo
Telegdi
Torsney
Valeri
Verran
Wappel
Whelan
Young

Crawford
DeVillers
Discepolo
Duncan
Easter
English
Fewchuk
Finlay
Fontana
Fry
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Godfrey
Grey (Beaver River)
Grubel
Hanger
Harper (Calgary West/Ouest)
Harris
Harvard
Hickey
Hopkins
Ianno
Jackson
Jordan
Keyes
Knutson
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Loney
MacLellan (Cape/Cap-Breton—The Sydneys)
Marchi
Martin (LaSalle—Émard)
McClelland (Edmonton Southwest/Sud-Ouest)
McGuire
McLellan (Edmonton Northwest/Nord-Ouest)
McWhinney
Mifflin
Mills (Red Deer)
Mitchell
Nault
O'Reilly
Payne
Peric
Phinney
Ramsay
Regan
Ringma
Schmidt
Shepherd
Silye
Skoke
Speaker
St. Denis
Stewart (Brant)
Stinson
Taylor
Thalheimer
Ur
Vanclief
Walker
Wells
Williams
Zed —158

NAYS

Members

Asselin	Bachand
Bélisle	Bellehumeur
Bernier (Mégantic—Compton—Stanstead)	Brien
Chrétien (Frontenac)	Crête
Dalphon-Duval	de Savoye
Debien	Deshaies
Duceppe	Fillion
Gagnon (Québec)	Gauthier
Godin	Guimond
Jacob	Lalonde

Supply

Landry	Langlois
Laurin	Lavigne (Beauharnois—Salaberry)
Lebel	Lefebvre
Leroux (Shefford)	Loubier
Mercier	Nunez
Paré	Plamondon
Rocheleau	Sauvageau
Tremblay (Rimouski—Témiscouata)	Venne—36

PAIRED MEMBERS

Alcock	Bakopanos
Bergeron	Bernier (Mégantic—Compton—Stanstead)
Bonn	Cannis
Canuel	Caron
Daviault	Dubé
Dumas	Gerrard
Graham	Gray (Windsor West/Ouest)
Guay	Harper (Churchill)
Lastewka	Leblanc (Longueuil)
Lee	MacAulay
Manley	Marchand
Ménard	Parrish
Peters	Picard (Drummond)
Pomerleau	Robillard
St-Laurent	Tremblay (Rosemont)

• (1905)

The Speaker: I declare the motion, as amended, carried.

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—CHURCHILL FALLS HYDRO CONTRACT

The House resumed from March 15 consideration of motion.

The Speaker: The House will now proceed to the taking of the deferred recorded division on the motion of Mr. Strahl relating to the business of supply.

(The House divided on the motion, which was negated on the following division:)

(Division No. 15)

YEAS

Members	
Ablonczy	Benoit
Blaikie	Breitkreuz (Yellowhead)
Chatters	Cummins
Duncan	Epp
Forseth	Grey (Beaver River)
Grubel	Hanger
Harper (Calgary West/Ouest)	Harper (Simcoe Centre)
Harris	Hart
Hayes	Hoepfner
Jennings	McClelland (Edmonton Southwest/Sud-Ouest)
Meredith	Mills (Red Deer)
Penson	Ramsay
Ringma	Schmidt
Silye	Solomon
Speaker	Stinson
Taylor	Williams—32

NAYS

Members

Adams	Allmand
Anawak	Anderson
Arseneault	Assad
Assadourian	Asselin
Augustine	Axworthy (Winnipeg South Centre/Sud-Centre)
Bachand	Baker
Barnes	Bélanger
Bélisle	Bellehumeur
Bernier (Mégantic—Compton—Stanstead)	Bertrand
Bethel	Bevilacqua
Blondin-Andrew	Bodnar
Boudria	Brien
Brushett	Bryden
Calder	Campbell
Catterall	Cauchon
Chrétien (Frontenac)	Clancy
Cohen	Collenette
Collins	Comuzzi
Copps	Cowling
Crawford	Crête
Dalphon-D-Guiral	de Savoye
Debien	Deshaies
DeVillers	Dingwall
Discepola	Duceppe
Duhamel	Dupuy
Easter	Eggleton
English	Fewchuk
Fillion	Finestone
Finlay	Flis
Fontana	Fry
Gagliano	Gagnon (Bonaventure—Îles-de-la-Madeleine)
Gagnon (Québec)	Galloway
Gauthier	Godfrey
Godin	Goodale
Grose	Guarnieri
Guimond	Harb
Harvard	Hickey
Hopkins	Hubbard
Ianno	Irwin
Jackson	Jacob
Jordan	Karygiannis
Keyes	Kirkby
Knutson	Kraft Sloan
Lalonde	Landry
Langlois	Laurin
Lavigne (Beauharnois—Salaberry)	Lebel
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lefebvre
Leroux (Shefford)	Lincoln
Loney	Loubier
MacDonald	MacLellan (Cape/Cap-Breton—The Sydneys)
Maloney	Marchi
Marleau	Martin (LaSalle—Émard)
Massé	McCormick
McGuire	McKinnon
McLellan (Edmonton Northwest/Nord-Ouest)	McTeague
McWhinney	Mercier
Mifflin	Milliken
Minna	Mitchell
Murray	Nault
Nunez	O'Brien
O'Reilly	Pagtakhan
Paré	Payne
Peric	Peterson
Phinney	Pillitteri
Plamondon	Reed
Regan	Richardson
Robichaud	Rocheleau
Sauvageau	Scott (Fredericton—York—Sunbury)
Shepherd	Sheridan
Simmons	Skoke
Speller	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	Szabo
Telegdi	Thalheimer
Torsney	Tremblay (Rimouski—Témiscouata)
Ur	Valeri
Vanclief	Venne
Verran	Walker
Wappel	Wells
Whelan	Young
Zed—161	

Adjournment Debate

PAIRED MEMBERS

Alcock
Bergeron
Bonin
Canuel
Davault
Dumas
Graham
Guay
Lastewka
Lee
Manley
Ménard
Peters
Pomerleau
St-Laurent

Bakopanos
Bernier (Mégantic—Compton—Stanstead)
Cannis
Caron
Dubé
Gerrard
Gray (Windsor West/Ouest)
Harper (Churchill)
Leblanc (Longueuil)
MacAulay
Marchand
Parrish
Picard (Drummond)
Robillard
Tremblay (Rosemont)

● (1910)

The Speaker: I declare the motion defeated.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

CORPORATE DOWNSIZING

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, in a speech on February 28 in the House of Commons the Prime Minister said that corporations in Canada “have a responsibility to eliminate the human deficit of unemployment. No true balance sheet can ignore the heavy and growing cost of chronic unemployment. It is wrong. It is wrong on a human level. It is wrong on an economic level. It is wrong on a commercial level. It is wrong on a moral level”.

The question to the Minister of Finance on March 5 was to suggest that Hollinger Incorporated ignored the Prime Minister’s challenge in the private sector to help create jobs. It was a slap in the face because two days after Hollinger Incorporated took ownership of the Regina *Leader-Post*, the Saskatoon *Star-Phoenix* and the Yorkton *Enterprise*, 182 employees were terminated. Twenty-five per cent of the staff is gone because, in the words of a Hollinger representative, these newspapers made profits but not enough profits.

The owner of Hollinger Incorporated, Mr. Conrad Black, has shown a clear lack of corporate citizenship. He is flagrantly ignoring the challenge of the Prime Minister because he does not care if he creates a human deficit, in the Prime Minister’s words. He is only interested in the bottom line. However, by ignoring the human factor in his profit chasing, Mr. Black is not fooling the people of Saskatchewan or his employees; he is only fooling himself.

Putting more people out of work hurts the whole economy. It means fewer consumers with purchasing power to buy goods and services. No company lives in a glass bubble. Businesses are

interdependent and when we put people out of work the whole business community feels the repercussions and in some cases the whole country suffers.

The Liberals were elected on a promise of jobs, jobs, jobs but delivered nothing but talk, talk, talk and fewer jobs. It is not only Hollinger Incorporated but many other profitable corporations that made substantial profits yet terminated jobs. They terminated employees as a reward for their efforts in making these profits.

Bell Canada made a profit of \$502 million yet had 3,100 fewer jobs as a result of that. General Motors had \$1.39 billion in profits yet laid off 2,500 employees. Imperial Oil had a record profit of \$514 million and 452 fewer jobs. The Bank of Montreal made \$986 million with 1,428 fewer employees.

What these statistics show is a lack of corporate responsibility in a country which provides them with these profits as well as various tax support from our treasury.

● (1915)

Should Canada continue to provide these profitable corporations that downsize tax breaks when they lack a sense of corporate responsibility to create jobs? More and more Canadians think not. More and more Canadians think corporate tax breaks should only be provided to those companies that treat their community and their employees with dignity. Canadians want tax breaks only for the corporate responsible corporations and tax breaks should only be provided to those who would support a Canadian code of corporate citizenship.

What did the Liberals do in response to these large, profitable corporations? The Liberals responded with a very small youth employment program to hire the kids of the parents who lost their jobs at minimum wage. Fire the parents and hire the kids at reduced wages. That is the Liberal approach to employment. Under the Liberals, economic development has become an oxymoron.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am pleased to rise on behalf of the Minister of Finance to respond to the question of the member for Regina—Lumsden.

The government’s number one priority has always been, is and will remain job creation. A key part of this commitment is ensuring that the corporate tax system contributes to job creation. Many steps have been taken.

The government has eliminated a whole range of what the member opposite would call tax breaks. They are too numerous to mention. Last year, as the member knows, it took significant steps to reduce business subsidies which were continued in this budget as well.

A number of incentives have been kept in place. They have been studied extensively and have been judged useful for job creation, for instance, the small business tax rate. I do not think the member opposite would argue that it was not useful in encouraging job creation in the small business sector. There are also vital measures to encourage research and development. I do not think any member

Government Orders

of the House would argue with the importance of research and development to the creation of long term and important jobs.

To ensure that corporations contribute to deficit reduction and do their fair share, steps have been taken with regard to the large corporation tax rate. Furthermore, the temporary surtax on banks which was instituted in last year's budget is continued further in this year's budget.

Finally, in this year's budget a technical committee was created to look at other ways in which the tax system can contribute to job creation. Their report will be made public after consultations some months hence. We all look forward to seeing the committee's recommendations.

[Translation]

The Deputy Speaker: My colleagues, pursuant to the order made earlier today, the motion to adjourn the House is deemed to have been withdrawn.

GOVERNMENT ORDERS

[English]

BORROWING AUTHORITY ACT, 1996-97

Hon. Alfonso Gagliano (for the Minister of Finance) moved that Bill C-10, an act to provide borrowing authority for the fiscal year beginning on April 1, 1996, be read the second time and referred to a committee.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, if you were to seek it, I believe you would find unanimous consent for me to split my 40-minute speaking time with the hon. member for Mississauga South.

The Deputy Speaker: Is there unanimous consent for the hon. member to split his time with the hon. member for Mississauga South?

An hon. member: No.

The Deputy Speaker: There is not unanimous consent.

Mr. Campbell: Mr. Speaker, it has happened on numerous occasions and if it is not acceptable to members opposite that is fine. I will just speak very slowly for 40 minutes.

The Deputy Speaker: I am reminded, as always, by the helpful gentlemen and ladies of the table that you do not need unanimous consent to split your time. Under our standing orders one can do that.

Therefore, I take it the member wishes to indicate that he will be splitting his time.

Mr. Campbell: I am sure members opposite are very pleased that they will not have to endure me for 40 minutes. I will be splitting my time with the hon. member for Mississauga South.

• (1920)

I welcome this opportunity to speak on second reading of Bill C-10, the borrowing authority bill. As in previous years, the amount of borrowing authority requested in the bill is directly connected to the financial requirements set out in the federal budget. The information required to deal with the financial aspects of the bill is also contained in the budget plan.

I urge the House to approve this legislation as soon as possible. Our goal is to have new borrowing authority in place on April 1, the beginning of the government's new fiscal year. This will ensure continued regular financing operations for the government.

All borrowing authority granted by last year's Borrowing Authority Act, including the \$3 billion non-lapsing amount, will be depleted by the middle of April. If this legislation is not in effect on time, it means that the government's funding requirements would have to be met by using section 47 of the Financial Administration Act.

Section 47 restricts the borrowing to short term funds. Having to resort to these could be costly to the government and Canadian taxpayers and would expose the government to the additional interest rate risk implied by increased short term funding. That is why it is critical that borrowing authority be secured.

I intend to highlight the specifics of the legislation before us. First, since this is legislation authorizing the government to borrow money, it is clearly appropriate to review our fiscal philosophy, what we do with the funds the taxpayers provide and borrowers lend to us.

The message has been driven home again and again in the finance minister's budget speech and in the debate that followed. These messages are worth repeating because no one should doubt our commitment.

The 1996 budget plan consolidates and extends the actions set out in the 1994 and 1995 budgets. Together, they implement a comprehensive strategy that is determined, measured and responsible.

It is determined because we are not letting up. As the Minister of Finance emphasized: "The attack on the deficit is irrevocable and irreversible. We will balance the books. Furthermore, we will put the debt to GDP ratio on a constant downward track year after year after year".

It is measured because our fiscal action plan is designed not as a quick fix, but structured to achieve long term, permanent progress.

Government Orders

It is responsible because it is a strategy that involves carefully weighing the needs of our economy and society and equally carefully designing the policy options to meet those needs.

The majority of Canadians do not want the slash and burn approach that ignores economic consequences and abandons the vulnerable. They do not want Gingrich style grandstanding. They want an approach that is fair and balanced. Just as important, it is the balanced approach that is the best way to keep Canadians onside for deficit reduction efforts.

[Translation]

I need not elaborate on the basis for our decision to take strong and disciplined action for Canada. High deficits and a high public debt have raised interest rates, undermined confidence, swallowed up domestic savings and made Canada's international debt soar.

With our first two budgets, we have put in place a rock-solid fiscal base. These two budgets instituted the most drastic spending cuts since the war, structural cuts spread over the entire medium term planning period. But this base entails much more yet. It means setting deficit reduction targets over two years, using conservative economic assumptions and building large contingency reserves against unforeseen economic fluctuations.

These measures ensure that our deficit reduction targets for 1995-96 and 1996-97, to bring the deficit down to 3 per cent of the GDP, will be met in spite of the fact that the GDP did not grow as much as originally forecast. One of the factors that made this possible is the sharper than anticipated drop in interest rates, which counteracted the effects of slower growth on the deficit.

[English]

The measures in the 1996 budget consolidate and extend those in the first two budgets and further contribute to our economic and financial objectives. We have maintained our focus on reducing program spending because the deficit is a problem created by government. The solution, therefore, should focus on cutting in our own backyard. In the 1994 and 1995 budgets there were no increases in personal income tax rates. In the 1996 budget there were no tax rate increases at all.

• (1925)

There is another way to underscore this point. Of the cumulative fiscal actions taken from 1994-95 to 1998-99, a full 87 per cent have been expenditure savings. Expenditure cuts in the 1996 budget amounted to \$1.9 billion in 1998-99 and build on the reductions of the two previous budgets to keep program spending on a downward track.

Together, the three budgets and the employment insurance reform will contribute \$26.1 billion in savings for 1997-98. This

will ensure we hit our new deficit target to keep the federal shortfall to just 2 per cent of GDP in 1997-98. Our combined budget plans will deliver a further \$28.9 billion in savings in 1998-99. This means the deficit will continue to drop and our debt to GDP ratio will fall.

There should be no doubt about the dramatic dimensions of this action. Program spending, that is everything but interest payments, was \$120 billion in 1993-94. By 1998-99 we will have cut it to \$105.5 billion. That is a decline of 14 per cent which means that program spending will have declined for six straight years.

These are real cuts in actual dollars, not reduction against some previously established plan. Relative to the size of the economy, program spending will fall to its lowest level since 1949-50. This drop in actual program spending is unprecedented in Canadian post-war history and virtually unprecedented internationally. Most other countries are merely trying to slow the growth of their spending.

There is another milestone I want to mention. Through such deficit action the federal debt to GDP ratio will fall 1.1 percentage points in 1997-98. That will be the first significant decline since 1974-75. It means the national income will finally be growing faster than financial obligations, putting us in a better position to manage.

There is one final fiscal measure I want to discuss which is financial requirements. In other words, how much new borrowing the government will be doing on financial markets. This is the basis by which most other countries, including the United States, the U.K., Germany, France and Italy, measure deficits.

In 1993-94 federal financial requirements stood at \$30 billion or 4.2 per cent of GDP. By 1997-98 they will have dropped to \$6 billion, just 0.7 per cent of the GDP. Relative to the size of the economy, that is the lowest level in almost 30 years. On that basis, we will likely have the lowest fiscal shortfall of any G-7 central government.

There is one thing we must all understand. Budget forecasts are just that, forecasts, estimates. That is because these things deal with the future and factors that can only be assumed such as economic growth and interest rates. That is why one of the budget plan foundations is to apply economic assumptions that are more cautious than those of the private sector. For example, projections for 1997 are based on interest rates 80 bases points higher than the average of private sector forecasts.

This is not a gimmick to deliver easy to reach targets. It is a discipline embraced because Canadians are tired of governments that emphasize wishful forecasts and then miss those targets again and again. We have been setting rolling targets that we have been achieving again and again, and will continue to meet.

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Of course there were always excuses for the missed targets in the past, but governments are judged on their performance not their promises. That is why we built in a prudence factor to buffer us against the sort of events on which excuses are too often based.

Let me emphasize a corollary point. If economic developments are either as assumed or more favourable than assumed, the deficit will be even lower than our 2 per cent of GDP target in 1997-98. Any portion of the contingency reserve that is not needed will be applied directly to deficit reduction.

I want to turn to the legislation before us, but before I do let me just put Canada's fiscal progress again in an international context, specifically comparing it to the United States, our largest trading partner and the most meaningful comparison. The Canadian fiscal situation can be compared by contrasting our financial requirements with the U.S. deficit on a unified budget basis.

• (1930)

Canadian federal deficits relative to GDP have been larger than U.S. government deficits in recent years. However, with the fiscal measures in 1994 and 1995 in those budgets combined with our latest plans this performance will be reversed.

For 1996-97 the comparable Canadian deficit is projected to fall to 1.7 per cent of GDP while the U.S. deficit will remain stable at 2.1 per cent. The difference between the two ratios should widen in 1997-98, exceeding a full percentage point in Canada's favour.

The main factor behind this shift is program spending. Between 1994-95 and 1997-98 Canada's federal program spending is set to decline by 3.2 percentage points of GDP compared with only 0.8 percentage points in the U.S.

Federal program spending in 1997-98 should represent just 12.6 per cent of GDP compared with 16.8 per cent in the United States. That is an incredible change. As I mentioned earlier, this spending will fall even further in 1998-99 to 12 per cent of the Canadian economy.

Let me now turn to Bill C-10. Like the borrowing authority bill for last year, this bill contains three basic elements: authority to cover financial requirements for 1996-97, exchange fund account revenues, and a non-lapsing amount. In total the government is requesting authority to borrow \$18.7 billion for the 1996-97 fiscal year.

Let me touch briefly on the main provisions of the bill. First, there is the provision for \$13.7 billion of authority to cover our anticipated borrowing to meet the net financial requirements set out in the new budget.

Second, there is the provision to cover \$1 billion of exchange fund account earnings which give rise to additional Canadian dollar

borrowing requirements. This is because these earnings, although reported as budgetary revenues, are retained in the exchange fund account. They are not available to finance ongoing operations of the government.

Third, there is a \$4 billion non-lapsing amount. This is something I want to emphasize because it represents a change from previous years. The non-lapsing amount has been \$3 billion since 1986. Our \$1 billion increase is a prudent measure which will provide the government with the ability to manage foreign exchange requirements more effectively in light of increased exchange market flows and volatility in recent years.

The non-lapsing amount can either be used during the course of the year to manage contingencies or be carried forward temporarily into the next fiscal year until new borrowing authority is granted. In either event it underscores the sort of fiscal and economic prudence we believe must be the hallmark of good government in a world of accelerating change.

There are some minor technical provisions in the bill that more clearly link fiscal year borrowing authority with fiscal year borrowing requirements.

One provision provides that 1996-97 borrowing authority may be used only after the 1996-97 fiscal year begins. Another provision stipulates that for the purposes of calculating borrowing authority usage, the effective date is April 1.

If the borrowing authority bill is not passed before the start of the new fiscal year the government may continue to use in 1996-97 the \$3 billion non-lapsing amount provided for in the Borrowing Authority Act, 1995-96. However, any use of the non-lapsing amount in 1996-97 will be deducted from the basic amount of new borrowing authority when the legislation before us is passed. This prevents the non-lapsing amount in any year from effectively adding to the borrowing authority in the following year.

We want the borrowing authority bill passed before the start of the new fiscal year to avoid using the non-lapsing amount, which in any event would last but a few short weeks. I appreciate the efforts of members opposite in expediting the passage of this borrowing authority.

This bill will cancel all borrowing authority remaining from fiscal 1995-96 once it is passed.

As further background information, I would like to review the government's debt operations in the current fiscal year up to mid-February.

I hope members are writing this down. I know they have been taking careful notes. So far in the fiscal 1995-96 domestic debt program the government has issued about \$25.3 billion in marketable bonds, \$1 billion in real return bonds and \$224 million in

CSBs. There were also net redemptions of \$5.8 billion in treasury bills. This provides a total of \$26.5 billion in net new market debt.

• (1935)

I report to the House on last fall's CSB campaign. This year the government took a first step into the highly competitive RRSP market. Last fall for the first time, Canada savings bonds could be registered directly in the name of an RRSP. In January the new RRSP option was extended to all outstanding series of compound interest bonds.

The 1995 CSB campaign produced sales of \$4.6 billion. After counting for redemptions during the year, the net increase in CSBs outstanding was \$224 million, as I indicated earlier.

Regarding foreign currency debt outstanding, Canada bills decreased by U.S. \$2.8 billion to U.S. \$3.7 billion at the end of February. These are short term U.S. dollar denominated bills issued from time to time in the U.S. market to fund Canada's foreign exchange reserves.

The government launched two very successful global bond issues last year, a U.S. \$1.5 billion five-year issue in May and a U.S. \$1.5 billion 10-year issue in July. The five-year issue gained recognition from international financing review as the sovereign deal of the year. The proceeds of both issues were added to Canada's official exchange reserves.

In summary, this bill is straightforward and contains no unusual provisions. I urge the House to approve this legislation as quickly as possible so that new borrowing authority will be in place at the beginning of the new fiscal year and the government's regular borrowing program can proceed as the fiscal year begins.

As the debate continues we will learn a great deal more about this bill. Members will be fully informed about it. May I get a little guidance from you, Mr. Speaker, at this point?

The Deputy Speaker: I am very happy that my colleague asked that question. It is the first time we have ever made an error. Standing Order 74 says members can divide their time when they are the second speaker and not when they are the lead off speaker on a bill.

Accordingly, the hon. parliamentary secretary cannot divide his time. He is entitled to speak for 40 minutes but he does not seem to have a 40-minute speech ready in which case the next speaker will be the critic for the official opposition.

Mr. Campbell: Mr. Speaker, thank you for providing that guidance. We regret the confusion at the front end of this. I happily yield the floor to the member opposite. We can continue the debate afterward if he needs to speak now rather than later this evening.

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[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Speaker—

Some hon. members: Oh, oh.

Mr. Loubier: I see that Reform members are getting all worked up. This is to be expected. For about two weeks now, they have had a tendency to get more excited than necessary. Consequently, I am not surprised at their behaviour this evening. Mr. Speaker, I am very pleased—

Some hon. members: Oh, oh.

Mr. Loubier: Mr. Speaker, could you please ask the Reform member who sounds like he is braying to stop making that noise?

[*English*]

The Deputy Speaker: The evening has only begun.

[*Translation*]

The evening is just beginning. I hope hon. members will show respect for their colleagues, and I expect all of them to do so.

Mr. Loubier: Mr. Speaker, I am pleased to address Bill C-10, which authorizes the Minister of Finance, as of April 1, 1996, to raise such amount or amounts, up to \$18.7 billion, by way of a loan or by the issue and sale of securities of Canada, as may be required for public works and general purposes. This more or less defines Bill C-10.

Given the way this Liberal government has managed public finances over the last two and a half years, and given the recent budget brought down by the Minister of Finance, it is difficult for the official opposition to support with enthusiasm a bill that, in our opinion, confirms that the Minister of Finance and the Liberal government did a bad job of managing public finances. Yet, on behalf of Quebecers and Canadians, the government asks that we support this bill.

• (1940)

Let us take a look only at the last budget, which contained sad news for us regarding the debt and the deficit. Indeed, the Minister of Finance has already decided that this year, next year and the year after, he will not fight to eliminate waste, inefficiencies, duplication or, in other words, budgetary expenditures.

One need only look at page 14 of the budget where we find the direct budget savings for 1996-97 to see that, for the fiscal year 1996-97, this year's budget provides for savings of 0.0 per cent.

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Another look and we see that for 1997-98, this budget forecasts cuts in government spending of only \$200 million. And in two years, they are talking about \$1.7 billion in savings based on the budget brought down by the Minister of Finance just a few weeks ago.

Taken over three years, we must conclude that the Minister of Finance is looking for savings of \$1.9 billion. Imagine, \$1.9 billion. That represents seven-tenths of one per cent in cuts per year. Seven-tenths of one per cent. Not one per cent, not even one per cent, but seven-tenths of one per cent, because we must not forget that federal spending is in the neighbourhood of \$160 billion annually. So, for annual expenditures of \$160 billion over the next three years, cuts of \$1.9 billion mean seven-tenths of one per cent of the Minister of Finance's forecast.

How, therefore, can we give the okay to a Minister of Finance who shows no interest in limiting his spending? He is not interested in creating acceptable annual savings. How can we give him the okay to borrow, on behalf of Quebecers and Canadians, over \$18 billion on the market?

Would that normally be done? Would someone who showed himself unable to generate savings, who showed himself unable to manage the public purse wisely, be given carte blanche to borrow, in our name, \$18 billion? No.

Would the Minister of Finance be given authority to borrow \$18 billion on the market, when during two and a half years of Liberal management he added over \$110 billion to the federal debt, which will climb to over \$603 billion this year?

Would you give the okay to a manager who has squandered public funds, who has, deliberately for political ends, not assumed his responsibilities with respect to reducing the size of government? Would you give him carte blanche to go and borrow, in your name, \$18 billion on the market? The answer is no.

Mr. Speaker, would you give him carte blanche? Now I see that you are listening very carefully to what I have to say because it concerns your pocket book directly, and nobody would borrow, in your name, with this kind of track record in managing the public purse.

Would you give a finance minister carte blanche to borrow \$18 billion, when all he had managed to do in two and a half years of managing your finances was to coast along with the growth in the economy, eat into the unemployment insurance fund, take advantage of the surplus generated by this fund to which the federal government has not contributed for several years now? It means dumping the deficit on the provinces, as he is doing.

Would you give carte blanche to this minister, who has made use of everybody except himself, who has put public funding on a healthier footing using everything except his own means, his own solutions?

• (1945)

I would not, and I do not believe Canadians would either. What consummate showmen the Liberals have turned out to be in the past two and half years. Each time, they have presented a budget which disguised the reality. The last budget is a most impressive theatrical production using smoke and mirrors.

They tell us: "We will reduce the deficit by several billion per year, not only attaining our objectives for the percentage of the deficit compared to the GDP, but surpassing it". But let us look more closely at how they are managing to disguise the truth.

If it were not for the cuts I have just referred to, if it were not for the cuts, if it were not for the systematic dumping of the deficit onto the backs of the provinces, if it were not for the Minister of Finance's dipping into the UI fund, if it were not for the economic situation of these past two years, which has brought in three to four billion in revenues this year, the Minister of Finance would not have a \$24.5 billion deficit for 1996-97, but a \$31 billion dollar one.

If it were not for the UI cuts, if it were not for the surplus the Minister of Finance has helped himself to out of the UI fund, if it were not for the systematic dumping of the burden onto the provinces, and if it were not for the economic situation, the Minister of Finance's deficit for next year would be, not \$17 billion, as he claims, but over \$27 billion.

In the end, when we look at the real deficit for this year, generated through the incompetence of the Minister of Finance, we see that little has changed since he became head of the department. In fact, if we look at the product of the new revenues arising from the state of the economy, from economic growth, if we look at the unemployment insurance fund, the minister's favourite fund, were it not as well for the shift of his responsibilities onto the provinces, the actual deficit, because we have to include the product of the economic situation, the actual deficit for 1996-97 would be \$35 billion.

It seems to me that is comparable to the deficit at the time the Minister of Finance took over the department—it was about \$37 billion or \$38 billion. There has been hardly any reduction.

Apart from the economic situation and the Minister of Finance's tricks, the promised good management of public funds would never have materialized. It is all smoke. It is all hokum on the part of the Minister of Finance.

He could have cut duplication and overlap. They have long harped on that one. We have long harped at the Liberal Party, the party in power. We have long raised it with the Reformers as well; they prefer to close their minds to anything reasonable.

Instead of setting up a committee to study duplication, overlap and the doubling of positions in federal and provincial governments, the Liberal government, and it added more in the speech from the throne, and in the budget speech, wants to interfere

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everywhere. Not only is it going to stay in areas it has invaded, exclusive provincial jurisdictions, but it is adding more.

In the throne speech, it said clearly, and it repeated it in the budget for certain aspects there, that it will, with the support of a majority of the provinces, continue to invade areas of exclusive provincial jurisdiction, that it will, for example, set up a Canadian securities commission. As if we needed the bureaucracy, the inefficiencies and the duplication of the federal government, when it has a hard time, with what it has, putting public finances in order and making the machinery efficient, so that this huge machine is not constantly seized up. It is adding more: a Canadian securities commission, when all the provinces operate efficiently in their area of jurisdiction.

All the provinces have harmonized their actions for years. Together the provinces have set up a system called SEDAR, which will be operational in a few months and which will eliminate the need for ten different issues, or a total of securities issues; a single one will suffice. This will be done with efficiency and expertise since it has been an area of exclusive provincial jurisdiction for several years. This is not the case of the government and the finance minister, who are making it more cumbersome.

• (1950)

Not only will they not eliminate duplication and overlapping, but they will create more of it. They think Quebecers and Canadians love to spend money. Obviously they do not visit their ridings very often.

They mentioned a national revenue agency, as if we needed to add a new administrative structure to the already huge government apparatus, which is gobbling up close to \$160 billion a year. The finance minister's managerial attitude is questionable. We should not give a blank cheque such as this to a minister. We should not give a blank cheque to a government which is planning to cover the country with flags—one million, we are told—but which does nothing to put its fiscal house in order.

Where is the finance minister dealing with inefficiencies and waste? Has anyone ever heard him say, for instance, that there is a lot of fat to be cut in the defence department? Has anyone ever heard the finance minister or Liberal members condemn the squandering of two billion dollars on tanks? Has anyone ever heard the finance minister or his fellow citizens, his colleagues in the Liberal Party, in stringent budgetary times, and in peace time to boot, condemn the purchase of antitank missiles at \$15,000 a piece? No one, never.

When did we ever hear of such shameful expenditures as those planned to modernize submarines and buy highly sophisticated helicopters in peace time, when our accumulated debt has reached \$603 billion and the Minister of Finance is unable to keep this debt from growing? Never. When did we ever hear this government talk about what is happening in the other House or about the money spent on the governor general? Never. It amounts to \$50 million a

year but it never talks about it. It prefers to continue dealing with symbols, while the other House remains a haven of patronage, a reward for good Liberals—or, in the past, good Tories—who often doze off in front of TV cameras.

Did we ever witness a commitment to sound management of public finances, when the Minister of Finance or the minister of revenue was asked to go after the more than \$6 billion in unpaid taxes owed the federal government? I am not talking about controversial matters but about things that are pending because they made lateral staff cuts in the federal public service. They cut staff, but wall to wall, starting at the bottom because it is easier, because the mandarins, the senior officials at the top are in charge so they are not likely to offer their own heads on a platter to the government.

So we get to the point where, at the department of revenue, there are not enough real workers to go after unpaid taxes. As a result, in the last two years, out of more than \$6.3 billion in unpaid taxes, only \$250 million to \$300 million have been collected. Out of \$6.3 billion. This is ridiculous.

If there was any reason to believe that they are concerned about managing public finances soundly, about making the optimum use of resources, about looking for money at the right place and taking it from those who have it, we would support Bill C-10. But that is not what the Minister of Finance has accustomed us to over the past two and a half years. We cannot give him a blank cheque when he is asking us to borrow \$18.6 billion on the capital markets on my behalf and on behalf of my colleagues, of the people of Quebec and of the people of Canada.

The Minister of Finance is slowly starting to smell the coffee. It is none too soon; we have been condemning this situation for almost three years already. We have been asking him for nearly three years to reform the tax system, and the corporate tax system in particular, because it is full of holes. As usual, instead of taking his responsibilities, the Minister of Finance has decided to set up a task force to eventually look at the corporate tax system behind closed doors, a task force that would not include any parliamentarians—who, I should remind you, are elected by the people to account to them—and to prepare a report in which it would recommend revising the corporate tax system along such or such a line.

• (1955)

This report would be released and we would be expected to do our job based on a document that was biased from the start. How so? For the reasons we have already explained. As soon as the Minister of Finance announced his plans to set up a technical committee on business taxation and made the membership of this committee known, we came out against this committee's membership. Why? Because the committee is made up of experts from various consulting firms, firms advising big corporations on how to take advantage of innumerable tax loopholes to avoid paying Revenue Canada what they owe.

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And we would have been gullible enough to accept not to discuss corporate taxation for a year and let these experts look at the issue behind close doors and come up with a report saying: "We reviewed the whole corporate tax system and found that there are not many problems with it".

Such will be the findings of that technical committee on corporate taxation. This is what the minister wants to hear. As we said when the budget was brought down, this is tantamount to a first class funeral for the work of that committee, and also for a true reform of the corporate tax system.

We might as well forget about that. That committee of experts will include people from firms such as Ernst & Young. These firms not only give advice to major corporations on how to avoid paying taxes, they also have subsidiaries in countries considered to be tax havens, where hundreds of millions go in and out. The result is that Canadian businesses that supposedly have to pay a 1.5 or 2.5 per cent tax are not taxed by Revenue Canada because their revenues have already been taxed in countries considered to be tax havens.

And we should have accepted that process? This is making fun of us. It is making fun of Canadians and Quebecers. We are no fools. The Minister of Finance intends to do with this committee exactly what he did with the family trust issue.

You remember, last year: "We are going to comply with the demands of the official opposition, we are going to reduce benefits linked to family trusts". We were pleased. But when he said "in 1999" it was like warning the thief a day ahead that the police were on the way. I would call it laughable. Now they are up to the same thing again.

If we were alone in thinking that the Minister of Finance had not tackled the real problems in two and a half years, we would say: "Maybe we are mistaken". But when we visit our ridings, throughout Quebec, and also outside Quebec, in Canada, and people come up and say: "Keep up the good work, we are very disappointed in the Liberal government", and tell us, often in English, in ridings that are Liberal bastions, in ridings often coveted by our friends in the Reform Party, but that they will never win if they keep on with their rather special attitude of the last two weeks, then we begin to tell ourselves that our message is getting across.

And, although it is not something I am used to doing, I have a fax to read—yes, we in the Bloc also get faxes, not just the Reformers. I got a fax last week from a Mrs. Jansen in Regina, in Regina—Wascana, the riding of the Minister of Agriculture, which reads as follows—please pardon my accent, but I shall try to render the spirit and to some extent the content of Mrs. Jansen's faxed letter. I would like, incidentally, to thank her for her excellent analysis. She wrote as follows:

[*English*]

"This fax is to express my appreciation to you for presenting several important issues during your response to the finance

minister's budget speech. While I recognize that your party, the Bloc Quebecois, has specific aspirations, your comments mirror the concern of many citizens in Canada. The duplication of services and the consequent waste of fiscal resources that might be used by the provinces, the lack of sincerity to attend to the tax break given to large corporations as indicated by the implementation of the secret commission to study this issue, and the \$50 million apportionment to the anachronistic Senate are symbolic of a system that no longer works in the best interests of beleaguered taxpayers".

• (2000)

[*Translation*]

I continue to quote, since I find this letter extremely interesting. Mrs. Jansen continues:

[*English*]

"Cuts are not being made to senior bureaucracy but at the level of direct service providers to the public. The civil service will soon become so top heavy without sufficient support at the bottom that the pretence of providing services to the average citizen cannot be maintained. I have noted that since the election of the present Liberal administration, all programs designed to assist emerging and small firms have either been discontinued or dismembered.

"The rest of this country is beginning to severely suffer from the effects of an administration that does not adhere to the old democratic action of government of the people, by the people, for the people. Rather recent policies lead us to the conclusion that we have a government of the rulers, by the rulers, for the rulers.

"As the middle class and small businesses are increasingly diminished by taxation and outdated regulations, we may soon find ourselves within a feudalistic style of government: the rich and powerful at the top, a few disenfranchised workers in the middle, and the majority enduring poverty".

[*Translation*]

When a number of us, in Quebec as in Canada—and I could have read other comments from the Maritimes—think that this administration has been remiss in its duty, that this administration which is today demanding a free rein to go after \$18.6 billion on our behalf, when we have reached the point, Quebecers and Canadians alike, francophones and anglophones alike, of castigating this administration for not shouldering its responsibilities, it may be time for this government to be brought back in line.

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It is perhaps time for all, in Quebec and in Canada, coast to coast as they say, to be a little more vocal in our dissatisfaction with an administration which has not, in two years and a half, done anything more than pretend to Quebecers and to Canadians that everything was fine, everything was under control, when from the point of view of overall public funding, the exercise has barely begun.

As for the increasing debt, the Minister of Finance cannot long conceal from Canadians that this progression is not contained. For this reason, as well as all those I have just enumerated, we in the official opposition, on behalf of the people of Quebec and of Canada, will refuse to allow this irresponsible Minister of Finance, who is not fulfilling his responsibilities, who is not making cuts in the proper places, who is not making the desirable reform in corporate taxation in the timely manner it requires, to borrow \$18.6 billion on our behalf. I shall be recommending that my Bloc Quebecois colleagues vote against this bill.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, with respect to the borrowing bill, I rise to simply say I am disappointed that this government has to borrow so much.

Mr. Williams: Too much.

Mr. Silye: Too much. Having said that, let me lead into my commentary about budgetary process, borrowing process and the finances of this country.

Mr. Thomas Walkom wrote in the *Toronto Star*: "To watch the federal Liberals from afar is to marvel. This is a party with no memory and no shame. In opposition, sanctimonious, in government, hypocritical. It has raised duplicity to a high art". I concur with that quotation and I would like to submit some evidence I have dug out myself.

No matter that the Prime Minister is on record as saying he was firmly committed to universal social programs such as old age security, the government ended it by replacing it with a means tested program called the seniors benefit in the budget. No matter that the Prime Minister promised to scrap NAFTA unless it was renegotiated, the Liberals signed it anyway and now they take credit for it. No matter that many Liberals promised to abolish, kill, get rid of, scrap the GST in order to get elected, even with this third budget they have not kept their final promise: replace. We know why. They are trying to put the blame with this promise on the provinces. Their latest kick is harmonization. Replace is what they said; replace is what they should do. Now they have taken the pressure off themselves and have shifted it on to the provinces saying that if they do not comply with their proposal it will be the provinces' fault.

• (2005)

The Liberals are downloading on the provinces just like they did with the Canada health and social transfer. They have reduced the funding and guess which Parliament gets rocks thrown at it: the provincial parliaments, not the federal Parliament. Guess which Parliament has to handle most cuts to health, education and welfare: not the federal government, the provincial government.

No matter that the Liberals promised to protect civil servants and then turned around and fired 45,000 people while entrenching a multimillion dollar pension plan for themselves.

No matter that the Liberals promised jobs, jobs, jobs and now that they have failed they are blaming the private sector or the business community, which never elected any Liberals; I do not think they ran as a party; they never made the promises. Nevertheless, the federal government is now saying: Private sector, you create the jobs.

No matter that this government is spending \$4 million more per day than it brings in. It claims it has broken the back of the deficit.

No matter that this government said no new corporate or personal taxes, but through the tightening of some tax preferences like deductibility of child support payments, increased revenues in the next fiscal year by \$100 million and \$245 million next year, these represent tax increases. This government is truly sanctimonious, hypocritical and smacks of duplicity.

The finance minister brags about his budget. Let us see what he has really done. Let us see how he has handled his first kick at the cat. Is the problem the deficit or the debt? Is it one or the other or is it both?

The deficit is defined in layman terms as that which is spent in excess of what is generated in a year. It is an annual amount. It is a deficit if the government spends more than what it brings in and it is a surplus if the government spends less than what it brings in.

The debt is the amount of money that is the accumulated series of deficits over a number of years that go all the way back to Confederation. Thirty-two years ago our debt was zero. This debt is an accumulated amount of deficits since Confederation, but in the last 31 years we have managed with the two status quo parties, the Conservatives and the Liberals, to inch our way up toward \$600 billion in debt.

The government identified the deficit as the problem. This finance minister said that the deficit as a percentage of GDP will come down to 3 per cent. He set a target. Not only did he say he set

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a target but he is going to beat that target. In this way he is going to solve the problem.

If we look at the definition of a deficit and the definition of debt, is this government solving the problem or is the government adding to the problem? The problem is the debt because it keeps growing as the deficit, although it is shrinking with this lower target. Is the government adding to the problem or is it solving or eliminating the problem?

● (2010)

I submit that by using the deficit as a percentage of GDP and continually spending more money than what we bring in this government is adding to the problem. Yes it can brag all it wants that it is a lot less than the previous government and is this not a lot better and therefore we can keep spending money over here for this program and keep spending over here to subsidize business on that program and we can keep wasteful spending up. But it is not solving the problem. It is an illusion. It is duplicity. It is hypocritical.

The government failed to recognize the problem. The problem is the debt. The best way to measure the fight against the debt is to look at the debt as a percentage of GDP instead of the deficit as a percentage of GDP. If the percentage of debt to GDP goes down, we are now solving the problem. We are now adding credibility.

I know the finance minister is aware of this. I know the finance minister knows that is the button this party was going to push. I know because in the Standing Committee on Finance I listened to all the leading economists talk about this: the fact that this government was going too slow in its cuts; the fact that there was going to be a bigger price to pay for future generations. That aside, what Canada needs and what Canada must have sooner than later is a surplus budget and it must stop deficit spending or financing. I will come back to the deficit and the debt as a percentage and see how this government is attacking it on that basis.

The finance minister talks about a plan and setting targets. He should identify the right problem and use the correct measurement for achieving his target. It is amazing that when we analyse the budget we find many facts that contradict the finance minister's claim that the balance sheets of this country are in good order. Are they in good order? Let us take a look.

The government had the privilege of running the country when the economy started to come out of a recession. How do I know that? The first thing in the budget documents and budget analyses of the various years shows that when this government came into power revenues were only \$116 billion. They go to \$135 billion and they project to \$141 billion in 1997-98, revenues due to the growth in the economy, due to the recession starting to be eliminated and

things improving somewhat. Revenues. This government has had the benefit of revenue increases of \$25 billion. I would also submit and remind Canadian taxpayers that some of that extra revenue is about \$3 billion to \$5 billion in tax increases the finance minister imposed in the two previous budgets.

Let us look at program spending which is an objective of the Reform Party. When this government came in it showed program spending at \$120 billion. I am not sure but I seem to recall this government wanted to blame the previous government for billions of dollars and somehow or other it inflated it. It was the other guys' fault. I believe that high number on program spending the government uses is a bit inflated. Nevertheless, program spending has decreased by \$14 billion.

That is where the error has been. In the first year of government it only cut \$2 billion, the next year another \$5 billion. Its cutting habits have gone too slow. Its cutting habits have not kept up with the interest costs. That is what the problem is.

Let us look at the interest costs. The public debt charges when the government came in in 1993-94 were only \$38 billion. That was bargain basement. Now the government is projecting \$47.8 billion, close to \$48 billion, a \$10 billion increase. What is the purpose of all these cuts if it is only going to go to service the interest costs to service the debt? That is my case. The debt is the problem, not the deficit.

Thank God the interest rates are low. Thank God this government can stand up and brag about how interest rates are 3 per cent lower than a year ago, six months ago or whatever. Imagine what kind of statement this would be if it were not like that.

● (2015)

The interest costs to service the debt are proof that the deficit is not the problem, the debt is the problem. The deficit is also the area for which the finance minister has been getting lots of compliments from certain members of the financial community because the deficit is going from \$42 billion down to a projected \$17 billion. During the whole course of the government's mandate it is still spending more than it brings in.

Yes, it is going down. Yes, it is good he set a target. Yes, it is good he is meeting that target, but the target he is setting and the measurement of the economy he is using is not solving the problem. It is adding to the problem.

What happens when we take a look at the revenues that have been generated, the cuts in spending, the servicing charges? When we add all that up what do we notice? Something very interesting. After four years of government management under this finance minister, the master of myth, we end up with revenues up \$25 billion and, guess what, the deficit down by \$25 billion.

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What is left at the end of the day? There is still 17 per cent left and the Liberals brag that it is only three per cent or might end up being two per cent. Who cares? Are they not missing the point? Is it not the point that we need to solve the debt, that we have to make a payment somewhere along the line on that debt, that we have to have a surplus budget in somewhere in there?

That is why we have argued for and pushed all along for a balanced budget. That is the advantage of having a government that during the course of its mandate makes a commitment to the Canadian taxpayers and says: "Sooner than later we will balance this budget. Sooner than later we will get our financial house in order so that we sooner than later will break the back of the deficit. Sooner or later we will have a good balance sheet for the nation". The way to do that is with a balanced budget, not leaving with a \$17 billion deficit and claiming victory.

At the end of four years the government, and let me be accurate here, will have added \$111.7 billion; almost \$112 billion it will have added to the debt. It came in here with \$508 billion debt and it runs the country for four years and just after four years, never mind if it wants to take another year at it, it adds \$112 billion to the debt and says that is good financial management.

It says we can play with the future lives of our children and our grandchildren, that we can gamble on interest rates staying low, that we can gamble on uncertainties in the economy and the global that we are all participants in. That stuff is all okay because come hell or high water we will meet our targets and we will beat our targets and we will keep our feet to the fire.

It is all great rhetoric. It is beautiful rhetoric. It is all the right buttons to push to convince people when you are trying to fool them that you are solving the problem.

My speech today is intended to shift the debate to the problem. I believe the problem for all economists, for all business people and for all taxpayers is the debt. The sooner we shift the debate to the debt and look for ways to measure our success against that evil monster, the sooner we will start to solve our problems.

Let us get to the GDP and using the debt as a measurement of economic growth. I am submitting that a truer measurement in using projections in how the economy is doing is the debt to GDP ratio. If we take the actual numbers, looking at the budget from 1993-94 when the GDP was \$712 billion to a projected \$806 billion in 1996-97, it shows actual numbers and it shows growth of about 3.3 per cent.

Then we take a look at the debt as a percentage of GDP from the government's first year at 71.3 per cent to 72.8 per cent. Did it solve the problem in year one or did it add to the problem? Under the truer measurement it added to the problem. Even those renowned economists from the Fraser Institute better be taking note and paying attention to this.

• (2020)

The next year, 1994-95, the GDP went up from 72.8 per cent to 74.2 per cent. Did the government solve the problem, reduce the problem or did it add to the problem? It added to the problem.

This year the government is projecting a further increase that is smaller. Nevertheless there is another one-half of one per cent increase in the debt to GDP ratio. That means the economy is not improving. Our financial resources, our financial situation, our net worth is not improving; it is diminishing, it is decreasing. Yet throughout the past three years all we have heard is how we have set our targets, met targets, beat our targets and how everything is so wonderful.

A colleague of mine mentioned a statistic earlier in the debate. An Environics poll asked whether budget goes fast enough, deep enough and is it the right way. Roughly 60 per cent to 70 per cent said no and yet the government is claiming victory.

We arrived at an interesting point in the budget presentation by the finance minister. This was where the master of myth started to show his best stuff. He projected on the net public debt that two years from now, although we have been averaging 3.3 per cent, the GDP will grow by 4.3 per cent. He projected a whole per cent more. What did he base it on? I do not know. I sat on the Standing Committee on Finance where all the leading economists said that for the next two years the most we could hope for was 2 per cent to 2.5 per cent. No, all of a sudden the government can put 4.3 per cent out there.

Then with the deficit at \$17 billion, that number as a percentage, the government said we went down to 73.7. Now the government is agreeing with us that is the better measurement. It is agreeing with us that is a good way of looking at it and two years from now things will get better. These are projections.

Earlier the Parliamentary Secretary to the Minister of Finance said we may not hit these, these are just projections. That is what scares me. It is the uncertainty of meeting these targets that could hurt.

If the government wants to solve the problem it has to stand up and identify the right problem, which is what this party is trying to do. We are trying to set the debate on the right issue. The issue is the debt and the best way to measure our progress in the fight against the debt, that monster, is through the debt as a percentage of GDP. We get to see how our economy is growing. We get to see the share of that growth, the share of the value we produce annually, what we generate in sales, what our debt load is against that. That is what tells us whether we have a good credit rating.

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That is what helps the financial community continue to reinvest the money we have to borrow from the foreign market. That is what tells the brokers of this country that it has its resources in order. That is what will tell the taxpayers there will be a reward at the end of the tunnel.

After we have a few surplus budgets and we have paid down that debt somewhat we do not have to do it; we can carry it. Once we have a surplus budget, which includes debt servicing, that is when we have a balance sheet in good order.

The government will exit having added \$112 billion to the debt, bringing it to \$620 billion from \$508 billion. I know I am repeating this. I said this earlier. That is the legacy the government is bragging about. That is the deeper hole it has dug while it has had the privilege and the honour to run the country, to try to do what is right for the people of the country. That is what it has really contributed.

Another day older and deeper in debt, as the old song goes. How that represents good sound financial management, how that represents breaking the back of this evil monster, this evil problem, is beyond me.

• (2025)

We have suggested and argued for a balanced budget in the House. To this day not one member, not even the finance minister, will give us a date at which we will see a balanced budget. It is just promised.

It is on a wing and a prayer that the economy will continue to grow as it does. That is what they are hoping. Keep interest rates down. Sneak in a few tax treatment preference changes. They will not call them tax increases. Take away a few more loopholes. They will not call them tax increases. Eventually they will get to a balanced budget somewhere, whenever. It will be soon because we have gone, six, five, four, three, two—but, but, but. It is those but's I am worried about.

If the government had really listened and had the political will to do what had to be done and skipped the argument of whether it would be over a three or four-year period, it could have produced a balanced budget over a fixed period of time and done it as soon as possible in its mandate so that the benefits would reflect in lower interest costs, especially considering the size of the debt.

We have done the checks and the calculations. The difference would have been \$62 billion less to the debt. If the government had listened to the Reform Party it would not exit with a \$620 billion debt. It would have exited with a \$580 billion debt. Even a Reform Party government would have added to the debt, we acknowledge that, but only at half the amount. We would have a surplus by the end of our mandate.

Let us talk about the difference. There would have been \$62 billion less added to the debt. That means, depending on the interest rates, \$3 billion less in interest payments. That is the reward, the advantage. Then the government could have decided whether to put that toward programs spending, education, health or welfare or apply it to the debt. Pay down the debt. Service the debt or reduce taxes and offer tax relief if the economy is strong enough.

If the percentage of debt to GDP ratio starts to come down by 1 per cent to 9 per cent, perhaps 2 per cent per year, there will be more flexibility. The government does not have that flexibility. This is a very dangerous budget. Liberals are acting as if they have succeeded. They are already starting to spend money as though they have money to spend. They are already redistributing how they are to do social programs when they are in fact looking for ways to increase tax revenues. They are looking for ways to convince us they have the answers to a very difficult problem.

I submit this whole debate on fiscal reform and on what is in the best interests of the country lies in identifying the right problems. I humbly admit that the government presented a red book in which it made a lot of promises. It has broken a lot of those promises. It seems it checked to see which way the political wind was blowing and that is the direction it took.

The Liberals recognized that we agreed with the way a lot of people were thinking. Now they have copied and followed some of the recommendations we have made. However, it is unfortunate they did not do it fast enough. They still have the opportunity to do it with one more budget coming up. They could still address the waste in government spending. They could still cut about \$4 billion to \$5 billion in spending.

I am sorry to say the government will not do it. It is unfortunate that this budget is more of the same; feel good, everything is okay, do not worry, be happy.

The last time the Prime Minister spoke and behaved that way we almost lost the nation.

Ms. Roseanne Skoke (Central Nova, Lib.): Mr. Speaker, I rise to speak on second reading of Bill C-10, the borrowing authority bill.

The government is asking this honourable House for \$18.7 billion of borrowing authority for the 1996-97 fiscal year. This amount is comprised of the financial requirements stated in the budget for 1996-97 of \$13.7 billion, exchange fund account earnings of \$1 billion and a \$4 billion non-lapsing amount.

• (2030)

As in previous years, the amount of borrowing authority requested in the bill is directly connected to the financial requirements set out in the 1996 federal budget. The financial aspect of the

bill is also contained in the budget plan tabled in the House of Commons by the Minister of Finance.

I urge the House to give unanimous approval of this legislation without delay. The Minister of Finance in the budget speech states: "Let us act not as special interests but as stewards of the national interest, knowing that the destiny of our children is in our hands".

I remind the House that the word economics derives from the Greek word meaning household management. The purpose of economic life is not simply to gain material satisfaction but to support families and the social institutions and identities that evolve from families as the fundamental units of human society and human actions.

Having said this, it should be noted that the 1996 budget does just that. It consolidates and extends the actions taken under the comprehensive strategy set out in the 1994-95 budget, together to help Canadians secure their future, to secure their financial future, to secure the future of the social programs, to invest in the future of our people, our families, our communities and our country.

The 1996 budget is the third mile post in the government's journey to securing fiscal stability and a vibrant, dynamic and competitive economy for Canadians who must compete in the tough global arena. Working together with the 1994-95 budget, this budget continues a comprehensive strategy for federal finances that is determined, measured and responsible; determined because we are not letting up. As the Minister of Finance emphasized, the attack on the deficit is irrevocable and irreversible. We will balance the books. Furthermore, we will put the debt to GDP ratio on a constant downward track year after year after year.

It is measured because our fiscal action plan is not indiscriminate and mindless but structured to a pace that is conducive to efficient adaptation. It is designed not as a quick fix but to achieve long term and permanent progress. It is responsible because it is a strategy that involves carefully weighing the needs of the economy and society and equally carefully designing the policy options to meet those needs.

Just as important, we are striking the balance necessary to keep Canadians onside for our deficit reduction efforts. There remains no question about the need for dramatic, disciplined action. High public sector deficits and debt have sapped confidence, soaked up domestic savings and led to a sharp increase in the country's net international indebtedness.

Canadians were paying a painful price through the punishing pressure that high deficits placed on interest rates. This drains consumer and business investment and drives down job creation. The lethal combination of high interest rates and deficit borrowing

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also meant that a growing share of government resources must go to interest payments on a growing debt.

This year those charges will cost the federal government \$47 billion, money that cannot go to lowering taxes, aiding those in need and helping the economy create new jobs.

Tackling Canada's fiscal problem is a fundamental component for national growth, new jobs and economic security. With the first two budgets the government began the process of restoring Canada's finances and restoring credibility to the government's fiscal policy after years of missed deficit targets.

By setting credible two-year rolling deficit targets, by using prudent economic assumptions for fiscal planning purposes and by establishing substantial contingency reserves to handle the impact of unforeseen economic development on the achievement of the deficit target, credibility is being restored to the nation's finances.

• (2035)

The first two budgets implemented unprecedented reductions to program spending that are structural in nature and extend to the medium term planning horizon.

With these measures, the 1995-96 and 1996-97 deficit targets, bringing the deficit down to 3 per cent of GDP, are secure despite lower GDP growth than had been originally assumed. Contributing to this progress is the fact that interest rates are also significantly lower than projected. This has neutralized the adverse affects of lower growth on the deficit.

The measures in the 1996 budget consolidate and extend those in the first two budgets and further contribute to the economic and financial objectives. We have maintained our focus on reducing program spending because the debt is a problem created by government and the solution should focus on cutting in our own backyard.

There are no tax rate increases in the 1996 budget, not personal taxes, not corporate taxes, not excise taxes. Expenditure cuts in the 1996 budget amount to \$1.9 billion in 1998-99 and build on the reductions of the two previous budgets to keep program spending on a downward track.

Here is a point that must be emphasized. Of the cumulative fiscal actions we will have taken from 1994-95 to 1998-99, a full 87 per cent have been expenditure savings. Together the three budgets will contribute \$26.1 billion in savings for 1997-98.

This action, together with reform of the employment insurance program, will ensure we hit the new deficit target to bring the deficit down to 2 per cent of GDP. Through budget action, we have set a further \$28.9 billion in savings for 1998-99. This means that the deficit will continue to fall.

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There is no question that historic action has been taken. Program spending, that is everything but interest payments, will have declined six straight years through to 1998-99. Relative to the size of the economy, program spending will fall to its lowest level since 1949-50.

Over the last two and a half years, Canadians have turned to governments not to invent jobs but to provide an economic and social environment that will encourage the economic growth that makes new jobs possible.

We are proud of our record to date. Since taking office in 1993, unemployment has dropped by two full percentage points and about half a million jobs have been created, mostly in the private sector and almost exclusively by small and medium size enterprises.

We realize that there is much work ahead. Unemployment remains far too high and there is widespread national worry about the job future for young Canadians, older displaced workers and for women re-entering the workforce.

The government is intent on taking durable, meaningful steps forward. Rather than relying on short term direct spending programs, this more meaningful approach is being taken. It emphasized collaboration with partners and strategic investments to steer the forces of economic change toward greater employment.

First things first. For the sustained economic growth needed to deliver new jobs, we must start by securing Canada's economic fundamentals. That means getting the deficit down and keeping it down. High persisting deficits go hand in hand with high interest rates. High interest rates discourage investment borrowing and consumer spending and ultimately discourage jobs.

We also need to keep inflation down. Low inflation reduces pressure on interest rates and lowers business overhead. Of course, keeping the cost of doing business to a minimum will encourage investment and make us more competitive abroad.

Beyond providing a sound economic framework, the government has looked seriously at what more it can and should do. Some areas are so important to Canada's future prospects that they warrant significantly increased efforts from the federal government. Therefore the government has concentrated on youth, innovation, technology and trade, which is set out in the budget plan.

• (2040)

It also should be noted that financial institutions have a key role to play in facilitating the growth of Canadian business. Over the past year the banks have made progress in dealing with the concerns of small business. However, more needs to be done to ensure that financial institutions provide the best possible financ-

ing for growing export and knowledge based business, and for all small and medium size business.

Therefore the government will work with business and all financial institutions, including the banks and insurance companies, to ensure that this progress continues.

A temporary tax on large deposit taking institutions, including the banks, was introduced in last year's budget and it will be extended for a further year. Currently the legislation governing financial institutions is being reviewed with a view to improving the framework established in 1992. The conclusion is that the financial sector has yet to fully adjust to this framework. Therefore the present restriction on banks selling insurance will be maintained.

The present framework for selling insurance through agents and brokers will be preserved and the white paper covering this and all other aspects regarding financial institutions under review will be released in the coming weeks.

In conclusion, since I am sharing my time with another member, I want to emphasize that this budget is a budget that secures the future of all Canadians. It secures their financial—

The Deputy Speaker: I am sorry the hon. member's time has expired.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, the member finished up by saying that this budget secures a future for all Canadians.

The point to be made is that it secures an indebted future for all Canadians because in the life of this government it is going to add \$100 billion and more to the debt.

If you take an 8 per cent interest charge on that amount that means \$8 billion each and every year from now to practically eternity that are going to be paid in extra taxes to service the debt being incurred by this government.

I want to know how this member thinks debt secures the future of Canadians?

Ms. Skoke: Mr. Speaker, I am proud to support this budget. I maintain my position that it secures the future of all Canadians.

It secures the future of seniors and of youth. With respect to the growing national debt, I am proud to be a part of this government. This is the first government that has addressed the financial and economic issues of the country. It has also preserved the social programs. It has concerned itself with the poor, with the aged, with the needy and with single parents. It has addressed these issues.

The Reform Party is concerned about the rich and about preserving economic issues, not for the economic concerns of the people of Central Nova, the people that need to have these social programs

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and need to know that they have a Liberal government that will protect and preserve them.

I am proud of this budget and so are the people in Central Nova.

The Deputy Speaker: I would remind colleagues that we are talking about Bill C-10 which is a borrowing bill. We are not talking about the budget.

Mr. Jesse Flis (Parkdale—High Park, Lib.): Mr. Speaker, thank you for reminding hon. members that we are debating Bill C-10. I am pleased to participate in the debate on this.

Bill C-10 is an act to provide borrowing authority for the fiscal year beginning April 1, 1996. Under the borrowing authority act the Minister of Finance with the approval of the Governor in Council may raise money under the Financial Administration Act by way of a loan or by the issue and/or sale of securities of Canada.

I would like to take this opportunity to congratulate the Minister of Finance on his outstanding effort, not just with this budget, but for the previous two budgets as well.

• (2045)

For the first time in a decade we have a finance minister who not only sets objectives but he meets them. As well, he often exceeds them. In the platform book we promised to reduce the deficit to 3 per cent of the GDP by the end of our mandate. We started at almost 6 per cent when we took office and at the end of four years it will be down to 2 per cent.

Those efforts have allowed the Canadian government to restore its credibility, credibility not only among those in financial circles but among Canadian taxpayers as well. Canadians now feel they are getting value for the money they send to Ottawa every year.

Not since the 1980s have Canadians been able to see the light at the end of the deficit tunnel. We all agree on the need to eliminate the deficit. Now that objective can be clearly seen on the horizon. When we arrive there we can start paying down the public debt, as the spokesman for the Reform was saying in his speech, which otherwise would be a burden on our children. I agree with him.

Both the Bloc Quebecois and the Reform Party have been asking what is in this budget in job creation. The simple answer is: plenty. However, we cannot look at just one budget; we have to look at the government's entire program. Interest rates are consistently low and have been for quite some time. The spread between Canadian and American rates has almost been eliminated. The dollar is stable at a level that encourages exports and low interest rates. The deficit has been brought under control and on target. These things together

have set the foundation and financial environment for a solid economy capable of creating jobs now and into the future.

In the month of February alone, 44,000 jobs were created. There are 170,000 more jobs in Canada today than there were in July last year. Critics on the other side ignore these significant accomplishments and have adopted the attitude of: What have you done for me lately?

This government does not want to sit on its laurels when it comes to job creation for Canadians. In the high tech field the government is creating Technology Partnership Canada, a \$250 million program to facilitate the economic development of new technologies, technologies such as environmental management, advanced materials and manufacturing processes and the growing biotechnology field. As well, Technology Partnership Canada will solidify and build on the gains we have made in the aerospace sector.

We are continuing our efforts to help businesses of all sizes. Additional funding will be provided to both the Business Development Bank and Export Development Corporation to create new opportunities for business.

Team Canada trade missions have been an outstanding success. The delegations led by the Prime Minister have secured \$20 billion in contracts and deals for Canadian companies. Ours is an export economy and every billion dollars in exports is worth over 11,000 jobs here in Canada.

The Minister of Human Resources Development is taking a lead in changing the Canadian focus from unemployment to employment. We are increasing the earned income tax credit to encourage people to re-enter the labour market. Both the educational expenses deduction and the transfer of tuition and education credits will be increased by 25 per cent. As well, more people will be eligible for the child care expenses deduction, including high school students. Single people will now be able to claim credits currently available to couples. In two years these efforts will put almost \$300 million into the pockets of Canadians and will allow them to meet the challenges of today's job market.

For the young people of Canada, the government is working hard on employment opportunities. For many years young people were told that if they worked hard to get an education there would be a better job for them later. The economy has been slow in fulfilling that bargain so the federal government is stepping up its efforts. The government is doubling its funding for summer job creation for students. An additional \$315 million over three years will be set aside to create employment opportunities for youth.

One of the Canada employment offices for youth is usually set up each summer in my riding of Parkdale—High Park. I know this additional funding will be welcomed by the young people looking for jobs this summer.

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• (2050)

The Team Canada approach that has been successful overseas will be directed at home to co-operate with businesses to create entry level jobs for young people.

It is easy to see the Reform Party and the Bloc Québécois are wrong when they say that this budget does nothing about jobs. Employment is the number one priority of this government and the facts and initiatives speak for themselves. The March 6 budget is about more than jobs. It is about promoting fairness and securing futures for Canadians.

The government has listened to the concerns of parents about the taxation of child support payments. Divorces granted after May 1, 1997 will require that parents who receive support payments will not have to pay taxes on that money. The total amount will go to support the children. As well, the government will introduce changes to the child support guidelines under the Divorce Act to ensure equitable support payments.

In recent months there has been much talk about how Canada's pension system is collapsing. Nothing could be further from the truth and the government is acting now to restore confidence. Starting in the year 2001, senior citizens will receive a new seniors benefit directed to those in need that will combine the old age security, the government income supplement, age and pension income tax credits. Seventy per cent of all seniors will be as well or better off under the new system. Indeed 90 per cent of single senior women will benefit under the new seniors benefit. A senior couple with outside income totalling \$40,000 a year will receive over \$7,500 in tax free benefits under the new system.

In an effort to help all Canadians, particularly younger Canadians, the government is eliminating the seven year carry over rule on RRSP contributions. In the future Canadians will be able to carry forward unused RRSP contributions for life so that young people, young families making sacrifices now to pay mortgages and educate their children will be able to make up for lost contributions in the future. This measure will help people better prepare for their retirement.

Canada's banking system has benefited greatly over the last couple of years enjoying record profits while most Canadians have been tightening their belts. The Minister of Finance has indicated that the special tax on banks will continue. As well, to maintain the present diversity of financial institutions, the government will uphold the ban on banks in the direct selling of insurance profits.

The budget is about hope and opportunity for the future. Measures taken will enable young people to get jobs they have been trained to perform. Seniors and those preparing to retire will be able to plan with confidence for their future incomes. Canadians in all walks of life will feel more secure and hopeful as they see the economy progressing forward with jobs and opportunities.

Most important, this budget is about trust. In 1993 the people of Canada put their trust in the Liberal Party to do things right and to get the economy moving again. I believe we have earned that trust and we will continue to earn it under the sound leadership of the Prime Minister and the Minister of Finance.

In conclusion I invite the government members, the official opposition and members of the third party to give speedy passage to Bill C-10 so that job creation can continue as promised in the budget.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, the member asked that we give speedy passage to this bill. I was thinking the reason he wanted the speedy passage was so the government could raise some more money from the money markets to keep itself in business. He may wish to refute that.

At election time this government ran on a platform of jobs, jobs, jobs. I am sure we all remember that great slogan people voted for: jobs, jobs, jobs.

The government introduced the infrastructure program in which it would use \$6 billion of borrowed money in order to put Canadians to work. It sounded good. However the President of the Treasury Board was before one of the committees I sat on last year. I asked him to tell us how many jobs this \$6 billion infrastructure program had created. He sheepishly said as far as he was aware it had created 8,000 permanent jobs. That is \$6 billion of borrowed money in the taxpayers' name created 8,000 permanent jobs. Those are the figures of the President of the Treasury Board. They are not my figures.

• (2055)

We would have been far better off to put the money in the bank and give the interest to the people rather than putting them back to work. The interest would have worked out to about three-quarters of a million dollars per job created. The program did not work but we are now more in debt.

Just a couple of weeks ago the Prime Minister rose in the House as we all know and he laid a heavy responsibility on the private sector by saying: "It is now up to you to create jobs, jobs, jobs because we are a miserable failure at it over on this side of the House".

I ask the member: What is this government going to do that will really provide meaningful, productive, creative jobs that people can be proud of and that they can be sure they will keep for the rest of their lives, rather than these temporary make work projects that are done on borrowed money?

Mr. Flis: Mr. Speaker, it is clear the hon. member did not read what is in the budget. The hon. member did not hear a word of what I said. My whole 10 minutes was to emphasize how we have set the environment since we came into power to create jobs, create jobs

for young people, create jobs in high technology. He did not hear the Minister of Finance. He did not hear me when I said we are going to use the Team Canada approach that has been so successful internationally in generating \$20 billion worth of deals and contracts for Canadians. For every billion dollars of exports generated 11,000 jobs are created. The hon. member does not seem to take that into account at all.

The Team Canada approach was used in the infrastructure program. The municipalities and the provinces told us what their needs were. It is the first time the three levels of government got together to meet the needs of the local communities. Each level contributed \$2 billion. It did create immediate jobs which was the intent of that program.

I hope the hon. member will first of all read what is in the throne speech, read what is in the budget and listen when we are debating in this House.

[*Translation*]

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, I am pleased to speak tonight to the supply motion. But, as you may well understand, this motion would not have been tabled without the budget since the amount of money set aside is based on what is in the budget. I will therefore establish a very close link between the two and talk about this budget, as my hon. colleague did at length.

I know that, the day the budget was tabled, many Canadians and Quebecers were relieved to learn that there were no tax increases. This is quite a normal reaction at first. Nonetheless, for all curious but perceptive people who call a spade a spade, this budget contains bad news, which were announced last year.

Since the bad news was announced last year but included in the budget this year—it has even started to bear fruit—the government says that there is no bad news since it was announced last year. We should find an appropriate adjective to describe this way of submitting budgets, because, since taking office in 1993, the Liberals have brought down three budgets.

• (2100)

In only one budget out of three did the bad news it contained materialize in the year in which it was announced. And I must say that this first budget, tabled in 1994, was pretty terrible, in that it stuck a direct blow at the unemployed, those jobless men and women who need the kind of assistance provided through the UI program. It struck a direct blow at the people of the Maritime provinces in particular, who had voted Liberal full spin, yet finding themselves, without having been consulted even for five minutes, faced with a budget announcing a \$630 million cut in UI benefits for Atlantic Canada.

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That was the first budget, the one containing the bad news for that year and years to come, because the big cut, on which the government's claims of sound management are based, the bulk is in the UI program: \$2.4 billion per year to begin with.

Then, in 1995, the bad news having already started taking effect, more bad news was announced for the following year, this year, in the form of additional UI cuts, on top of the Canada social transfer: \$2.5 billion this year and another \$4.5 billion next year.

As a result, this year's budget looks pretty good, because the bad news, the worst part of it, news that can be the dramatic in some cases, was announced earlier. Now, they can rub their hands contentedly and say: "This is a good budget".

We should find an appropriate adjective for a budget which does not really say things, a budget which announces now reforms that will affect pensions in five years, a budget which merely says that things will be done later. Some people think: "Whew, it will be for later". And since the other measures were announced last year, or the year before, some say: "Things are going well".

This type of management has little to do with transparency, to say the least. If one reads this budget without knowing what is said in the budgets of the last two years, one cannot see that the bad news was announced before and will be implemented this year, often in a pretty dramatic way.

Can the ordinary citizen figure out what is really going on? It is pretty hard to see through this budget. There is a place where he will figure it out though. It is in his workplace, assuming he has one. There he will realize that this good budget will cost him dearly, especially if he is a low or middle income earner.

There are some who pay a high price for the feeling of satisfaction of our Minister of Finance, who proudly wears a carnation on his lapel. I am not referring to businesses or high income earners. Not at all. The fact is that those who are paying that price should not be the ones affected by such drastic cuts.

• (2105)

Take the UI reform for instance. This cut was announced last year, so much so that it was already factored in—the government was so sure of itself that the House of Commons and everything else did not mean a whole lot—so the cuts were factored in the budget for 1996-1997. This means an additional cut of at least \$800 million for this year and of \$1.9 billion in the years to come. But what does that mean, in the years to come? In three years, or four years. In fact, it will be in the year 2000. But as soon as next year, these cuts will already reach \$1.2 billion.

What does that mean? Let me repeat this, since, as we all know, repetition is the mother of science. Let us take the maritimes and the province of Quebec for example. In the maritimes or Atlantic Canada, since 1995, UI benefits have decreased by \$630 million every year. This is a lot of money for Atlantic Canada, especially

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since the unemployment rate is very high in these areas. And starting this year, there will be a new cut that will reach, in three years time, \$944 million a year.

For Atlantic Canada, a cut of \$944 million distributed among all its regions will mean that a lot of people will be affected. It also means that these people, who would have had otherwise hundreds and thousands of dollars more to spend, will have to do without. We are not talking about cuts of \$100 a year, or \$200 a year, but rather cuts totalling hundreds and thousands of dollars every year in provinces that can ill afford it. And to pay what? To pay the deficit. We finally get to the truth here.

This seems like a good budget, where we all wash our hands and nobody pays. But it is not true. There are people who pay. Quebec got \$735 million less in 1994. And now the federal government is taking away \$640 million more from us. Do not tell me that this \$1.375 billion cut will have no impact and that ordinary people, folks who are not at all well off will not suffer from that.

But that is not all. It has an economic impact. You cannot deprive an economically weak region of that kind of money without weakening its economy even more.

Let us get back to the main objective of these deficit related cuts. Is it a sound decision to force regions whose economy is already in trouble into a situation that will inevitably worsen the general state of the economy and increase social spending in these areas? It is not a sound decision. I am sorry. The minister, Paul Martin, may be proud of himself, but I find this rather tragic. There are people who pay, and they pay dearly.

The Deputy Speaker: Excuse me, but the member has forgotten that it is not allowed to mention the name of a minister.

Mrs. Lalonde: The hon. Minister of Finance. It is much nicer anyway.

• (2110)

Basically, what we need to wonder, as Canadians and as Quebecers, is just how, after these budget choices, after all the polite and general small talk of the budget, we will face the economic and social realities?

I must pause here to add the bad news announced last year, which will have a dramatic impact on provincial budgets and on the most disadvantaged once again, or on the middle class: the Canadian social transfer. It will be cut by \$2.5 billion, which will force the provinces to make painful choices between education, welfare and health. These are painful and agonizing choices, which will have economic and social consequences.

It is not true that this budget contains no problems, that it is a good budget, that the government is headed toward its objectives, that everything is fine, that everything is going along well and thus the economy will start picking up. It does not strike me as

appropriate to say such things. Why has unemployment insurance been the target of so many attacks? Why? The gist of the government's defence was that continuation of social programs must be assured. But that cannot be applied to UI. It is a self-sustaining plan as it is required to be, and one that is sustaining itself admirably well since the first cuts.

Mr. Speaker, are you aware that, without the additional cuts in UI, by the end of 1996 there would be a surplus, an accumulated reserve of at least \$4.3 billion? So, this reform, which will have such serious effects, is being launched despite a reserve of \$4.3 billion and the rock hard certainty that, with the cuts approved in 1994, next year there will be another surplus of at least \$2.4 billion. My figures are very conservative.

This means, that at the end of next year, there will be an accumulated surplus, very conservatively, without the announced reform, of at least \$7 billion. Is this the program to be cut to bits? It is time to call a spade a spade. This so-called reform, counter reform of unemployment insurance is aimed simply at reducing, very temporarily and very artificially, the deficit or we could say it allows the minister to reach many of his objectives, because, let us be honest, that is what it is all about.

It must be said, however, that this approach to reaching objectives is faulty, because, if we sink—and I hope we will not—in two years' time into a deep recession, where the number of unemployed is such that the accumulated reserve does not meet the need, the government will not only not collect any more contributions, it will have to borrow. This is not a real response to the needs of the fight against the deficit. It is wrong, and this is unthinkable, unless the government decided at the start that, after collecting such excessive contributions to unemployment insurance, if necessary, rather than borrow, it would further cut benefits, this sort of action would be not only inexcusable, it would be downright manipulation.

• (2115)

If the government really wants to get down to the problem of employment and of preparing Canadians and Quebecers for the labour market and really wants jobs to be created, I can tell you this is not the way to go about it. It looks for shortcuts, simple solutions, the easy way out, although perhaps it will not be as easy as that, if the truth be told. Perhaps the rallying of forces we have seen is an indication of the disillusionment of the people who always end up paying. Maybe it will grow.

We have not seen a movement such as this for a long time in Canada and the hon. members opposite can tell us that the union officials and social organizers are professional agitators, but from experience I can tell you something. All the union officials and social organizers in the world can organize nothing when people, who do not let themselves be manipulated, know that it is not worth the trouble. But when people know that it is worth it, that there is

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something there, they wake up, and you never know where it comes from or the proportions it can take.

We are talking about the people, and maybe they are angry because it makes no sense. There is such a huge gap between the conditions in which so many people live and the ease with which it is decided to cut here or there without considering the aftermath on social and economic productivity. It is possible that people are truly angry.

The Bloc Quebecois feels a responsibility to speak out, not because it wants people to rise up for nothing, but because it wants the people of Canada and of Quebec to have hope.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, it is a pleasure to speak to Bill C-10, the Borrowing Authority Act 1996-97.

I am not going to dwell too long on the details. I believe the hon. member for St. Paul's, the Parliament Secretary to the Minister of Finance, laid out very well the details of the bill.

Very briefly, the government is asking for \$18.7 billion of borrowing authority for the 1996-97 fiscal year. This amount is comprised of a financial requirement stated in the budget for 1996-97 of \$13.7 billion, exchange fund account earnings of \$1 billion and \$4 billion non-lapsing amount.

The major portion of the borrowing requirement comes from the budget. Throughout this debate all day long I have sat here and listened to members comment on the budget and its relevance to the deficit, the national debt and the requirement for borrowing.

• (2120)

This is not subject matter which is only of concern to Canadians. I want to quote President Bill Clinton who, just a few weeks ago in his state of the union address, made comments such as: "We have opportunities for all who are prepared to work for it". He said: "We have to live within our means. The era of big government is over. But we cannot leave our citizens to fend for themselves. We need self-reliance and teamwork". Those words are also applicable here in Canada.

In November 1995, along with all members of my party, I had an opportunity to present to the finance minister our views and thoughts on how to approach the fiscal responsibilities of the government.

I want to read into the record the very first paragraph I wrote to the finance minister as I laid out some of the suggestions I had for him in this 10-page document. I stated: "Whether one talks about business or government affairs, the degree of stability shown and the level of confidence earned are critical factors to success. The

public has responded positively to our government because we have demonstrated fiscal responsibility. Through our consultative approach, the electorate better understands our fiscal situation and the reasons for spending cuts and the reallocation of resources".

"We have also provided credible leadership, set overall fiscal targets that were realistic and achievable and, most importantly, we met those targets. We believe that these achievements have helped to promote the essential elements of stability and confidence that our future success depends on, continuing to reflect those elements in our policy initiatives".

The minister listened to the input of the House and of all Canadians because the members of this House reflect and respond, in our committees and in our communications with each other, the feelings of all Canadians.

Reflecting on President Clinton's comments about not allowing our citizens to fend for themselves shows the essential difference between the approach advocated by the Reform Party and the approach of the government. The government has said it has to get its fiscal house in order but it is going to do it in a way that does not leave tragedy in its wake.

Program spending for the government in the 1993-94 year, which was the fiscal year ending just after the last election, was \$120 billion. When taken with revenues and other public debt charges, the deficit for that year was some \$42 billion, a very large number. It is not a deficit that anyone in this place believes could be eliminated simply by doing something different, flipping a switch and making it happen. It cannot happen that way. It represented 6 per cent of the GDP of this country.

In his first budget the finance minister undertook to reduce that deficit to 5 per cent of GDP, 4 per cent in the subsequent year, 3 per cent for the year ending March 31, 1997 and in recent addresses has indicated that he will bring it down to 2 per cent of GDP by the 1997-98 year.

There is no question about the direction that the finance minister is going and why he has asked Canadians to look at the essential elements of what Canada must do to balance its budget, which is what all of us want to do. I should not just stop at balancing the budget, it is also to start creating a surplus in a way which will allow us to start paying down the national debt.

The national debt is somewhat over \$550 billion.

• (2125)

It did not exist some 25 to 30 years ago. Over these last 25 to 30 years Canadians have taken out of the system something like \$350 billion more in goods and services than have been paid for. The additional amount of the national debt is the compound interest that

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has been accumulating. It is a problem to be dealt with. We have to deal with the deficit first. The deficit has been dealt with: 6 per cent, 5 per cent, 4 per cent, 3 per cent, 2 per cent of GDP by the 1997-98 year. We will have a balanced budget. We will be in a position to tell the Canadian people that a balanced budget has been achieved.

We will start addressing the debt which was the recommendation of the auditor general. We have to get past balancing the budget. We have to start looking at that debt. We have to reduce it to a sustainable level. The House will have to deal with that issue.

I could spend the rest of my time talking about each and every one of the budget elements and about how important it is to the achievement of meeting those targets that the finance minister has met. It is just as significant to have on the record what others have said. It is one thing to pat ourselves on the back, but let us see what others have to say about the finance minister's input.

Mr. Bill Good of B.C., a radio host on CTV Sunday Edition on March 10 said: "What the finance minister has done is he has gathered a considerable amount of credibility by hitting the targets he has said he was going to do".

Dalton Camp said of media reports: "Almost everybody liked the budget. The strongest defence of the finance minister's fiscal policies was uttered on budget night when the Reform Party leader simply was at a loss for words, saying nothing".

The Deputy Speaker: Is the hon. member intending to use the rest of his time to read press reports which most of us have read?

Mr. Szabo: I have only one more.

The final one is from Jeffrey Simpson who said: "If the federal government 10 years ago had introduced budgets like the last two, including yesterday's—The fight against the deficit-debt has been waged, thus far successfully, without major tax increases, to which Canadians have become politically resistant. It has instead being fought where it belonged—in the government's own spending and in transfers to the provinces".

These comments, along with others, are from people who actually follow this place and understand the government's approach to the question of the debt and the deficit and its need to borrow to finance that, which is the purpose of Bill C-10.

As I indicated in the letter that I wrote to the finance minister, the stability and the confidence demonstrated by the government are extremely important.

In one of the first speeches that the finance minister gave in the House, he included in his statement: "Good social policy makes good fiscal policy and good fiscal policy makes good social policy".

I listened today to the speech of the member for St. Albert who was talking earlier about the infrastructure program. He was talking about spending \$6 billion. This money was borrowed pursuant to a borrowing act similar to the one we are talking about tonight. He tried to explain to us how that really was not an appropriate expenditure.

What he did not talk about was that the \$6 billion, which was a contribution to all Canadians right across the country based on population, also had contributions from other levels of government that matched those moneys. Jobs were created, real jobs for people who were probably on unemployment insurance, people who were looking and desperately wanted the dignity of a job. They got it. Those jobs were created.

Because of that program people got off UI, they got off welfare. They started paying their fair share of taxes. They had the dignity of a job. I do not know how the member concludes that giving people jobs is not a good thing for us to be doing.

I listened also today to the member for Calgary North who started to argue what a terrible thing it was that RRSP limits were not increased from \$13,500 up to \$15,500.

• (2130)

Members probably know that to be able to contribute to an RRSP of \$13,500 one would have to make \$75,000 per year and much more to contribute \$15,500. In most of her speech the member argued what an awful thing it was because we did not give a further tax break to the top 2 per cent income earners in Canada. This is unbelievable. Average Canadians are living from pay cheque to pay cheque, never mind contributing to RRSPs.

President Clinton said we have to balance the needs of the citizens and balance the budget. It must be done in an honourable way, not on the backs of the poor, the disabled and the aged, which is what I hear from the Reform Party. This is the kind of thing that defines the differences of the philosophies of members of the House.

One member is arguing on behalf of the top 2 per cent of income earners in Canada. I say that when the budget includes things such as eliminating the seven-year limitation on the carry forward of unused RRSP amounts, it is a positive step because it makes sure young Canadians who are just starting out and who do not have the cash to put into RRSPs will be able to make it up later on in their lives once they get a little cash in the bank.

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I also heard the member for Lethbridge argue the Reform Party budget would have chopped health care less than the Liberals. It would have chopped post secondary transfers less than the Liberals and also that cuts to seniors would have been less than those of the Liberals. He also said Reformers would lower the deficit and start paying down the debt.

I did not get the chance to ask the member a question. How can Reformers do less cutting of spending than we did and still have a lower deficit? They did not answer the question. It cannot be both ways. These are contradictions.

The member for Nanaimo—Cowichan stood in the House and made the argument that we are not creating jobs and that jobs are the problem. I looked at the report which came out from Statistics Canada, March 8: 44,000 new jobs were created in February, following the creation of 44,000 jobs in January and 49,000 jobs in December 1995, for a total of 137,000 new jobs created in the last three months, 82,000 of which were full time jobs. That means that more than 600,000 new jobs have been created since the government took office in 1993.

Is that enough? No, not for a moment. There are still a million Canadians who want work. There are still young people looking for work. I have a son who is graduating from university at the end of this semester and he will be looking for a job. He wants the dignity of a first job. Unemployed young people, 25 per cent, want the dignity of a first job just like we had. We have to work harder to make sure they get it.

I mentioned that good social policy makes good fiscal policy. It made me think about an element in the budget, child support payments and their taxability. I quote again some points the president of the United States raised in his state of the union address a few weeks ago: "We must cherish our children and strengthen our families. We must take responsibility for our children. It is hard to be a parent, but it is even harder to be a child. All strong families begin with taking responsibility for our children. Families are the foundation of our country's life. Strong families mean a strong country".

He said all those things and the word family was repeated over and over. I thought about the words of the Finance Minister that good social policy means good fiscal policy and about the taxation of child support payments. I thought we have a tragedy here. We are upset and spending our energies debating who should pay the taxes on child support payments and we forgot that the family was eroding. We forgot about this being the result of two people who decided for one reason or another they were better off apart even when there were children involved.

• (2135)

How could this be that we are arguing tax dollars when it is the children there? How can we be arguing this when we know that family breakdown is a result of spousal abuse, economic and

financial abuse and all these things? How is it we are arguing about the taxability of things?

The lady who argued this case in front of the Supreme Court, Suzanne Thibaudeau, made a very passionate plea. Here is a person who was paying less tax apart from her husband than they were paying when they were together.

Why is it that they are better off from a tax standpoint being apart than being together when we know that the family is the foundation of our society? The change was made to the taxability of the child support payment back to the husband and not to the wife. It simply puts couples who separated on the same footing as families have always been. That is the success in the budget move.

It is not a change in the taxability. It is a change that puts separated couples on the same basis as the family. It is amazing. I support the principle included in the budget but for a totally different reason. The family is the fundamental asset that we have in society.

If the family were cared for, if the family were honoured and cherished, if working in the family home and caring for our children were an honoured profession again, if spousal abuse were treated the way it should be in society where the costs of all the aggravation of spousal abuse in society were totally eliminated, the deficit would be gone. If the family were strong, the deficit would be gone.

That is the message that has to get out. It slowly came out in the state of the union address. It will slowly come out in the debate on the budget, on the borrowing bill and in the throne speech. It will slowly come out if the people in the House have the guts to stand up and speak up on behalf of the family. It is the family that will make it. If a strong family exists in Canada, Canada will be as strong as it can be. I wish I could spend the rest of my time talking about the family. Most of my work has been related to family issues and to taxation of the family.

The issue we are talking about, balancing the budget, has to do with getting right back to what I wrote to the finance minister in the very first place, stability and confidence. It is saying and showing by one's actions as well as with words that one cares about the country, that one cares about fundamental principles, dammit, including family values. Those have to be there. They are not strong enough. I will continue to speak out on behalf of the family. I will continue to fight for tax fairness and equity within our system.

We have opportunities before us and I hope all members will look for those opportunities so we can one day, very soon I hope, announce that not only do we have a balanced budget but that we will start paying down that awful national debt.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I will be splitting my time with the member for Capilano—Howe Sound. It is not too often that I start a speech with a compliment to a member

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from the opposite side but I would like to echo the closing remarks of the member for Mississauga South. He said if the family were strong, the deficit would be gone. I believe the sincerity of his comments and I go on record as echoing the same.

The Deputy Speaker: Permit me to apologize to the hon. member for Mississauga South on the record for interrupting his intervention. It was a result of sitting here for about seven and a half hours today. The Chair had no right to interrupt when he was speaking. I apologize to him.

• (2140)

Mr. Williams: Mr. Speaker, we are talking about Bill C-10, an affront to Canadians. It is a very short bill. It is only about one page long but it has a very long tail on it.

I was reading in the Edmonton *Journal* a few days ago that this weekend there will be a comet coming into our view. We will be able to see something very small in the universe with a very long tail. I thought it quite appropriate that it would show up this weekend since here we are talking about a very short bill with a very long tail. We will be paying for this for years, decades and so on. We will pass it on to our grandchildren.

Clause 2(1) states the Minister of Finance may raise money by way of loan or by the issue and sale of securities of Canada in such amounts not exceeding \$18.7 billion. That is \$18.7 billion the Minister of Finance will hang around the necks of Canadians in the next 12 months. If that falls under his realm of good government I do not know why I am standing here and I do not know why he is standing there trying to tell Canadians this is good for us. It is not.

Eighteen billion, seven hundred million dollars of new borrowing dumped on the backs of the hundreds of billions of dollars that we already owe is an affront and has to stop. That is why the Reform Party members said let us get the job done and let us get it done now.

One of the previous speakers talked about the reallocation of resources and how good this was. The Minister of Finance is reallocating resources because he is cutting programs to the poor, he is cutting programs to the needy, he is cutting programs to families and he is transferring that money to the rich bankers and the wealthy people from around the world who now enjoy the greatest, richest and largest transfer program in the history of Canada.

According to the Minister of Finance's projections when he took office in 1993 it was consuming \$38 billion of Canadians' hard earned taxes paid. By the time he goes back to the people in 1997-98 that program will have grown to \$49 billion, the largest and most expensive statutory program in the history of the country. It benefits no one but the rich at the expense of the poor.

That is why the Reform Party is very concerned about the deficit. That is why the Reform Party said the deficit has to be eliminated. The growth of this program has to be stopped now. We in the Reform Party are concerned that we have money available to help those who need it, not those who want to take it from us.

That is the fundamental difference between Reform and those people on the other side who say let us ease this thing down gently so nobody gets their nose out of joint. That is not what it is about. It is about ensuring we can afford what is needed.

I hope the Minister of Finance and the people who support him on that side of the House realize the clock is ticking and the longer it ticks, the greater the chances he will run off the rails and the job will never get done. I could go on at considerable length.

I am also very disappointed that the Minister of Finance stands in the House and tells us about how he is meeting his targets, how wonderful the Liberal government is, how we should have confidence in the government and in what it is doing. Let us look at what it is doing.

Did anyone see the reference to Nav Canada in the *Globe and Mail* today? Nav Canada is this new not for profit monopoly the government is creating to run our air navigation services. I have a little problem with the monopoly but let us leave that aside for the moment.

• (2145)

The government is going to force Nav Canada to go out into the money markets to borrow \$3 billion to buy these assets to pay for some kind of \$1.5 billion profit the government is going to make as it sells these assets and turfs them over to this new not for profit monopoly called Nav Canada. The government is going to end up with a \$3 billion windfall from the sale of assets that belong to the people of Canada paid for with taxpayers' money.

Did the Minister of Finance tell us: "Oh by the way, while I meet my deficit projections it is because of the windfall profits that I forced them to go out, borrow the money and give it to me"? Did he tell us that? No.

What about the fact that he has changed the rules in the collection of UI premiums to force people with large incomes to pay all the premiums in the first few months rather than spreading it out over 12 months? This forces them to pay sooner which means the government gets its money in this year instead of next year, and generates a \$500 million windfall. Did he tell us that? No.

Did he tell us that when he got rid of the \$2 bill and introduced a \$2 coin which falls apart that through this whole concept called seigniorage the government is going to get a windfall profit of \$500 million this year? Did he tell us that? No.

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Did he tell us that while he is not increasing income taxes at all and has not for quite some time that people who are 69 and 70 years of age can no longer get a tax deduction for contributing to their RRSPs? They are now going to start paying taxes on the annuity as they start withdrawing from their RRSPs because he has changed the rules which force them to do that. No, he did not tell us.

Did he tell us that he is going to change the rules in child support to collect another \$240 million out of the pockets of the people who in many cases need every penny they can to provide for the kids because there are two homes involved? In doing so a whole new business for the lawyers is going to be created so that money goes into the pockets of the lawyers rather than to feed the kids. Did he tell us that? No. It goes on and on.

He has forced small business proprietorships to go through endless hoops and expensive accounting bills in order for him to suck the money out of their pockets by changing their fiscal year end from whatever it was to December 31. He can collect his money faster and they have to scrape it out of somewhere, he does not care where, so that he can get a windfall bonus by squeezing it out of the people who are trying to create jobs. And he boasts about not increasing taxes.

He extended the surtax on banks so he will collect another \$40 billion next year even though that was supposed to pay the way and he tells us he did not increase taxes. Smoke and mirrors, deception at every turn. The Canadian people are being led down the garden path.

The government talks about waste and the Minister of Finance talks about it explicitly twice in the budget speech. He was going to wring waste out of the system in order to ensure the taxpayers' money is well spent.

I read an article in the *Globe and Mail* today about Nav Canada. We have about 6,000 civil servants who are going to "lose their jobs" with the government. The following morning they will have a new job, which is the old job, working for a new employer which is this not for profit monopoly set up by the government. This new job, which is exactly the same as the old job, and they did not notice except the name on the paycheque is different.

These civil servants are going to share in a \$200 million bonus. They get their severance pay because they are being laid off from their government job and they will be transferred in an off balance sheet situation.

• (2150)

The government can collect its \$3 billion windfall profit. It is going to cost the taxpayers, people who are looking for jobs, people

who are trying to keep their jobs and people who are not sure they are going to have a job next year, \$200 million in severance pay for people who are not even going to be out of work one single day. It goes on and on. It is a shame and it is disgraceful.

I have one final point. I rather hate to bring this up but I do have to raise child care and child support. The government is now going to legislate child care and child support. I really appreciate the heartfelt sincerity of the member from Mississauga. Why for example in Alberta, does a parent with three children, who makes \$38,000 going to have to pay \$750? Parents in every province will have to pay over \$700, yet in the province of Quebec and only in the province Quebec it drops below \$700 all the way down to \$640. Why the exception for that province?

There are many other things I would like to get on the record but my time is up.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, I am not sure how much I look forward to speaking for 10 minutes on this subject since I have been here since eight o'clock this morning and it is now the 14th hour of my rather full day. Nevertheless, Bill C-10, the borrowing authority bill is a rather important bill or it should be an important bill.

For a long time I remember in the United States there used to be the need for the government to go to Congress every year to acquire permission to increase the debt limit. This bill focused the discussion on issues about spending and deficits which were very salutary.

I wish in the parliamentary system we had an opportunity to focus our discussion on what these deficits do to our children and grandchildren who are not represented here because they cannot vote. I know this is a cynical point of view, but I believe if they really were in our minds when we voted for these kinds of increases in deficits, these appropriations to spend more and add more to the debt, we would not do it if we remembered what we are doing to our children and grandchildren.

Unfortunately we have a system here where all the conclusions are pretty well pre-ordained. What we have is a lot of talk. Let me add to this talk on a subject that is of great concern to me.

Today several members opposite spoke about an article written by my good friend and colleague, Dr. Mike Walker, an economist and director of the Fraser Institute. He published an article in the *Globe and Mail* last Thursday. The title is "Budget out-Kleins Klein—Another Perspective". In this short editorial, Dr. Walker indicated his enthusiastic support for the budget that was brought down last week and which at this moment is being debated in the context of the need for more borrowing to which it gives rise.

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The editorial bases its enthusiasm for the budget on something very interesting, an index which the Fraser Institute has called the Klein index. It is alleged to be an objective assessment of the fiscal restriction imposed by a certain budget. As Mr. Walker indicates, he believes this takes subjective judgment out of the debate. I am really puzzled by this. Dr. Walker in co-authorship with Robert Richardson in the February issue of *Fraser Forum*, a monthly publication of the highly respected institute, with circulation in the thousands, has published a paper entitled "How to Balance the Federal Budget and Keep Canada together". Mr. Walker suggests cuts in program spending. This is money spent on everything other than the debt and excluding social transfers to individuals and provinces.

• (2155)

Dr. Walker enthusiastically endorsed the need for further cuts. He would have doubled according to these proposals the cuts to program spending of \$6.9 billion enacted by the Minister of Finance last year. He would have added \$6.3 billion in order to achieve the targets he thought were necessary.

I will give in a moment his summary of why he liked and why he suggested this budget. He gives here a long table on how he would find the extra \$13 billion. For the department of agriculture he suggested an additional cut of \$600 million out of a budget of \$1.2 billion, and so on.

The second element of his budget proposal which was very important suggested an increased clawback of all social transfers to individuals and families. His emphasis was on families, social transfers in the form of UI, OAS and CPP together. He gave a schedule on how he would have done that and he suggested that another \$8 billion should have been taken out of this program.

Why did Dr. Walker and his co-author suggest this would be necessary? It would bring about in two years an elimination of the deficit, and a surplus would begin.

He concludes the article with the following paragraph: "By balancing its budget within the next two years and beginning to

reduce the national debt, the federal government can restore the confidence of most Canadians in the financial, economic and political viability of one Canada for all Canadians into the 21st century".

This of course has been the platform of the Reform Party since its election campaign, reinforced in the taxpayers budget published last year.

The Liberal budget did nothing Dr. Walker proposed two months earlier. There were no further cuts. There was no dealing with the problem of social program spending to high income families.

It is a very puzzling phenomenon to me. How can a man within a couple of weeks change his mind? On the one hand he would have predicted that if this budget did nothing of what he recommended, it would have been a failure. He then turns around on the basis of an objective index and would say this is a wonderful budget.

I can see only two explanations. One is that, as he said, this is an objective index. Maybe he was not objective when he wrote the first budget, when he made his budget proposal. I do not believe that. I have co-authored several books with Dr. Walker. The last one has been published in Chinese.

The only other alternative I have as an explanation is that there is a serious flaw in the design of the so-called objective index. I believe what is missing is any kind of weight given to the speed with which a fiscal restraint is enacted. I believe that is a fatal flaw.

I look forward to talking to Dr. Walker on the telephone in order to clear up this puzzle. I can assure him he has given enormous support to the Liberals, all of whom rave on all the time about how this conservative leader of the economics profession in Canada has seen the light and swung around. It is a total puzzle to me. I tried to explain it. Maybe I will have more news tomorrow.

[*Translation*]

The Acting Speaker: It being 10 p.m., pursuant to order made earlier today, the House stands adjourned until tomorrow at 10 a.m.

(The House adjourned at 10 p.m.)

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