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(HANSARD)

Tuesday, March 18, 1997

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Tuesday, March 18, 1997

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[Translation]

GOVERNMENT RESPONSE TO PETITIONS

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

* * *

COMMITTEES OF THE HOUSE

NATIONAL DEFENCE AND VETERANS AFFAIRS

Ms. Mary Clancy (Halifax, Lib.): Madam Speaker, I have the honour to present to the House, in both official languages, the first report of the Standing Committee on National Defence and Veterans Affairs.

[English]

Pursuant to an order of reference dated Wednesday, February 3, 1997, the committee has studied Bill C-300, the volunteer Canadian service medal for United Nations peacekeeping act, and has agreed to report it with amendments and with much thanks to the member for Saanich—Gulf Islands.

* * *

CANADIAN CHARTER OF DUTIES AND RESPONSIBILITIES

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.) moved for leave to introduce Bill C-388, an act to establish a Canadian charter of duties and responsibilities.

He said: Madam Speaker, one of the main problems I have identified in my research is that there are legal documents which describe the rights of Canadian citizens in great detail, but no legal

document which describes their responsibilities. Consequently, Canadians are becoming more and more preoccupied with their rights, which is creating an unhealthy entitlement mentality in our society.

Today I am introducing a private member's bill entitled the Canadian charter of duties and responsibilities. My long term goal is to improve the balance between self-interest and public interest and to encourage a sense of trust, responsibility and generosity of spirit among all Canadians.

The specific purpose of my bill is to remind Canadians, every time they apply for a federal program, of this simple reality: we cannot continue to enjoy our rights until and unless we continue to fulfil our responsibilities.

My bill describes in very general terms 16 fundamental duties of citizenship and every time a citizen or permanent resident of Canada seeks any financial assistance from the federal government they will be required to sign a statement of duties and responsibilities. This routine process will serve as a regular reminder that the benefits of being Canadian also mean meeting one's obligation to our country, our communities and our families.

My bill will also ensure that all federal legislation is consistent with the principle that rights and freedoms must be balanced with duties and responsibilities.

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

* * *

• (1010)

DIVORCE ACT

Mr. Paul Szabo (Mississauga South, Lib.): moved for leave to introduce Bill C-389, an act to amend the Divorce Act (marriage counselling required before divorce granted).

He said: Mr. Speaker, this month the Vanier Institute on the Family reported that one out of every two marriages in Canada ends up in divorce and that 50 per cent of children will experience family breakdown before their 18th birthday. It also reported that 23 per cent of families in Canada are lone parent families and account for some 46 per cent of all children living in poverty.

This private member's bill seeks to amend the Divorce Act to require that spouses attend marriage counselling before a divorce is

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granted, unless grounds of mental or physical cruelty are present or the court is satisfied that it is impossible or inappropriate for them both to take counselling. The issue here is not the divorced couple but the children.

Children of divorced parents are two to three times more likely to experience poverty and insecurity. They experience negative impact on their capacity to love. They are less likely to go to college or university. I could go on.

I want to conclude by saying that the children are the real victims of divorce, that mandatory counselling will provide reasonable guidance to ensure that a viable parenting plan is in place and that the acrimony in divorce is mitigated as much as possible.

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

* * *

[Translation]

PETITIONS

NATIONAL HIGHWAY SYSTEM

Mr. Gilbert Fillion (Chicoutimi, BQ): Madam Speaker, pursuant to Standing Order 36, I have two petitions to table this morning.

The first one deals with the national highway system, 38 per cent of which is substandard. The petitioners point out that the national highway policy study identified job creation, economic development, saving lives, preventing injury and, more importantly, improving Canada's competitiveness on international markets as benefits of the proposed national highway program.

Therefore, constituents in my riding are calling on the federal government to join with the provincial governments in upgrading the national highway system.

GASOLINE TAX

Mr. Gilbert Fillion (Chicoutimi, BQ): Madam Speaker, the second petition points out that the availability of sources of affordable fuel is a natural advantage to Canadians in reducing the high cost of shipping over long distances between source and market.

In addition, Canadians are paying approximately 52 per cent of the cost of a litre of gasoline in the form of taxes and the excise tax went up by 1.5 cent a litre in the last budget of 1996.

Constituents in my riding therefore request that Parliament not increase the federal excise tax on gasoline in the coming year.

[English]

EMERGENCY PERSONNEL

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I have two petitions today. The first comes from Guelph, Ontario. The petitioners draw to the attention of the House that our police

officers and firefighters place their lives at risk on a daily basis as they serve the emergency needs of all Canadians.

They also state that in many cases the families of officers killed in the line of duty are often left without sufficient financial means to meet their obligations.

The petitioners therefore pray and call on Parliament to establish a public safety officers compensation fund to receive gifts and requests for the benefit of families of police officers and firefighters killed in the line of duty.

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, the second petition comes from Winnipeg, Manitoba.

The petitioners 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 assist families that choose to provide care in the home for preschool children, the chronically ill, the aged or the disabled.

* * *

● (1015)

[Translation]

QUESTIONS ON THE ORDER PAPER

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

The Acting Speaker (Mrs. Ringuette-Maltais): Is it agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from February 20 consideration of the motion that this House approves in general the budgetary policy of the government; and on the amendment.

Mr. Gary Pillitteri (Niagara Falls, Lib.): Madam Speaker, I will be sharing my time with the member for Fredericton—York—Sunbury.

We all know that budgets are delivered to the House of Commons and the nation as a whole, but budgets are lived every day

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within communities throughout our country. This budget, in my opinion, has encountered a very positive response in the homes and workplaces of many families of my constituency, in fact, in hundreds of thousands of families across the nation.

This time the government did not speak to the corporate boardrooms of the nation nor did it speak to the international money making organizations, important as they may be. It spoke instead to the homes and families which are the real strength in the country. When we speak of families, every parent across the country will tell us that their greatest concern is the well-being and future of their children. The budget addresses the future of Canada's children.

In the budget, the Liberal government proposes a two-step enrichment of the current child tax benefit. What an historic undertaking, two levels of government committing to a new cross Canada child benefit system.

By investing in our children, we reflect Canadian values and priorities and make our investment in a stronger society. I am very proud that the budget allocates \$230 million over the next three years to assist the disabled. Canadians with disabilities face real barriers. However, they do not seek any special treatment. They seek equal citizenship and need our support to secure it. For this important reason, the medical expense tax credit has been broadened.

In the budget, the finance minister addresses important family issues with his championing of medicare and his aid to the most in need among us.

My riding of Niagara Falls was lucky enough to be represented in the House by another champion of medicare. I am referring to the Hon. Judy LaMarsh, who was responsible for some of the most innovative legislation within the Pearson government. It was under her guidance, as minister of national health and welfare in 1963-65 that the Canada pension plan was implemented and Canada's medicare system was designed.

Recently, and always under a Liberal government, we have learned from the National Forum on Health that the money spent on health in Canada is more than sufficient. There is, however, a lot of evidence that the money is not being spent as effectively and efficiently as it could be. The budget has listened to this and is providing funds that will help to pave the way for more effective and efficient health care system which will bring Canada into the 21st century.

Despite the over 700,000 new jobs created since 1993, we strongly believe that the unemployment rate remains too high. What parent, as head of a family, is not concerned with how they make their daily bread? The budget addresses job creation, jobs which support the dignity of individuals as no one enjoys being unemployed, jobs which allow the breadwinners to give their families a decent standard of living, and jobs that will allow family

members to contribute to the new revitalized Canada pension plan for which, Mr. Prime Minister, we all thank you today. The tourism sector is a very important component for the creation of jobs in the Niagara region. The industry is expected to grow by 125,000 new jobs in the coming years and the budget allocates \$95 million for this very purpose.

• (1020)

My constituency of Niagara Falls borders the U.S. and it has some of the most spectacular scenery in the world. I must admit that the budget's support and encouragement of tourism is good news for my constituency and for all the Niagara peninsula. The help provided in the budget to the tourism industry will be great for all of Canada. Is it not true that almost every constituency in Canada is a tourist destination?

Tourism is more than just the scenery. By working in conjunction with the aid provided to tourism by the Liberal government we will succeed in making our cities, towns and villages equal to our scenery as places for tourists to see and enjoy.

We are building our tourism industry not only for visitors from abroad but for Canadians who will then be able to meet and discover one another and explore each other's culture. I firmly believe that inter-Canadian tourism can do much more to knit the country together than all the politicians and constitutional lawyers will ever be able to do.

As our cities, towns and village grow older and our population stabilizes we have to renew and rebuild much of our infrastructure system and the budget has recognized this. Even the most right wing of private enterprise supporters would have to agree that if there is a place for government spending it has to be on infrastructure. It must be the streets, roads, bridges and schools. As we all know, those are not in the areas where enterprises excel.

Our families need good infrastructure for improved health care, education and safety. Businesses need good infrastructure to become more competitive and to create the profits which in turn will supply the economy with jobs and revenue. My appreciation, and I am sure the appreciation of millions of Canadians, goes out to the Liberal government for recognizing the need of this basic stepping stone for reaching the 21st century.

Lower interest rates are expected to generate between 300,000 and 350,000 new jobs this year. They have translated into real savings and real benefits to individuals and business alike. Furthermore, the measures announced in our fourth budget cannot but facilitate greatly the task of small business in creating jobs.

Speaking of small business, I would like to address the farming community and its constituents who in most cases are small or medium sized business owners. I am sure they will appreciate the budget measures geared to the Farm Credit Corporation, which will enhance economic growth in rural Canada by providing specialized and personalized services to farming operations. Family farms

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and small and medium sized businesses that are related to farming will then be able to benefit from it. Increases in the Farm Credit Corporation's lending activities will help to enhance the economic development of rural Canada, particularly the agri-food sector.

• (1025)

In conclusion, when we took office Canadians knew that tough decisions and fundamental changes were required. Canadians did not want any tinkering. They asked for lasting solutions. They wanted us to develop a plan and stick to it. With our fourth budget we have done just that and we are continuing to do so because we know we are on the right track.

One of our greatest prime ministers, Sir Wilfrid Laurier, said that the the 20th century belonged to Canada, and it surely has. However, our work is not complete. Our record is not perfect, but it shows that the Liberal government has taken its commitments very seriously. Our current Prime Minister and Minister of Finance have with this budget staked out our claim which will successfully lead Canada and all Canadians into the 21st century.

Mr. Jim Silye (Calgary Centre, Ref.): Madam Speaker, I have a comment and a question or two to ask of the member for Niagara Falls.

I know he is a businessman. I would like to make this analogy. He praises this budget. He says that it is a good budget and that he is proud of it. When the government first came into power its members talked about how they would reduce the deficit to 3 per cent of GDP. Somehow we thought the deficit was \$38 billion but that was inflated to \$42 billion.

According to the budget the deficit for the current year now stands at \$19 billion. Would he agree with me that a deficit in a business can be stated as a loss? When the government took power the previous government had run up a loss of \$42 billion. The Liberal government has now reduced that loss on an annual basis down to \$19 billion.

The member is saying that he is proud of a budget, that he is proud of a business, that he is proud of a finance minister who brags about breaking the back of the deficit or that he is proud of a finance minister who loses on behalf of Canadians, who spends more money than he brings in by \$19 billion.

How can the member say that he is proud of a budget that loses this kind of money when the whole criteria of a budget should be to get to a balanced budget, and the sooner the better. I know the member is a businessman. I know the member understands that he could not run at a loss for 30 straight years and keep adding to his debt unless he had unlimited natural resources in Niagara Falls. Maybe he does. I know Canada is rich as well. I do not understand

how Liberal members can brag about a budget that brings in a loss of \$19 billion.

The member talked about the serious commitment of the government. We found out yesterday that to reduce the deficit the government has cut transfers to provinces by \$7.5 billion. That represented about 23 per cent of its overall deficit cutting regime. Then the government representatives said: "Yes, we know it's tough to swallow. You provinces will have to handle it. You guys will have to work it out at lower levels yourselves and locally. But we're going to bite the bullet as well. We are going to reduce program spending and departmental spending by 18 per cent or so, by \$9 billion".

The government was supposed to cut regional development by 50 per cent but it is still the same. It is still half a billion dollars away on transport even though it has done a good job in that area. If the government is serious about its commitment, then why have the cuts to departmental spending, the government's spending within its own jurisdiction, not been made to their full extent? The cuts are only half of what they should be according to the member who said that the commitment was strong.

• (1030)

Mr. Pillitteri: Madam Speaker, I thank the hon. member for his excellent question.

When we went to an election in 1993 there was a \$42 billion deficit. We stated at the time that we would bring our deficit down to 3 per cent of GDP, and we have done that. We are very proud of that. Not only have we done it, but we have excelled on it.

An hon. member: By tax increases.

Mr. Pillitteri: It was not by tax increases. We have done this by lowering spending on behalf of the government. We lowered our spending by a ratio of seven to one that we transferred to the provinces. The provinces were warned two years ahead that their transfers were going to be cut.

In comparison we cut our own spending by seven to one. We have not done this on the backs of Canadians, as the hon. member across the way and his party wanted to do it. We wanted to do it fairly. We wanted to do it slowly so that in actuality people would reflect and understand what we were doing. We did not want to burn and slash as the hon. member across the way wanted to do. We wanted to do it in a way that was fair to Canadians, and we have done so.

Our job is not finished yet. We want to continue and certainly we will continue because we are on the right track.

Mr. Andy Scott (Fredericton—York-Sunbury, Lib.): Madam Speaker, this is my first occasion to congratulate you on presenting yourself in that part of my constituency that has been transferred. I

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know you will represent those constituents in the future as ably as you have the people of Madawaska—Victoria.

In considering the budget we have to go back to 1995. I am sure that happens from time to time in circles on both sides of the ideological lines in terms of what the 1995 budget meant to Canada, what we have been able to accomplish, and what we have been unable to accomplish. I cannot disconnect the 1995 budget from our former colleague from Notre-Dame-de-Grâce. This is also the first opportunity I have had to pay tribute on the public record to someone who served this place with honour and integrity far in excess of the average.

The 1995 budget represented a challenge for many of us in the context that we had to do some very tough things. We had to exercise vigorous restraint on what we would like to consider Liberal programs. It did not come easily to us.

Because we did it we have found ourselves in a position where if the current deficit is not finished with the job must continue. We have to be vigilant to make sure that we retain our economic and fiscal sovereignty. Generally speaking it is considered to be manageable. All indications from outside observers would suggest that. That allows us to do some of the things the budget has done.

Specifically I refer to jobs. I will simply go through the list of things contained in the budget respecting jobs. There will be \$95 million for tourism over three years; an extension for another year of the infrastructure program that was extremely helpful in terms of jobs and infrastructure development in Fredericton—York—Sunbury; a year of premium relief under the new hires program; a 10-cent premium reduction on EI premiums; \$50 million for private sector infrastructure through the Business Development Bank; and \$2 billion additional capital for the Small Businesses Loans Act. We often speak of the Canadian Foundation for Innovation and its impact on universities. It is a job generator in terms of the R and D opportunities in placing Canada in a position to compete at that level internationally.

• (1035)

The opportunities fund which has been discussed with regard to disability is a program designed to allow Canadians with disabilities access to employment. The youth package was announced prior to the budget. The interest rate is low. All these things lend themselves to job creation in an environment that will see more jobs.

The second or third consecutive budget has attempted in a modest way, admittedly, to deal with the real problem of child poverty. In a relatively affluent society we have this anomaly. I do not mean to understate it. It is a terrible tragedy, but the real tragedy is that it could happen in a country as wealthy as this one.

In the third successive way we have tried to deal with this problem in a modest way. It was recognized in the budget speech that we are just beginning and that it should be acknowledged.

In terms of universities and students I mentioned the innovation fund. We have done a number of things to make universities more accessible to deal with the problem of rising debt loads. We need to make sure that no one who is academically qualified to enter any post-secondary education institution is denied that access because of an inability to pay for that opportunity. We have had a very generous university program and that is one of the reasons Canada has been so successful.

It is important to recognize that there comes a point when the student loan program is not the answer. At some point a huge debt with high unemployment is an obstacle to a post-secondary education.

We mentioned the various responses that the budget contained with regard to the National Health Forum. These are opportunities to implement new programs or to enhance existing programs because we have made progress. The mission is not accomplished, but we have made progress in terms of dealing with the deficit.

I cannot let the opportunity pass by without speaking specifically of the 30 per cent increase in the money available for literacy. It is not something that has received a great deal of attention, but it is something very dear to my heart. Certainly the government has made literacy one of its major preoccupations and I welcome that.

In terms of the various things contained in the budget I bring attention to the announcements that related to Canadians with disabilities. As the chair of the government task force on disabilities I was very encouraged by the response of the government to our task force. I thank the four ministers who sponsored us and the many Canadians who appeared. Upward of 2,000 people from cities across Canada appeared before the task force to speak of what they believed the priorities of Canadians with disabilities should be.

Although it is a modest beginning, and I do not want to diminish in any way the extent to which the battle must continue, in reality the government did not break faith with all those people. It did not break faith with our task force that went in good faith across the country seeking advice. I am very happy the government has seen fit to recognize the work, to recognize the need and to respond with \$230 million over three years in the budget. Approximately \$100 million will be in the first year.

The budget exercise represents only a beginning. We found ourselves having to do things as a government that were borne of necessity. These were not ideological decisions. We had a deficit. I have always believed that the former government deflated the

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deficit to \$38 billion in the last campaign. When we got here we found that it was actually \$42 billion.

My colleague across the way sees it a different way, that it was a \$38 billion deficit that we inflated to \$42 billion. It is remarkable how one can look at the same numbers from different sides.

• (1040)

It is also remarkable that we have been given credit. Members across the way during the course of the debate have acknowledged that some effort has been undertaken and some progress has been made. However the progress is not an end in itself. It allows us to get our house in order so that we can do what government is supposed to do: to address inequity and to recognize that not everybody in Canada starts from the same place. The reality is that people differ whether it is by virtue of their capacity, where they happen to live or what family they were born into. Not everybody has the same chance.

In our province we believe deeply in the concept of equal opportunity. The job of government is to ensure that everyone has an opportunity to start at the same starting line. That is where government has to be. However, if government does not have the fiscal capacity to do that because too much of what it spends services the debt it cannot do it.

We have dealt with the very onerous fiscal problem we inherited from the former government. We have done it in a way that has attracted international attention, although it has not satisfied my friends across the way. That should not surprise anyone.

I have debated with colleagues across the way from time to time in committee and in other places. I remember, going back to 1995, talking about the nature of some of the reductions the government undertook to deal with the deficit. We have had that discussion. We have heard a lot about it lately as members have come forward with proposals with regard to social spending.

When given the opportunity to comment on the 1995 budget, members across the way and the Progressive Conservatives did not say that we cut too much. They did not say that it was wrong to cut transfers to the provinces. What they said was that we did not cut enough.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Madam Speaker, the member opposite from Fredericton and I have served on committees together. Particularly we served on the committee for human rights and persons with disabilities. That committee worked in a non-partisan way on many worthwhile subjects, one of which addressed the very real concerns of persons with disabilities.

Persons with disabilities could be put into two separate groups. Although some persons with disabilities do not want to be put into two distinct groups, the fact remains that there are two groups. There are those Canadians who through accident, through birth or

through other circumstances find themselves in absolute need of society's help on a daily basis to have, as the member opposite mentioned, the potential of equality of opportunity. There are those who have become disabled over the course of their lives and whose disabilities are very real but have come about as the result of aging or living. That is the distinction between the two disabilities.

When the Canada health and social transfer was first instituted persons with disabilities fell through the cracks. Most people acknowledge that happened.

Has the government considered a specific program whereby persons disabled for life will be held harmless from the cost of their disability both through proactive financial support and through the removal of the catch 22 where disabled people, who make the extra valiant effort to be gainfully employed, find that they lose the very benefits allowed them to get employment in the first place? Has that been and will that be addressed?

• (1045)

Mr. Scott (Fredericton—York—Sunbury): Madam Speaker, I thank the member from Edmonton for his question. He is well informed in this debate.

The task force concluded two specific recommendations. The first is that the role of the federal government should be to mitigate the cost of disability.

If we cannot make a disability go away, surely as an enlightened society one of our objectives would be that they do not have, in addition to the real obstacle that is presented by a disability, the other costs that go with that disability, such as the cost of the wheelchair, the cost of adapted transportation and so on.

Specifically, the medical services expense credit has been expanded to accommodate that. There is a list of items. There is the cost of an air conditioner if the person has conditions that require them to have air conditioning. It was dealt with.

The second thing has to do with the catch-22 that the member referred to. Many Canadians with disabilities want to go to work but cannot because they recognize that the moment they go to work they lose access to a variety of programs, usually provincial, that they need by virtue of that disability.

I refer to the changes in the limitations on the medical service and the disability tax credits that allow an increase in what might be covered under those credits.

That in itself will go a long way not only in terms of allowing people who are currently unemployed to go to work but also to take away the need for many people who are working to stop working so that they can access these programs.

It is a very real question put. It is a good question. The reality is that the budget spoke to it.

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[Translation]

Mr. Osvaldo Nunez (Bourassa, BQ): Madam Speaker, I rise today to speak to the fourth budget tabled in this House by the finance minister, on February 18.

It is an election-minded budget because most of the cuts had already been announced in the three previous budgets. Once again, the main victims of that budget are the provinces, the middle class, the unemployed and the poor. The greatest tragedy, the biggest scandal in Canada, the major failure of this government is the unemployment rate.

However, this budget does nothing in the area of job creation. The Liberals rely solely on market forces and on the private sector for job creation. Up until now, that strategy has been a total failure. Yet, during the 1993 election campaign, the Liberals did promise they would create *jobs, jobs, jobs*, as their famous slogan said.

They did not meet that commitment, which was a determining factor in their victory. The Liberals have consistently reduced the access to and duration of UI benefits. Let me remind you that, when the Liberals came into office in 1993, only 33 per cent or a third of the unemployed did not receive benefits. Today, the figure is 55 per cent. It is appalling.

To these restrictions, we must add the carelessness of the government and its failure to act when faced with multiple business shutdowns. On that point, I would like to draw your attention to one human tragedy that occurred in Montréal-Nord, in my riding of Bourassa; at the end of February, the Zellers distribution centre announced that it would close on July 1. Because of that closure, 379 men and women will lose their jobs in my riding, which is already hard hit by unemployment and poverty.

I have asked the federal ministers of industry and labour and the President of the Treasury Board, who is responsible for Quebec, to take the necessary measures to prevent that distribution centre from closing so that these workers may keep their jobs and their dignity.

• (1050)

I hope that the federal government will act in good faith and co-operate on this issue. I hope also that the results of its action will demonstrate that it is truly trying to create jobs. Up to now, I have not had any response from the government on this.

Since 1993, I have been the official opposition critic for Citizenship and Immigration. Therefore, I would like to make a few comments on that department. The budgetary needs for 1997-98 have been set at \$575 million, that is to say \$40 million less than the previous year. The budget was reduced 6.5 per cent over last year, and the staff 20 per cent.

Since the Liberals came back to power, the government has imposed unprecedented cuts on the department. Several centres in

Quebec and elsewhere were closed, and thousands of employees were let go, at a time where extra efforts are needed to integrate newcomers.

Yet, with the creation of an immigration tax of \$975 per person, and a \$500 fee per application, plus the steep increase in other user fees, revenues have increased tremendously. They will reach \$363 million for the current year and cover 63 per cent of expenditures. Previously the revenues amounted only to 54 per cent of expenditures.

Despite budget cuts, the government will spend \$3.4 million on the promotion of Canadian citizenship. This money will be used for advertising and propaganda campaigns to promote Canadian unity. If we add the tens of millions of dollars allocated to this same objective by the heritage department, it is clear that the government is making cuts in areas in which it should be investing, while wasting public funds on unnecessary things.

Last November, I went to Taiwan as part of a parliamentary delegation. In Taipei, I met with the diplomats and immigration officers of the Canadian mission. I learned that, just from granting visitor's visas and charging fees to the Taiwanese who come to live in Canada, the government had collected more than \$9 million in the last year. It must be pointed out that more than 100,000 Taiwanese tourists came here in 1996. Yet, the mission only costs a third of that amount. At that rate, the citizenship and immigration department will be making profits in a few years, which is neither the role nor the objective of the government with regard to immigration.

I would also like to deal with the issue of child poverty. One child out of five lives in poverty in Canada. Among industrialized nations, this country ranks second after the United States for child poverty. The Liberal government forgets that children are the future of the country. The budget does nothing to create jobs and unemployment means poverty. There are 1.5 million poor children in Canada. That is appalling.

In the face of this disastrous situation, the government is only committed to injecting \$600 million, which is clearly not enough. According to the Caledon Institute, there should be at least \$2 billion more each year to really deal with poverty.

As in the previous years, this budget has been praised by big business and the financial sector. However, it has been denounced and condemned by the labour movement and anti-poverty organizations.

Buzz Hargrove, president of the Canadian Auto Workers, has this to say: "This budget is a cynical and political attempt by the federal Liberals to manipulate public opinion before the next election". He adds: "We were told that, if we reduced the deficit and focused on business, everything would fall into place. However, the private sector itself has shown that it is unable to generate

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the jobs that Canadians need, and the finance minister's cuts have only made the situation worse".

• (1055)

As for Bob White, the president of the CLC, he condemned the fact that the Liberals have cut \$14 billion in social programs since 1994. He said this: "The only plan this government had with regard to job creation is to put blind and almost reverend trust in the markets to do the job".

In Quebec, similar criticisms were voiced by FTQ, CSN and CEQ leaders. FTQ president Clément Godbout deplored the lack of job creation initiatives, particularly ones encouraging the reduction of work time and the restructuring of work. He also condemned the cuts made in transfer payments, which hit Quebec real hard.

I condemn this fourth budget of the Liberals because it does not give any hope to the 1.5 million Canadians and Quebecers who are jobless or to the 1.5 million who are employable but have given up looking for a job. It is a scandal to have 10 per cent unemployment in Canada, and more than 20 per cent in my riding of Bourassa. Even Chile, a developing country, has managed to bring unemployment down to 5 per cent, as in the U.S.

It is unacceptable that 17 per cent of our young people do not have jobs, that the wages of millions of workers have been either frozen or cut back, that 5 million Canadians and Quebecers—a 500,000 increase since the Liberals took office—live under the poverty line, that some businesses and some rich people do not pay taxes, that the gap between the rich and the poor keeps growing. That is an immoral and outrageous situation the federal government should deal with.

Mr. Yves Rocheleau (Trois-Rivières, BQ): Madam Speaker, on this third day of debate on the budget, I am pleased to join my colleagues and to speak as the member for Trois-Rivières and critic for regional development.

This government and its Minister of Finance in particular are constantly boasting about their good performance, but, on our side, we never stopped shedding a different light on the facts to remind the public that their fight against the deficit is not really aimed at putting our fiscal house in order, but is done on the backs of the unemployed, the most disadvantaged.

We all know that, thanks to UI contributions paid by employees and employers, the unemployment fund has a huge surplus of some \$5 billion that the Minister of Finance is using to reduce the deficit rather than speed up economic development. We this surplus, he could lower UI contributions for employers, and above all for workers, leaving more money in their pockets and thus increasing consumer spending.

No, this would be too wonderful, too generous. The Minister of Finance prefers using other people's money to improve his image just before the election, although this is not in the best interests of the public. He also did it at the expense of the provinces, as everyone knows, by recently cutting \$4.5 billion in transfers to the provinces, not to mention, again, the \$5 billion taken from the unemployment insurance fund.

So, the government is boasting about an amount of \$10 billion when, in fact, it got that money at the expense of others. This is absolutely shameful, and we will make it our duty to inform the public accordingly, including Quebecers, in the months to come.

There was also no tax reform, even though the official opposition, through its members on the finance committee, provided a great deal of advice to the government in recent months. I am referring here to the hon. member for Saint-Hyacinthe—Bagot, the hon. member for La Prairie, and the hon. member for Anjou—Rivière-des-Prairies who, with the help of advisers, did a job that was even noticed by the Minister of Finance, but ignored.

• (1100)

The government turned a deaf ear, even though these were very reasonable, not "revolutionary" proposals, including a suggestion to make sure the tax deferred by corporations is better managed. The business sector is well aware that some companies are making excessive use of that tax provision. Why not crack down harder on these companies, given what is being asked of the poor?

No effort is being made either to ensure that the distribution of wealth is done more properly, and that those who are financially well-off make a greater contribution. And I do not mean the middle class, because it is all too easy to crack down on wage earners. I mean those who wield some financial clout. I mean those who can take advantage of tax havens, who can use several of them at the same time. These are the people we should be going after.

Of course, I also want to mention those who have family trusts of a very high value. I am not talking about a family trust of \$50,000 or \$100,000, but about the family trusts the auditor general mentioned last year: \$1 billion in each one, and moreover they were transferred to the United States.

When are these issues ever raised, nowadays? When will the government make the rich pay, the really rich people, not the middle class, which is being strangled and which increasingly is working for nothing, a situation which has a destabilizing effect on the social fabric? We are more and more critical of each other, while forgetting in the process that the money is there somewhere. As far as I know, there is no warehouse facility in Canada, in Quebec or in the world, where money is being burned. Money is not being burned. If wealth is not being shared, then it is being concentrated.

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In Quebec, in Canada, in the western world, we are witnessing an increasing and abusive concentration of wealth. If this trend is not corrected, we have every reason for being concerned about the future.

There is a passage in the speech from the throne that particularly caught my attention; it is the second paragraph on page 12, and it is of special concern to the residents of the municipalities in my riding and of many communities, especially in Quebec. Some of my colleagues will no doubt feel concerned.

The paragraph reads as follows: "Therefore, we are announcing today that \$10 million of funding in each of the next three years will be devoted to significantly increase the number of communities across Canada that have the electronic infrastructure required to access the communications technologies of the future. As a result of this program, virtually every community in Canada between 400 and 50,000 in population will be connected over the next four years—5,000 communities in all."

That is all very nice, but you have to know how much this is out of touch with reality as far as daily communications by telephone are concerned. You have to know that in my riding, in the new part of my riding adjacent to Louiseville, Saint-Léon-le-Grand and Maskinongé, as in many other small communities of Quebec—I got to understand that these last weeks—we have telephone service that cannot be called anything but rotten.

We are still living in the stone age as far as communications are concerned. In the Saint-Léon-le-Grand area and in some communities in the riding of Saint-Maurice, the Prime Minister's riding, four subscribers still share a single line. Four people on the same line, and we keep talking about the electronic infrastructure across Canada. We have satellites and we still cannot even have fax machines at home. This is a far cry from the optic fibre era. We have four people on the same line. Some businesses are also on a party line of four. They cannot get personal calls because there is no confidentiality whatsoever.

Apparently, there are senior citizens homes with 10, 20, or 30 people using a single party line shared by four customers. There is no confidentiality, and it is impossible to make emergency phone calls. These people need to be able to call the police or the ambulance. This is not in the far north, but in an area between Montreal and Quebec City, right in the middle of the province.

I hear more and more that even in the Montreal area, this kind of problem occurs, just like in smaller towns. It is about time the government called the CRTC to order, and that the CRTC called to order big companies like Bell Canada, to make sure the public in Canada and Quebec gets some respect, to make sure taxpayers and subscribers get the kind of respect they deserve.

• (1105)

There is something weird here. We keep talking about the optic fibre networks, of globalization of markets, free trade and high technology—and technology kills jobs—and we cannot even make a simple phone call in decent conditions. This is unacceptable. We at least need the means to spread the bad news. In an area between Montreal and Quebec City, we still have party lines of four. It makes no sense whatsoever. These people sometimes need to call the ambulance. I would like to pay tribute here to the head of the Maskinongé RCM, Jocelyne Elliott Leblanc, the mayor of Louiseville, who has done a remarkable job.

The issue has been brought to the attention of the Office of the Prime Minister, the hon. member for Saint-Maurice. He better deal with the problems faced by the residents of these new municipalities still living in the Stone Age, because his government sanctions the CRTC, which establishes standards fit for large corporations, including Bell Canada, and where navel-gazing is a favourite pastime, except for those who do not have access to adequate phone services.

The Prime Minister has better take care of this. The ball is in his court and we will be waiting for him just around the corner in a few weeks or a few months because, if he is unable to deal with such issues—he was unable to settle other similar issues, as we know—the people of Saint-Paulin and others in that region who are faced with such enormous problems will let him know.

In some cases, Bell Canada's solution was to suggest that people buy cellular phones. There are no phone services in that area, and I am not talking about the far north, as I said, but about a region located between Montreal and Quebec City, one hour from Montreal and one hour and a quarter or one hour and a half from Quebec City.

It does not make sense; it is unacceptable. The government is bragging, something the Minister of Finance is quite good at. They are bragging about the information highway. But we will talk about that again during the election campaign.

[English]

Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.): Madam Speaker, I have a question for my colleague who has just delivered a very passionate speech. At the end of his speech he talked about communications. Certainly nothing is more important than communications. He talked about communications between Montreal and Quebec. He talked about telephone lines. In my riding of Hastings—Frontenac—Lennox and Addington, which encircles Kingston, we had those challenges. We have locations where telephones are barely available.

Would my colleague not consider that if his provincial government and his party, which I understand still has the status of the

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opposition, the loyal, royal blue roots opposition here today, were to work together with us, we could make greater progress?

I have many friends and colleagues in Quebec. They want the same thing for their families that people want in my riding. They want to ensure the future, the health and the concern for jobs. It is time we speak for what we believe in and that we work together. This is reflected in value of real estate today. It is shameful what has happened in Quebec City to the very fine wonderful people there, what has happened to the value of real estate since the first day of 1997.

It is time to start to concentrate on working together instead of putting up this smokescreen to appease a few people who have a lot of money. I ask the member to represent all of his constituents.

[*Translation*]

Mr. Rocheleau: Madam Speaker, I want to thank my colleague for his question. I think that the main characteristic of the official opposition since we were elected to the House in 1993, the first session starting in 1994, is indeed a spirit of co-operation, which was reflected in documents published during the October 1995 referendum, in which we spoke of partnership.

• (1110)

What we sovereignists ask for is mutual respect. This is something we as the official opposition can achieve here.

I spoke earlier of the work done by my colleague from Saint-Hyacinthe—Bagot, who is our finance critic. It must be a rare occurrence in Canadian history when the opposition proposes very articulate and well-documented suggestions on corporate and personal income tax. We suggested ways for the government to improve the tax system. This is a good example of partnership and respect.

We are not here to destroy any country but to build one: Quebec. It is our country, our homeland, and we want to work in a respectful partnership, on an equal footing with our closest neighbour, with whom we have an indisputable historic relationship.

We are a people, just as Canadians are a people. So why not work together in an honourable and civilized way? Both our societies are civilized. So why are there such antagonistic feelings, especially in the Canadian press? Why not recognize that Quebec is profoundly distinct? Why not be pleased that this people will soon become sovereign? We would work together, not one against the other. Quebec's current economic problems should not be a cause for celebration.

Montreal is going through a very difficult period. Let us hope that this is not the result of a concerted effort. Let us hope that this

will not lead some people to pat themselves on the back. The worse the situation is in Quebec, the more people will be scared and thus tempted to vote no; let us hope this is not a strategy. Let us hope that this is only a coincidence and that the Canadian government will put Quebec's money back into Quebec's economy, especially for R and D and the purchase of goods and services. We know that Quebec has historically been treated like an underdog by the Canadian government. Let us hope that the situation will get back to normal as soon as possible and that we will be able to work closely together as two peoples and two civilized nations.

[*English*]

Mr. George Proud (Parliamentary Secretary to Minister of Labour, Lib.): Madam Speaker, I will be sharing my time with the hon. distinguished member for Burin—St. George's.

It is a distinct pleasure for me to participate in this debate with regard to this budget. I would like to congratulate the government, the Minister of Finance and of course the whole Liberal caucus. I want to single out the Parliamentary Secretary to the Minister of Finance, the hon. member for St. Paul's, who is my seatmate. He has done a tremendous amount of work in the preparation of this budget and of course lining up the debate which is going on the House right now. I congratulate him. I am sorry that he has decided not to run in the next election and I wish him well as he goes down the road and continues his work as a great Canadian.

Our teamwork has resulted in a budget that will benefit not only the people of my riding of Hillsborough but all Canadians. Since the minister made his speech we have heard a lot of commentary. Some special interest groups say it is not enough, other groups say that it is too much but, more important, we have heard from a few Canadians who, I believe, represent most of the people who say it is just right.

I am one of those people. I am one of the many in this House and I am one of the millions of Canadians across the country who agree that the government as a whole has done the right thing. I agree with the budget approach, the extent of the measures and I agree with the timing of these measures. I would like to elaborate by explaining why my opinions are so positive toward this budget.

When we entered office in the fall of 1993 the federal government was deep in debt and it was falling ever deeper very rapidly. After just four budgets we can now see the light at the end of the tunnel. The deficit has been reduced by over half, a reduction of \$23 billion, and if we look at the cumulative effect of those cuts we have lowered the net debt by \$89 billion from what it otherwise would have been. For this we and all Canadians have been rewarded by the financial markets with lower interest rates.

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We have heard many calls for cuts to payroll taxes, income taxes, sales taxes and every other tax that has been the flavour of the day. I would like to provide my hon. colleagues in the House examples of what our actions have meant to Canadians.

• (1115)

First, let us assume that you, Madam Speaker, have a \$100,000 mortgage which is to be amortized over 25 years. If we compare the rates that were available in January 1995 and the rates available right now, by refinancing you could save roughly \$230 a month on a five-year mortgage. Instead, if you took a one-year mortgage you could save over \$300 a month. That is a lot of money.

But there is more. Let us assume that a small business person started a business and took out a \$1 million loan amortized over 10 years. If we compare the interest rates that were available in April 1995 with the interest rates that are available now, by refinancing that loan, that person could save \$33,000 annually.

If I went out tomorrow to buy a car and I borrowed \$15,000 and amortized it over four years I would save \$480 a year because of the lower interest rates.

These examples are not fiction. These are examples in the real lives of real Canadians. I have people in my riding, as I am sure in other ridings as well, who will save thousands of dollars because of our actions which have resulted in these lower interest rates.

To make my point even clearer, perhaps we should compare a cut in payroll deductions with one of the examples I have just given. What would happen if a payroll deduction was cut 25 cents per \$100 in earnings? We have heard calls for this in the House and across the country. The Canadian who makes \$39,000 a year would save, now hold on to your hats, a whopping \$97.50 per year, not per month but per year. What is more, this meagre cut would cost the government \$1.8 billion. Lower interest rates save money, not cost the government money.

Given the choice of a payroll deduction cut of \$100 a year or interest savings of \$480 on a consumer loan or \$2,000 to \$3,000 on a mortgage, what would members choose? I know what I would choose and let me tell the House it would be worth more than \$100.

I would like to put the budget into perspective. The deficit is still falling. We are doing well on that front, so well in fact that the government was able to invest in health care as recommended by the National Forum on Health. It was able to invest in education by assisting students and their parents. It was able to relieve some of the burden on low income Canadians, and it was able to provide assistance to Canadians with disabilities as suggested by the federal task force on disability issues.

All this goes hand in hand with recent announcements and other budget items such as the funding for the extension to the community action plan for children and the Canadian prenatal nutrition plan. I applaud these extensions. I and my constituents are happy to see these important programs being maintained.

The government chose the right path. It chose a balanced approach by staying the course while providing some relief to Canadians. It has been a hard fight for everybody, but we must continue to reduce the deficit if we are ever going to be able to achieve our goals.

One of our primary goals is job creation. A lot of attention has been given to small business. Yet again, there are initiatives in the budget that benefit small business.

The Canadian Tourism Commission is a partnership of both the private and public sectors which designs and implements effective marketing strategies and programs to increase tourism revenues in Canada. The commission also provides services to the tourism industry to help it remain internationally competitive.

Tourism is a large part of the local economy in my riding, indeed in my province. The increase in funding to the CTC will boost the promotion abroad of Canada and thus boost our tourist industry on Prince Edward Island. This is particularly important to us now that the Confederation Bridge is opening in just a couple of months. Islanders are expecting a million tourists this year. This is a jump of some 200,000 tourists over last year, the largest factor for the increase of course is the bridge. This is twofold.

First the bridge will alleviate many of the travel problems associated with the ferry service. Second, the bridge is more than just mode of transportation. The bridge itself will be a tourist attraction because Confederation Bridge is the largest of its kind. When it was built a special crane had to be brought in, a 9,000 ton crane, to install the 8,200 ton girders. In fact, tours were given throughout construction just to see this operation.

• (1120)

Another boost to the tourism industry is the additional funding to the Business Development Bank of Canada. The \$50 million will translate into \$250 million in loans to small business and tourism. This means more opportunities for Islanders and for all Canadians. This increase in tourism will not only enhance the peak summer season in Prince Edward Island and Atlantic Canada, but it will also strengthen the shoulder season periods of spring and fall.

This will mean jobs. More help will be needed during the peak season and the shoulder seasons and that will mean more hours. In short, more people will stay on the job longer.

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Boosting the tourism industry is good but what Islanders also need are full time, year round jobs. To assist in that area, the government is investing upfront \$800 million in the new Canada Foundation for Innovation. This foundation will help strengthen the research and development infrastructure at universities, colleges, research hospitals and not for profit research institutions and organizations in the area of health, environment, science and engineering.

I have both a university and a college in my riding. These two institutions are eligible for financial support from the foundation to modernize their research infrastructure. The foundation will be an arm's length organization. It will seek partnerships to support these investments. Together with their partners, it will be able to fund up to \$2 billion in infrastructure improvements.

I am sure that all hon. members are interested to hear what the president of the University of Prince Edward Island had to say about the foundation. Dr. Elizabeth Epperly said: "It sounds wonderful and you can be certain that we will take advantage of it". Those are words of encouragement from a key player in the field.

In fact, innovation is becoming increasingly important for international competitiveness and that is even more important in an open country like Canada. In light of this, the government continues to make every effort to improve competitiveness.

I am pleased with the budget. I know Canadians are pleased with it. It shows that the hard work that we have done over the last three years is paying off. I encourage all people in this House to support it.

Mr. Ted White (North Vancouver, Ref.): Madam Speaker, I listened with quite a lot of interest to the member's speech. At the very end of his speech he said that Canadians support the budget.

I would just like to ask him a question based on a letter that I have received from one of my constituents dated February 11 with respect to the budget. My constituent says: "Last October I was lucky enough to receive a \$300 per month raise in pay. My wife and I consider ourselves fortunate and looked forward to being able to remodel our kitchen in the new year. When my end of January pay arrived, there did not seem to be any extra money available. Closer examination reveals that from my original \$300 raise, \$162.60 went to increased income tax and \$129.96 went to increased CPP and UI deductions which left \$7.44 on my cheque". When that was combined with some additional increases in natural gas and so on, he calculates that he is actually \$14.56 worse off in January 1997 than he was in January 1996.

At the end of the letter he says: "I do hope that you have enjoyed using the extra \$1,951.20 of income tax that my raise produced in your budget this year".

I would like to ask the member whether he thinks it is productive that the tax creep that has been encouraged by the government's actions has actually created a situation where people are worse off a year later than they were in 1996. Why is he so proud of his budget when all it has produced is more hardship for Canadians?

Mr. Proud: Madam Speaker, I thank my hon. colleague from North Vancouver for his question.

Obviously the individual he is talking about is in a very high tax bracket. As I said throughout my speech, as a result of this budget people are better off today than they were four years ago. I say that without any fear of contradiction. We have lowered the payments to unemployment insurance. We have done all these things. We have lowered interest rates. People have more money after they pay on their mortgages and their loans. Things are much better.

• (1125)

The government could give an across the board tax cut, but this is not the time to do it. The government does not think it is the time to do it. However, eventually the time will come. If we give an across the board tax decrease right now, then the deficit would go up. We cannot afford to do that. We have to get our financial House in order. When that day comes we will certainly have even a better budget than we have today.

[Translation]

Mr. Osvaldo Nunez (Bourassa, BQ): Madam Speaker, my colleague is pleased with the budget and the success in the battle against the deficit. However, he does not say a word about child poverty, a serious issue in Canada and Quebec nowadays.

There are 1.5 million children who live in poverty in this country, and the government has no real intention of solving this problem. The government has set targets in its battle against the deficit and it has met them, but it has not set any objectives in dealing with the very serious problem of child poverty.

I would like the member to explain to us why the government is investing only \$600 million in the fight against child poverty, while various anti-poverty organizations tell us that it must immediately invest at least \$2 billion in concrete measures in order to address this problem.

[English]

Mr. Proud: Madam Speaker, I thank the hon. member for Bourassa for his question. No doubt it could be said that nothing is ever enough.

We put \$600 million in the budget to fight child poverty. Probably it is not enough but it is all we could do this time. A lot of poor children belong to families where there are single parents. This is a terrible tragedy of our society. We have to make things better for these people.

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If the hon. member goes through the budget and sees the programs in it, the money that has been put in there, probably it is not enough. However, it is a lot better than it was last year.

Hon. Roger Simmons (Burin—St. George's, Lib.): Madam Speaker, I too want to rise and voice my support for the measures in the budget brought down just over a month ago. The would-be minister from Calgary Centre draws attention to his presence here.

I say to my good friend from Calgary Centre, I have a lot of choice on this one. It is my choice to support this budget. If he will give me a chance, being the gentle man that he is, I will tell the House in the few minutes I have some reasons why I support the budget.

The first was alluded to by my good friend from Bourassa just a moment ago, the issue of child poverty. As my friend from Hillsborough said, not enough is being done. However, we are making some progress. Some money has been put into this important initiative. I happen to believe, as a Canadian and as a Newfoundlander, that it is an absolute disgrace that so many people are living in poverty in this, the best country in the world.

Obviously, we have done some things very wrong over the past few years so that we should have that situation still applying. We have to address that one. It has to be a priority for Canadians of all political stripes because poverty, which you rather take for granted in third world countries, is right under our noses. People have to ask why we cannot do more to alleviate that situation, to get rid of it sooner rather than later.

I salute the Minister of Finance because he has made some progress in this area through the child tax credit. It is a step in the right direction in addressing the problem of child poverty.

The budget this year, which proposes to increase spending on children, will increase from \$5.1 billion to \$6 billion by July 1998. That is some progress but dollars do not say it all. The reward will be in the benefit that these dollars achieve over time. Also in the budget there is new emphasis on young people not only in terms of increased funding for summer jobs but in terms of addressing some of the problems they face with funding for university. We have an improved system of student loans and education credits to ensure fuller access to a good education by all young Canadians from coast to coast.

• (1130)

I like the emphasis in the budget on the assistance for disabled people, including broadened tax relief for medical expenses. It is something that I have been fighting for for a long time, I and many

others in this House, and I am glad to see that the government is moving in that direction.

I was also pleased with the emphasis on health care in this budget and the new initiatives that the government proposes to take, in particular in the area of nutrition for example.

If we reflect on the time we have been here since November 1993, three and a half years, things in financial terms, in fiscal terms were quite different and a lot bleaker at that time than they are right now. This government, through the leadership of the Prime Minister and the Minister of Finance, has restored some sanity to the public finance system. We all know the statistics on how we have brought down the deficit by so much over such a short period of time. I will not bore members with those stats again.

Let us always keep in mind that government finally is not about managing money, as important as that is. That is the means to the end. If we do not manage our money right, we cannot do these things in terms of social programs and job creation that we are dedicated and committed to doing. We have to keep our eye on the ball. While managing money is an important step it is not the end in itself. It is just the means to the end. The end itself has to be, must be at all times, people. We have to see that people are better served.

People who are unemployed are not very well served. It is difficult to appreciate the importance of deficit reduction or many other things that are touted in this budget if one does not have a job. In my own riding, in my own province the unemployment rates is still unacceptably high. I salute the job creation initiatives in this budget. I believe we are generally going about it in the right way because I am a free enterpriser. I believe that government does not create jobs. It is the private enterprise sector that creates the jobs and small business that creates jobs. There are measures in this budget including lowering employment insurance premiums which make it more attractive for small business to create jobs.

We have had to be patient. It is hard to be patient if one does not have a pay cheque to put the groceries on the table. I believe that the effect of the kind of budgetary measures that we have had over the last three or four years, together with the one right now before us, the cumulative effect of that will be to increase more jobs out there.

Already the record of this government is that it has increased 700,000 jobs. The projection is that we will see another 300,000 or so in this year.

We are beginning to see the light at the end of the tunnel. I have great concerns for those people who do not have jobs. We have to see that more is done by government in terms of leadership, in terms of the incentives we provide to bring down the unemploy-

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ment rate. In my own situation in Burin—St. Georges and in Newfoundland generally, we have over the past three or four years been devastated by a terrible downturn in the fishery.

There too we are beginning to see a bit of light at the end of the tunnel. I do not want to anticipate my friend, the minister of fisheries, but I am hoping that he will accept the recommendations of his advisory council and reopen the fishery at least in a limited way on the south coast, 3PS, 3PN, 4S and so on, that area that recommendations apply to. I hope we will see a reopened fishery.

Those people who are on TAGS, those people who are on government assistance, are not there because they want to be there. They would rather be working. Speaking of those people, we are still leading the charge on the issue of labour force attachment.

These people through no fault of their own were prevented from working by a government initiated endeavour. They were barred from working. The government mandated that shutdown. Through no fault of their own they now find themselves being treated as new entrants. That is unconscionable. It has to change. These people were not told upfront that might happen to them. Indeed it was not going to happen to them. If we had been able to stick with the original objectives in that program, where all would be trained, that would not have happened. That circumstance of no labour force attachment would not have applied. It applies today because in midstream, because of increased numbers coming into the program, the government had to change the rules and deprive people who would normally have had some training opportunities because of a limited budget.

• (1135)

For those reasons, that they did not know upfront and that the rules were changed in the middle of the game, these people, in all conscience, have to be given labour force attachment.

I have addressed that issue on every forum I have been able to. I have talked to the Prime Minister and the minister. I have raised it in caucus and I have raised it on the floor of the House on several occasions. We have to continue to punch away at it until we beat some sense into the heads of the people who matter on that issue. It is an important issue. It affects about 15,000 people in Atlantic Canada and Quebec, the five eastern most provinces. We have to do the fair thing when it comes to that issue.

Government is also about fairness. People out there have difficulty identifying with the positive things that may be in a budget or in a government initiative if they see something like the TAGS issue which has become a symbol of basic unfairness.

There is no good reason for it, certainly not a monetary reason. What we are talking about would cost \$30 million to \$60 million

over time. That is not a lot of money in the greater government context. It is money which would be well spent.

Let me recap my remarks, as my time has expired. I support with a heart and a half this budget. I invite my friend from Calgary Centre to do likewise.

[Translation]

Mr. Richard Bélisle (La Prairie, BQ): Madam Speaker, I listened to the speech by the member across the way, and I would like to ask him two questions.

Does the member agree that the finance minister is giving himself room to manoeuvre by hiding up his sleeve, according to Bloc Quebecois estimates, \$8 billion this year and \$14 billion next year?

Would the member agree that these sums of \$8 billion and \$14 billion should be used to restore the levels of transfer payments to the provinces? And this is particularly important since the member comes from a maritime province which greatly needs its transfer payments, which were cut by the finance minister. Moreover, instead of keeping these large amounts as a reserve, the minister could reinject them into the economy in order to help unemployment insurance claimants recover their former benefits.

Is the member ready to support the Bloc Quebecois in its efforts to have the reserves hidden by the minister used to restore transfer payments that have been cut from the provinces, and the money taken from the unemployed, since it is their money after all?

[English]

Mr. Simmons: Madam Speaker, I thank my friend from La Prairie for his question. However, I must have missed the preamble to his question because I did not fully understand what the conspiracy was. He said that the Minister of Finance is hiding some \$8 billion. Could he be a little more specific. I will attempt a response.

[Translation]

Mr. Bélisle: Madam Speaker, I will rephrase my question. According to the calculations made by the Bloc Quebecois, the minister could have lowered the deficit a lot more this year. It is said to be around \$17 billion, but according to the latest trends, the real figure, which will be known in the next few weeks, could very well be around \$10 or \$12 billion. In the next few years, probably by 1999 or by 2000 at the latest, the Canadian deficit will have been eliminated.

The Bloc Quebecois calculated that, by announcing a \$17 billion deficit for this year, the Minister of Finance has kept \$8 billion up his sleeve for this year and probably \$14 billion for next year.

• (1140)

Could all the billions the minister is keeping in his pocket be given back to the unemployed who have been robbed by the

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government's employment insurance scheme? Instead of hiding all those billions to bring the deficit down to zero as fast as possible, would it not be better for the government to give back the \$4.5 billion cut in transfer payments to the provinces?

[English]

Mr. Simmons: Madam Speaker, one of the things we whisper on our side is that the Minister of Finance is really a closet conservative. Certainly on fiscal matters it is well known that he is a conservative. If we look at his record of budget making over the last three or four years, we will notice that on the matter of projections about employment levels, deficit levels and so on, he has always been a bit cautious.

What my friend from La Prairie characterizes as hiding I would put in another context altogether. I would submit that the Minister of Finance is being true to form here in that while he has projected a deficit of \$17 billion, I am sure, as the member suggests, that the Minister of Finance is hopeful it will come in below \$17 billion. I would not subscribe to the suggestion that somehow he has been duplicitous and is somehow hiding a lot of money. He is just being himself and is being a bit conservative.

Let us hope the member for La Prairie is right that the deficit is even lower than the \$17 billion projected so conservatively by my friend.

Mr. Ed Harper (Simcoe Centre, Ref.): Madam Speaker, I will be sharing my time with the member for Fraser Valley East.

It is with some disappointment that I get up today to speak on this fourth Liberal budget. It is a good time to reflect on the fact that it is the fourth budget. In my view it is the second really do nothing budget of the four. I say that because the first budget introduced by the finance minister was a stand pat, do nothing budget. It was not until his second budget that the government acknowledged the seriousness of this country's deficit and debt. He did start to make some moves to deal with that serious problem. But in the second and third budgets he did too little. It was too little, too late. Of course, this fourth budget is an election budget. It is stand pat, status quo which has serious consequences on the country as a whole.

This fourth budget gives absolutely no hope to those who are unemployed. Despite the election promise of jobs, jobs, jobs, the same number of Canadians are now looking for work as when the government was elected. There are about 1.4 million Canadians who are still looking for jobs. There are about two million to three million underemployed Canadians. About one in four Canadians is employed but is worried about their ability to hold on to their job. There is tragedy among our young people with a youth unemployment rate of 16 per cent. This is an extremely serious issue which the government has failed to address in its budget. We have had 76

months of straight unemployment in excess of 9 per cent. That is the worst record since the depression.

There was no hope in this budget for the crushing tax burden that is faced by all Canadians, be they consumers or part of the business community. It is unbelievable that after four budgets we still have no commitment to a balanced budget. The finance minister says that we are heading in that direction but there is no firm commitment, no timeframe, no date set to indicate when we will have the books in balance.

• (1145)

The budget says to a lot of Canadians that they are reluctant to slay the monster they created. They want to keep that avenue open. There are those in government who are saying the era of cuts is over and they can now start spending again when we are approaching \$620 billion of debt.

In the budget tax revenues will be up \$4 billion. They will be \$24 billion higher than when the government took office in 1993. When the finance minister talks about his war on the deficit and we take a look at how he has achieved the reductions in the deficit, 71 per cent of those reductions have been accomplished through increased revenues and only 29 per cent have been achieved by expenditure reductions. There is much more that could be done and much more that should be done.

Those expenditure reductions have been mainly reductions to the provinces in transfer payments. There has been \$7 billion in cuts to health care and education in our social programs by a government that gets up day after day and talks about being the defenders of health care.

Since the government was elected in 1993 it has introduced 35 tax increases. Just before the budget was presented the 36th increase was introduced. It is indeed a killer. It is a \$10 billion tax grab under the increases in the CPP.

The finance minister argues that it is not payroll tax, that it is an investment. However when it is compulsory out of payroll, from the taxpayers' pockets to the government's pocket, that is a tax. When the government sets the rate that is a tax. I would like to see anyone in government defend what the finance minister is saying to young Canadians, that this is an investment. Young Canadians are struggling to make ends meet. They are not looking for an investment. They are looking for some tax relief so they can keep their heads above the water and pay the debts that are mounting.

Earlier finance minister acknowledged that payroll taxes were a cancer on job creation. Apparently he has changed his mind on that, but members on this side have not changed their minds. Payroll taxes are a cancer on job creation. As a matter of fact the finance department issued a report recently on the number of jobs that were lost on the modest increases in CPP between 1986 and 1993. About half of what is being proposed this time cost Canadians 26,000

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jobs. This will create a loss of jobs but the government has yet to acknowledge how many.

The debt will be about \$620 billion by the end of 1997-98. That is our collective shame and our challenge. The government says we are acknowledged as the number one country by the United Nations. We are the number one country in the world. I will not dispute that but I will take exception to the fact that we have more mortgaged our children's future to achieve that number one status. We have not paid our way. That should be our shame.

Since the government was elected it added \$111 billion to the debt. The finance minister has gone on about reducing the deficit from 5 per cent to 4 per cent and 3 per cent of GDP. He has not mentioned the fact that we have seen the debt go from \$500 billion to over \$600 billion. The additional \$111 billion the Liberals have added represents about \$8 billion in additional interest servicing costs, approaching a total federal interest bill of \$49 billion or 35 per cent of revenue. That is more than the government is spending on pensions, employment insurance, health education and social programs.

When dealing with those kinds of numbers a 1 per cent increase in interest rates could add potentially \$4 billion to our debt servicing costs. Yet I hear the government cheer the fact that the finance minister is talking about only overspending by no greater than \$19 billion. I find that no cause for cheering. We are still living beyond our means. Our debt to GDP ratio is the second highest in the G-7.

• (1150)

European countries that want to join in the common currency must be below the 60 per cent target of debt to GDP. Ours is currently much higher than that at about 74 per cent.

What is lacking in the budget and in government's thinking is vision. There is no plan. I read in the paper the Prime Minister has now realized how important vision is. It is encouraging that he is to start getting a vision for the country. There has to be a better way than 76 months of straight unemployment over 9 per cent.

All we have heard from the government—and we heard it today and we will continue to hear it—is that its only jobs strategy is lower interest rates. This will create employment. Lower interest rates are something the government does not have full control over. They are very volatile.

The government encourages borrowing when it should be doing just the opposite. It should be encouraging Canadians to save and to pay their way.

Let us look at the climate for lower interest rates in Canada today. On Saturday the *Globe and Mail* published an article about record consumer bankruptcies.

I wanted to get into the better way, the Reform way, but I see my time is up.

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, in his statement the member challenged anybody to convince him otherwise that the CPP increases were not a tax or that Canada pension plan premiums were not a tax.

Let me put on the table a couple of facts on the record for the member. He will know that today's pensioners, those people collecting CPP today who have contributed the maximum throughout their careers, are receiving \$8 for every \$1 for they contributed. That amount tends to indicate that it is not a sustainable situation. When there are five working Canadians for every one retiree it is sustainable, but when the ratio decreases to three to one something has to be done. That is why the changes were made.

As an aside, the member will know that the increases proposed by the government are 9.9 per cent whereas his party is recommending something like 13.5 per cent. If it is a tax in the member's view, why is it that the collection of Canada pension plan premiums does not go into government revenue and therefore reduce the deficit?

When employers pay a little more CPP they have a higher deduction, lower income and thus pay lower corporate tax. The corporations have to pay the additional amount. All other things remaining equal their corporate taxes are going down. In fact the deficit will increase further.

When individuals have to pay additional CPP premiums from their paycheques it reduces the amount of income tax they pay and government revenue goes down further. No matter how we look at it government revenue is going down and the deficit is increasing as a result of the increase in the Canada pension plan.

Does the member not agree that the increase in Canada pension plan premiums increases the deficit of the Government of Canada?

Mr. Harper (Simcoe Centre): Madam Speaker, I thank the member for his question. I do not know from where he got the statement that revenues were going down. When I looked the budget over that escaped me completely. Government revenues have gone up. It is right there and it is indisputable.

Mr. Szabo: CPP does not increase revenues.

Mr. Harper (Simcoe Centre): I know that. It is outside the budget but it is a payroll tax. The member said that it was not a tax. When the government takes out of employees' pockets and it is compulsory, I challenge any member to debate with working Canadians that it is an investment and not a tax. They are not looking for an investment. They are looking for a tax reduction. It

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is a payroll tax. The finance department has said it is a payroll tax. The member's play on words will not fool Canadians. Regardless of how it tries to fudge the issue it is a reduction in the take home pay of Canadians.

• (1155)

The corporations are telling the government to reduce payroll taxes to help them create jobs. The government is talking to the corporations but is not listening to them. They are asking the government to do exactly opposite to what it is doing if it is serious about creating jobs in Canada.

Mr. Dennis J. Mills (Broadview—Greenwood, Lib.): Madam Speaker, I listened carefully to the remarks of the member for Simcoe Centre. The notion of comprehensive tax reform is an area on which the House should be engaged in full debate in a very active way.

I am totally opposed to the member's obsession with deficit and debt. We took a position in the House of Commons four years ago that we would get the fiscal framework of the country in order and that if we did so private sector industry would pick up the slack. We would create an environment so that all these people could somehow create jobs. The fact of the matter is that industry has not done that. It has not come to the party.

What does the member believe we have to do in the House to get industry active in the game of job creation?

The Acting Speaker (Mrs. Ringuette-Maltais): I will allow about 30 seconds for the hon. member to answer.

Mr. Harper (Simcoe Centre): Madam Speaker, 30 seconds. It will be a short response from a short member.

Mr. White (North Vancouver): I am the short member in this place.

Mr. Harper (Simcoe Centre): Industry is not reacting because industry is looking for the government to get its fiscal house in order. Industry is looking for the government to make a commitment to a balanced budget and the government has not done it.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Madam Speaker, it is a pleasure to speak on the budget somewhat after the fact. The budget has kind of come and gone like the proverbial wind in a barnyard, but it is still with us today in debate. It will be with us in the upcoming election whether it is this spring or next fall.

It is good to talk about budgetary items since budgetary items will affect every department and all Canadians because they are footing the bill for the budgetary priorities of the government.

In the wake of the budget many people are asking why they do not feel so good if this is a feel good budget. Where are the benefits? What will the government do to address that we now have over 9 per cent unemployment for 77 consecutive months? The 1.5

million unemployed that shocked the Liberals when they were in opposition is the same 1.5 million unemployed of today. Many people do not see the benefits.

People are also saying they are not sure the government's priorities on spending are where they should be. When I talk to people they say the government's priorities should be a good health care system and a pension system that is supportable and gives the benefits needed. They see the federal government has cut health care and education funding to the provinces by 39 per cent since it came into power. They see hospitals closing. They do not see a lot of benefit for them.

They also see the government raising CPP premiums by 73 per cent. Private contractors will pay \$3,270 per year in CPP contributions if they are their own boss. They must pay their entire working lives almost \$3,300 per year all for less than a \$9,000 per year pension. This is quite a contrast to the MP pension plan that the government has schemed to maintain. It will pay the equivalent of millions of dollars to some members of Parliament for a relatively few years of work.

There is no plan for tax relief in the budget. That is a shame for individuals who have seen their net income drop by some \$3,000 a year since the government took office.

• (1200)

It is also a shame because private industry does not see why or how it is going to be able to afford to hire more people. Payroll taxes continue to go up. The general taxation level is staying too high and the federal government does not seem to be listening to businesses.

Provincial governments, for example the Alberta government, have asked the federal government to have a look to see what lower tax rates and the lowest tax rates in the country mean the most job creation. It is a direct correlation. Why does the federal government not see that?

All this comes in the context of the Liberals now doing their spinning as much as possible to try to create the impression that the Prime Minister is a man with vision, that he can see into the future, that he is able to see what we need and where we are going.

I do not know whether Canadians believe that. Certainly none of what the federal government has done to date budget-wise was visionary, especially its own red book promises. It is now rather waffling in the area of, do I borrow more money, or do I spend a little more on some programming, should I reduce the deficit, is tax relief a good idea or not?

A little while ago the Prime Minister said that tax relief was un-Canadian. Now we hear the finance minister saying that tax relief would be good some time, he just does not know when.

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The national debt will exceed \$600 million next year, some \$111 billion more than when the Liberals took office. Deficit reduction is due mainly to higher revenue and not to reduced spending. The deficit remains some \$19 billion, which proves that the country does not have a revenue problem. Revenues are up. We seem to have a spending problem but the government will not address that.

Since the Liberals took office, tax revenues have increased \$30.4 billion. The Liberal vision seems to be that it is okay that the average taxpayer sends some \$10,200 to the federal government each and every year, \$3,400 a year to service the debt alone.

If that is the vision, then it is no wonder that so many Canadians are working two jobs, that they are moonlighting, that many of them are working on the underground economy and that people are saying they have to do what it takes because if they play by the rules this government is setting, they cannot even feed their families. That is where lack of vision from the Liberals is hurting the average Canadian family.

There are 7.3 million Canadians earning less than \$30,000 a year. The Liberal vision seems to be that that is somehow okay. In other words, the chronic problem of the working poor is somehow okay.

Again I mention that by 1998 the Liberals will have cut health and education payments to the provinces by \$7.5 billion while cutting its own spending only that much as well. In other words, a lot of the deficit reduction which it has been able to achieve is on the backs of the provinces with the reduced health and education transfers.

I would like to talk specifically about a budgetary item in my own constituency. The Liberals in the last budget, not this one, closed CFB Chilliwack. Now that we have the access to information documents before us, some of the retiring generals and so on have said that this move was a poor move at the time, that it was not a budgetary move but a political move.

In addition, it has been done without consultation with the local communities. That is in contrast to what it said in its February budget when it stated: "where warranted, the federal government is prepared to work with community leaders and other levels of government to assist in the development and implementation of community adjustment plans".

We have tried to do that. We met with Treasury Board in Ottawa on April 17, 1996. We were told that there was no money, no compensation, no second thought and that it was just there to determine the process by which the lands could be disposed of. The lands now, according to the Minister of Transport, may sit idle for as long as seven years, stuck in aboriginal land claims which are benefiting neither the aboriginal people nor the community at large.

There has to be something, I would argue, given the words of the federal government both in opposition and since its members have been in government, to mitigate this problem in our community. A \$105 million impact on our community cannot be just shrugged off without consultation and without a plan B, a plan that will help the community to make that adjustment.

• (1205)

I have asked in the past and I am asking again today for the federal government to consider transferring E division headquarters of the RCMP to Chilliwack, to the lands at that site. It would be a good use of that land. I have written a letter again to the minister today asking him to do that. It would inject spending into the local economy.

It would be good for the RCMP. They could come into a federal facility where they would have new buildings. It is a lower cost for the RCMP to be in Chilliwack as opposed to where they are located now. It makes sense economically. It makes sense to the members of the RCMP who could enjoy a lower cost of living in Chilliwack. It would be fair because it allows the federal government to do something, as it promised, to make the adjustment from shutting down CFB Chilliwack lands to another use of those lands. It would also let the process begin about the uncertainty of what is going to happen to our lands.

Since the government has pushed ahead with this, the land at CFB Chilliwack has to be divided up quickly in a way that will allow both the aboriginal people and the community at large to benefit. If E division headquarters were to come to Chilliwack we could make some use of some of the newer buildings and some of the new facilities.

We could then start the process of rezoning that land where applicable. The aboriginal people could get part of it, the community at large could have access to it, developers and home builders and so on could have access to that land. It would be a good budgetary procedure as well if the government could only do that.

I do not have time to get into all the Reform proposals, things like increasing personal deductions, some of our tax proposals and so on, but I am interested in doing that in questions and answers if anyone would be keen to get into that subject.

Mr. Dennis J. Mills (Broadview—Greenwood, Lib.): Madam Speaker, I would like to speak specifically to that portion of the member's speech which deals with base Chilliwack.

It is an interesting example. We have been listening to Reform members all morning and they keep saying that the government has not cut enough, that the Minister of Finance has not cut enough, and that we must continue to keep focusing on a balanced budget. Yet here we have a concrete example in the member's riding, where

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his community has been a victim of this ideological campaign to eliminate the deficit almost overnight.

I am sympathetic to the closing of that base. There are several other examples across the country where this obsession with the deficit has shut down key government instruments, the government presence that has helped build the country.

I listened to the member say that he went to Treasury Board, the very group that did the cutting. He went back after the cutting was done and said: "Can you help us get this thing going again?" He feels that he has been a victim of this deficit thing that is evolving in the House of Commons.

I say to the member respectfully and sincerely, does he not think that this campaign to balance the books virtually overnight should now be halted a bit and we should get back into the business of putting a bit more government intervention into the economy so that we can get our constituents back to work. What would the member say to that?

Mr. Strahl: I thank the hon. member for his question. I know he has expressed to me both personally and in the House his concern about CFB Chilliwack. I appreciate that. He has been one of the few members who has actually publicly worried about what has happened to British Columbia's last land forces base. I thank him for those words.

I have two or three comments that are appropriate here. One is that I had said to the minister if he could show me how he can complete the mandate of the Canadian armed forces, how he is going to save money and if he could lay it out for me, I would be hard pressed to say that it is a lousy idea.

• (1210)

What we have been able to find so far from access to information requests, from comments by Colonel Daigle of the western forces command, whose budget briefing documents say there is no money to be saved by this closure, from General Addy who said that this is a military risk and a poor military decision, from the cost overruns in the transfer of base personnel to CFB Edmonton, now some \$200 million over budget, is that there is no money to be saved. If there was money to be saved and we could do the job, we would look at it. However, there is no money to be saved and we cannot do the job. It was a poor decision all around.

If money could be saved and the job could still be done, we would have to take a serious look at it. However, that is not the case. That is why I believe this decision has been politically motivated, which makes it a doubly heinous decision. Money has not been saved and the military now says it cannot fulfil its obligations in British Columbia because it does not have a land forces presence.

On the issue of whether the government should slow down its deficit cutting, I would like to say two or three things. Government still has priorities. The budgetary plan of the Reform Party is to spend \$94 billion on federal government programming. That does not include servicing the debt. That is still a substantial chunk of change which we think Canadians want and deserve.

Further discussion, I believe, will not be so much on whether the budget should be balanced. Everyone says that the budget should be balanced, whether it be done in two, three or four years. The question then becomes: at what level of taxation should the budget be balanced?

It could be balanced at \$94 billion, which is our proposal. It could be balanced at \$109 billion, which is the government's proposal. It could go to \$120 billion—

The Acting Speaker (Mrs. Ringuette-Maltais): The hon. member's time has expired.

[*Translation*]

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Madam Speaker, I am very pleased to rise in this House to discuss the budget that was tabled by the finance minister a month ago today, on February 18.

I will begin my remarks by extending my warmest congratulations to my colleague, the Minister of Finance, for the excellent budget he tabled in the House. Of course, this budget, his fourth, builds on the measures announced in the three previous budgets and on the extraordinary work done by this government over the last few years. The work we have done is so exceptional indeed that, when we came to power in 1993, few Canadians expected us to do so well in managing our country's public finances.

This government has put Canada's public finances on such a sound footing that we can now see the light at the end of the tunnel. For years and years, Canadians had been criticized by foreign markets throughout the world for having lost control over their public finances. We have now regained that control thanks to this finance minister and to the government which has contributed to these efforts.

Now that we have put our public finances on such a sound footing that foreign markets and Canadian economists have regained confidence in us, that interest rates are at their lowest level in thirty years and that inflation is finally under control, what kind of society do we want to build, now that our finances on a sounder footing than any time in the past thirty years?

• (1215)

What the Minister of Finance showed us in his budget was a government whose primary focus is giving hope back to Canadians, because the budget, in a fundamental way, puts people first.

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Now that we can finally see the light at the end of the tunnel, we are turning our attention to people.

This is a government that wants to build a stronger society, a society that gives everyone a chance to make a contribution, a society that gives even those who are sometimes the least fortunate a chance to hope again.

I often kid my colleague, the Minister of Finance, telling him that he has been just as wrong in his forecasts over the years as all his predecessors. Obviously, I kid him because, if he has perhaps erred, it has been in the sense that the deficits have been lower than he had announced, whereas previous governments have, for years now, always announced lower deficits than they actually produced.

I, of course, prefer the Minister of Finance's rigorous management and tendency to underestimate our deficits rather than constantly overestimate them. I think this was by far the best way of operating.

Naturally, we are concerned about the continuing high unemployment. We are obviously aware that our increasingly healthy economy has created more jobs in Canada since 1993 than the economies of most industrialized countries, that our performance has far surpassed the average of G-7 countries. In this we must take pride.

It is still not enough. We must do more, and I, for my part, am confident that we are going to achieve much better results with the continuing high performance of our economy. It is important that the growth of the Canadian economy, which rests on a solid foundation thanks to this government, can now lead increasingly to job creation everywhere.

I would now like to draw your attention to the kind of society we are going to build on the solid foundation and the achievements of recent years. We on this side of the House have compassion for the least fortunate members of our society and we must stand united, as a society, and invest in each other's future.

The priority we have set, a priority I would consider national because the Government of Canada arrived at it in discussion with the provincial governments, is the situation of children in low income families. The child tax benefit is one of the first investments we can make. Now that we have some leeway, the Minister of Finance has shown that this government continues to be concerned about the least fortunate members of our society, those who are most vulnerable.

What we have also demonstrated as well is that, by focusing on the children of low income families, we are investing in the future, since everyone is aware that poverty consistently leads to situations that are harmful to society. Poverty is unacceptable in itself, for the people experiencing it, but it is an extremely heavy burden for society as well.

Thus, when we invest in the children of poor families, we are strengthening the social fabric of our society, and therefore are making what might be called an investment in the future, rather than a social expenditure, for poverty can kill every spark of promise there is in an individual. I believe that everyone can see that poor children start off with a strike against them. They have more school problems, and more need of the health care system. Knowing that the poor are always more liable to end up unemployed and dependent on social programs, we must therefore make sure that fewer children start off life on the wrong foot.

• (1220)

A child who starts off on the wrong foot has a hard time changing gears and overcoming obstacles later. These children need to be nourished; the same goes for their spirits, their hearts, their souls and their potential. This we have done, in a way that strikes me as eminently responsible.

We wanted to break down what we call the welfare wall. The child tax credit established by this government in conjunction with the provinces across Canada is intended to break down that wall. This is an extensive, nation-wide effort, in which the provinces and the Government of Canada are working together in an area of concern to them both.

What do I mean by the welfare wall? The social assistance trap which holds too many children prisoner. Very often, parents faced with the decision of whether or not to return to work opt for staying on welfare so that their children will continue to benefit from the programs—such as dental care and coverage for certain prescriptions—they are entitled to as welfare recipients.

As a government, we have determined that we must help families get off welfare if they have the chance, without penalizing their children. This is what we are doing by putting \$850 million in new funding into the child benefit. This will come into effect on January 1, 1998, perhaps earlier if the program we want to create with the provinces can be ready sooner.

The idea is to reduce the social welfare trap that penalizes parents, or at least their children, if they agree to go back to work. The purpose of the child tax benefit is to provide equal opportunities for children in low income families with one parent working, by allowing provincial governments to use the money freed by the increased federal tax benefit to ensure that these children have access to better, more equitable services. This is the goal of our policy.

From an economic point of view, this policy is fundamentally sound and, from a social point of view, it is an investment in our future. We all know that a child who has a bad start in life will ultimately cost much more to society. This policy seems extremely interesting to me.

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The \$850 million that will be allocated as of January 1, 1998 will be added to the \$5.1 billion the government is already paying for the child tax benefit. As of January 1, 1998, \$6 billion will be paid out to families with children. We see this benefit as a down payment the government hopes to increase in the future as soon as our financial picture improves. The money to help low income families will rise from \$3 billion to close to \$3.9 billion, an increase of around 30 per cent.

Thus, 1.4 million families, or more than 2.5 million children in Canada, will see an increase in the benefits they receive from the Canadian government. The results are remarkable, because at the same time we have managed to update Canadian federalism by proving that we can work in harmony with the provinces in this country.

Canadians are sick and tired of seeing two levels of government quibbling over jurisdictions. They want us to work together. We must clarify our roles to avoid this constant stepping beyond the limits of our responsibilities and to avoid creating conflict situations. We must clarify our roles, and that is what we have done with the national child benefit.

The Government of Canada will provide income support for families, while the provinces have agreed to redirect money from welfare to programs and services for children living in low income families. It is this kind of partnership that shows how flexible Canadian federalism can be, how Canadian federalism can be a real boon to the priorities we want to establish, including for our children.

• (1225)

[*English*]

It is time that we realize that federalism is not some game, either the government in Ottawa wins and the provinces lose or the other way around, when the provinces win it is Ottawa that loses.

Federalism is a win-win situation when the two levels of government determine that our federation can be more harmonious and less conflicting. This is the great work we are doing at the ministerial council on the social union. Progress has been absolutely remarkable in the last few months.

I would like to thank my provincial colleagues very much for their extraordinary work and contributions they have made to the national child benefit for which all Canadians are already so grateful and pleased because they can see the better society it is going to build.

The second priority of our discussions at the ministerial council on the social union is the issue of Canadians living with disabilities. We have also taken important steps in the budget to help many of the 4 million Canadians, about 15 per cent of citizens in the

country, who live with disabilities. It is absolutely important that in this society that we build on the solid foundation we have built over the last few years, after four budgets from the Minister of Finance, which have established the foundation. It is important that the society we build on that foundation will allow every citizen to participate more fully in life in Canadian society.

We know that the 4 million who live with some disability have more obstacles to overcome to participate in society. This is why in our budget we really wanted to respond to several recommendations of the task force headed by my colleague, the member for Fredericton—York—Sunbury. The Scott task force has done wonderful work to really bring our attention and focus on the priorities of Canadians living with disabilities who must be helped by the government to participate more fully in life. This is the kind of society we believe in. It is important that it be reflected in society.

We have therefore renewed the VRDP. The budget has actually set aside \$168 million to extend the vocational rehabilitation of disabled persons program for another year. It is a very good program which is helping Canadians with disabilities to get back to work and to contribute and earn a living with dignity, which every human being in the country is entitled to.

In addition to the VRDP this budget provides \$70 million in tax assistance to Canadians who are facing significant medical costs. I think it is a very important element which will help them as well.

[*Translation*]

The budget also provides for investing \$30 million in a new opportunities fund which assists the economic integration of persons with disabilities in their community. We will operate in partnership with non-governmental organizations, NGOs.

In fact I welcome the outstanding job done by members of these NGOs who are working together with organizations for Canadians who live with such disabilities. Without these NGOs, they would not have the same quality of life. That is why we are working very closely with these NGOs to help them financially and in the work they do to help persons with disabilities in Canada to enter the labour market satisfactorily, something they want very much.

This budget has also shown how concerned we are about our youth. On February 12, few days before the budget was tabled, I had the honour to announce, on behalf of the Government of Canada, the youth employment strategy.

• (1230)

The youth employment strategy is not just a strategy for youth, but a strategy designed by young people for young people. We consulted them. What did they ask us? They said: "Sir, could you please help us get better access to the information we need to get a job? Could you tell us about training programs and careers that are

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available to us?" As you know, there are many in my own department, Human Resources Development Canada.

So we put in a 1-800 line which is perfectly democratic. It gives everyone access to programs and services, even people living in rural areas, because we did not forget the outlying regions in this strategy. With our 1-800 line, democracy has reached those regions as well, through access to programs and services.

[English]

Rural youth are extremely important for us. This is why we were so pleased to be able to connect them through a web site available all over the country with a 1-800 line that everyone can have access to in a very democratic way wherever one lives in the rural regions of this country.

We have been asked by people to get them out of the vicious cycle of no job, no experience, no experience, no job. We have created 110,000 work experiences in order to allow young people to get work experience. It has been clearly demonstrated that people who have such work experience through an internship somewhere get a job within a few months after that.

[Translation]

That is why, once this work experience has been acquired, a young person tends to find a job more easily, I mean a steady job, after his training.

Since the Chair would like me to conclude, I want to say that the work we did in the social union council is particularly useful and constructive, now that our public finances are in good shape, in fact better than they have ever been in Canada for decades. We can now look to the future with far more hope and enthusiasm. We now know that the social safety net we have in Canada will be strengthened in the years to come. There is light at the end of the tunnel. We again have something to look forward to. And we are very pleased to share this prospect with the provinces.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I would like to congratulate the minister on his speech. It was very enthusiastic. It is obvious that he believes everything is rosy and great and that the items in this budget and all his plans and best wishes are going to create all the wonderful jobs by the expenditure of these moneys that he has outlined so carefully.

However, I would like to remind him that the light he talks about at the end of the tunnel is not a great vision for Canada. The light at the end of the tunnel is the single biggest problem that this government has failed to address, the debt. That debt is going to be over \$600 billion. There is no plan by the finance minister or this minister to address how they are going to amortize or mortgage that

\$600 billion in some reasonable economic way, like a 35 year period, to pay it down.

He brags about the great finance minister who has addressed the deficit. The government is still spending, according to the latest numbers, \$19 billion more than it is bringing in. There are some members opposite who would like to start spending more. They think that because the government is ahead of its deficit targets is new found money, a surplus. That is not a surplus.

What I would like to point out is that this minister is complimenting the finance minister and himself for a job half done. I know he will say that nobody is always ever happy and that they want to always get further and better. However, on this job issue, I am getting sick and tired of listening to government try to take credit for creating jobs, to say that their job is to create jobs. Then other members get up, and actually this is a more intelligent response, but it is not the government that creates jobs. It creates the environment and the right conditions and the private sector creates the jobs. But the government has not done its job yet. It has only done half a job. It is still running a deficit.

• (1235)

On the jobs that the government says it has created, I heard this all last week in question period 770,000 new jobs. Then the finance minister claimed that was a net number.

This is the question I would like to ask the minister directly. He should know this because he is in charge of job creation as well. When the Liberals got elected jobs, jobs, jobs was the platform and 1.5 million Canadians were out of work. Their job strategy was infrastructure, a number of these other items that are in the budget and this was going to reduce the unemployment rolls.

Unemployed according to statistics is 1.4 million. If we are talking net numbers it would seem to me, if I do the arithmetic, this government, if it wants to take credit for creating the jobs, created 100,000 new net jobs, not 770,000 new net jobs. Otherwise the unemployment would have been 2.2 million, not 1.5 million.

Somewhere in there the arithmetic is not right. Somewhere in there somebody is spinning a myth that Canadians are getting a bit confused by. I as a member of Parliament do not have this straight. I do not understand how this government can stand up and say it created 770,000 new jobs and it is the private sector that creates the jobs, which is a contradiction right there, and then have an unemployment rate that is only 100,000 lower than what it was.

Mr. Pettigrew: Mr. Speaker, what we have been saying for a long time is that the responsibility of the government is to create a climate, the right conditions. What I have said is that it has not materialized completely yet and the economic growth has not yet

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translated into all the jobs we hope will be created in the next few months and years.

The interest rates are much lower than they have been. They were two points higher than the interest rates in the United States when we took office in 1993. They are now more than two points lower than in the United States after four Liberal budgets. What can I tell you, this is certainly contributing to the right climate.

Inflation is now at less than 2 per cent. Really for the first time in decades we have full control of public finances. This is extraordinary. I do not say that the job is finished. Governing is an ongoing process. I hope we will be continuing to govern for a while.

What I am saying is that what we have achieved has been without putting at risk the social fabric of society. The social fabric of society has been saved and protected and ensured into the future.

This is why I say there is light at the end of the tunnel. We still have important moves to make in the direction we are giving right now to Canadians but there is hope. Let us stop saying all the time that there is no hope. What the young want is for us to let them know that there is hope and that we are going in the right direction.

Mr. Dennis J. Mills (Broadview—Greenwood, Lib.): Mr. Speaker, I would like to compliment the minister on his remarks. The initiative of the national child tax benefit is a great initiative. As Liberals we should be proud that we are once again speaking for those in our community who are most disadvantaged.

We always talk numbers around here in such large, grandiose ways, about the deficit and the debt. We talk in numbers that sometimes the average person on the street does not quite understand. The reality is that we still have a large number of Canadians who are out of work. They are not looking for a debate in the House on whether the deficit is \$19 billion or \$17 billion. They are looking for some hope and energy so that we can get people going again.

• (1240)

I would like to propose an idea to the minister responsible for putting Canadians back to work. Would the minister consider seeking an all-party consensus that we have an emergency debate so that every single member of Parliament could stand up and in a constructive way put forward thoughts and ideas on how we could get the whole momentum of hope for getting people back to work going again?

It should not be the normal hours. It should be, in the true sense of the word, an emergency debate, perhaps from 10 a.m. until 9 p.m., 6 or 7 days a week. We would go until we sort of sensitized

the whole country that we are totally obsessed with the idea of getting Canadians back to work.

I watched the minister on television last night when he announced a very specific project in a region of Montreal where he was getting Canadians back to work. The problem is that one announcement like that is not enough to get the whole energy system of the country going.

Would the minister take the initiative, appeal to the Prime Minister that we create a national, bipartisan debate in the House of Commons so that we could come up in a constructive way on how all members of Parliament can put their ideas on the table on how they can get their own communities going?

Mr. Pettigrew: Mr. Speaker, I certainly welcome the member's suggestion for raising the profile of the situation of unemployment in Canada. It is something that should be above party politics, particularly at this time.

We need all the creative work that can be done. I am sure that opposition members would be able to contribute as well. This is something that does concern every one of us. In most of our ridings, we have too high an unemployment level.

We need all the creativity that we are able to produce in the House and elsewhere. It is the one priority that we should be having right now, job creation in Canada. It is something that we will continue.

Certainly I as minister am very open to any constructive suggestion from my colleagues in our caucus or from opposition members. We are trying very hard these days.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am delighted to rise today as part of the debate on the budget speech. However, I am less than delighted with the budget.

In fact, I have a short anecdote for you. One or two days after it was tabled, an accountant was to come to the chamber of commerce in my riding to make a presentation on the budget. In his introduction, he said: "When I learned I would be doing this presentation, I was quite anxious thinking there would be a lot of elements that would be difficult to integrate. My problem this morning is that there is nothing new in the government's budget, so there are few elements. It is a budget on automatic pilot".

The problem is that we do not need budgets on automatic pilot in Canada and Quebec at the moment, we need budgets that address the main problem: jobs. In past years, a lot of work was done on the issue of the deficit with some results, although much was done on the backs of the provinces through cuts to transfer payments and on

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the backs of the unemployed through the unemployment insurance reform.

As far as jobs are concerned, this time, the issue on the table, the main concern of the people in my region, in Quebec and in Canada is, how are we going to use the human potential available? And how is it that the unemployment rates are acceptable?

The government is arguing that it can do no more. It is setting up attractive conditions, and it is up to the private sector to create jobs. The private sector has a responsibility in job creation, but the government also has the responsibility of tackling this problem.

The first step would be for the Prime Minister to say: "We will indeed make it a priority, we will set up objectives to ensure we put the same energy in job creation as we may have put into deficit reduction in the past". The tools are there. We can suggest some to him. On the weekend, at the Bloc Québécois convention, there was no shortage of solutions proposed at the workshop on employment.

• (1245)

We are not saying that it is an easy matter, but there are things that the government could do, but chooses not to simply because it lacks the political will to do so. For example, it could very substantially reduce unemployment insurance premiums, which would result in the creation of tens of thousands of jobs. It could create an employment RRSP, as suggested by the hon. member for Saint-Hyacinthe—Bagot, the Bloc Québécois' finance critic. We made this proposal to the minister. What did he do with it? He forgot about it. They decided it would be business as usual. They stuck to the traditional course, and did not bother with that.

Jobs have been created in the past and are still being created, but a whole class of people, all the unskilled workers who have been affected by technological change, are being ignored, much as if they were so much cast-off furniture. This is unacceptable.

Society must be able to react more rapidly if we are to have an agreement on manpower. A system which takes as long to react as the Canadian one does is unprecedented. For the past five years everybody in Quebec has been saying that common sense requires Quebec to be responsible for manpower, but the federal side is still hemming and hawing, trying to ensure that it will have some control over it, while it really falls under the jurisdiction of Quebec.

This is another tool which has to be handed over to ensure a better match between workers' training and available jobs. The employment insurance fund surplus must be used to this end. It must be used not only in the financial statements, to reduce the deficit, but above all to launch dynamic manpower training initiatives, to allow workers to get a training and keep their jobs. We must be proactive and take action before problems appear.

There is nothing of that kind in the budget and I think the federal government should do its homework to ensure that interesting solutions are found.

Other means were suggested in a workshop on employment during the Bloc Québécois convention, this past weekend. For example, we could do something to reduce drastically the red tape for small and medium business. I challenge the members to go through all the administrative steps that must be taken when a business is established. The number of governmental organizations to communicate with and the number of forms to fill up are enough to discourage any entrepreneur from creating jobs.

A progressive retirement plan proposal was also put forward. Why not allow people who are at the end of their careers to gradually reduce their job schedule to four, three or two days for the last five years and to use their RRSPs to make up for the difference without having a tax penalty. That would be an incentive for them and an opportunity for young people. Again, this is an interesting solution.

Mutual fund or investment fund management is another issue that must be looked into, even though it is more complex. Many funds invest on the American market and other markets around the world. As the government here in Canada, we have a duty to provide interesting conditions to make sure these funds invest in Quebec and Canada so that our savings support our own development and not the development of others.

There is another avenue to explore. Look at what is happening today: while jobs are being created for individuals with postsecondary education, the situation remains dismal for those without high school education. Literacy needs to be improved. Does this budget contain any major initiative providing for the federal government to withdraw from this area, give the budgets back to the provinces and let them take over? No, not a word.

They are leaving it up to market forces without making any attempt at enabling those who have been a little left out because of their lack of education to train, get back in the race on the labour market and finally get work. There is nothing to that effect in this budget.

There is another instance where, in my opinion, the Minister of Finance lacked compassion. For nearly a year now, questions have been asked and letters written to the minister about American pensions. While the minister acknowledged there were iniquities in the new tax treaty between Canada and the U.S., nothing has been done. This matter should have been addressed in the February budget.

The tax treaty between Canada and the U.S. does have to be amended, reopened if possible, or reviewed from an administrative point of view. While we are still waiting for a final decision on this, there are people who have been living on \$6,000 a year for the past

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two years. They used to receive \$8,000, a small pension if you consider that some of them do not yet qualify for old age security. Members should try working out a household budget of \$6,000 a year, just to see.

• (1250)

Before, people did not have to pay taxes upon receiving their cheque from the American government. They would receive the whole amount and declare half of it the following year, in their tax return. This taxation method allowed low income people to be a little better off, thanks to their tax refund. This is no longer the case. Now, 25 per cent of the amount of the cheque issued by the American government goes directly to the U.S. treasury, and Canadians have no way of getting that money back.

What is rather unfair is that people who worked and earned a good salary for a long time, and who are now getting a big pension, are in a better financial position than they were in the past. However, low income people, that is those who receive \$8,000, \$12,000 or \$15,000 per year, or a support income of \$3,000 or \$4,000, are now being deprived of an essential part of that income.

The Minister of Finance should have spent as much time looking at this issue as he gave some people to take advantage of tax loopholes. A change must be made as soon as possible. I am asking the minister to get the unanimous consent of the House to correct this situation, through the budget or through a short term measure, at least on a temporary basis.

We made suggestions, including a proposal whereby the income supplement would be calculated on the net amount received by the individual, thus allowing senior citizens to get their supplement more easily. Such a solution would not solve the problem, but at least it would make it easier to give back money to those who need it on a daily basis. We are not talking about family trusts, we are not talking about billions of dollars: we are talking about people who need that money to buy milk, to buy butter and to pay their rent. The federal government is showing an unacceptable lack of compassion toward these people.

For all these reasons, I feel the government did not do its homework with this budget. It merely lets the train follow the tracks without changing the speed. We have a new problem called non-employment. This shortage of jobs, hundreds of thousands of them, keeps us from putting to work citizens who are ready and willing to serve their community.

We must create opportunities, we must create a dynamic. The government must really make this a priority and follow up on the slogans used during the election campaign. Imagine the impact, on the credibility of parliamentarians, of the slogan "jobs, jobs, jobs" used by the Liberals in the 1993 election campaign now that, four

years later, there are as many people out of work as there were back then.

During the next election campaign, the Conservatives will use the speeches made by the Liberals in 1993 to talk about change, while the Liberals will use the Conservative rhetoric. This is a tradition among old line parties. However, it does not solve the problem.

What is required in this budget are clear and specific decisions and commitments on the part of the government to make employment a priority. For these reasons, we will support the amendment tabled by the Bloc Québécois.

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, my colleagues and I are pleased to take part in the debate on the budget and on the Bloc Québécois' amendment.

During the last election campaign, and ever since, we have heard so much about the red book that at some point we decided to read it for ourselves. There are some passages that, after three and a half, almost four, years leave us wondering whether the people who wrote it have lost their memories, are suffering from Alzheimer's, or at the very least should be ashamed to see what this book has produced after three and a half years.

I will quote you a short passage from page 13 of our Liberal friends' red book:

Today, after nine years of Conservative government, Canadians are facing hardship: 1.6 million unemployed, millions more on welfare, a million children living below the poverty line, record numbers of bankruptcies and plant closings.

Like I said, that was from page 13 of the Liberal Party's red book.

• (1255)

What compassion. What fine words. I do not know whom they hired to write such wonderful prose, but they should have hired somebody else to carry it off.

It has been three years now, and I would remind members that there are not 1.6 million unemployed, but 1.5 million Canadians still without jobs; there are 3 million Canadians on welfare. Instead of one million children living below the poverty line, there are now 1.5 million in this situation. The number of bankruptcies has reached a record level in 1996, and these are not Bloc Québécois figures, these are not figures provided by nasty separatists, but figures from Statistics Canada, Industry Canada and Human Resources Development Canada. These figures are very interesting when starting off a speech in reply to the budget speech.

What have the Liberals who were so appalled by the situation in 1993 done after three and a half years in government? They have made things worse than in 1993 and today they are telling us how wonderful they are.

I wonder whether, in the next campaign, the Liberals will dig out their red book and parade it around, saying: "Look, we have kept 80 per cent of our promises". I wonder if they will use the Statistics

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Canada, Industry Canada and Human Resources Development Canada statistics to show that we are not the ones contradicting them, but that it is their own organizations instead which are saying: "The government has not met its objectives, has not kept its promises". Not just little promises, but the major promises of the election campaign: jobs, children, and bankruptcies. In other words, things that affect the pocketbooks of the men and women of Quebec and of Canada.

If I were a Liberal MP, I would make sure no red book came anywhere near me, and I would make the rounds of the bookstores and the MPs' offices to make sure there were none to be found, for I would be embarrassed to be seen with one in my possession.

As critic for international trade, however, I will make reference to the Minister of Finance's budget speech, four key points in particular. First of all, back to the red book, which contained promises on respecting democracy and human rights throughout the world, international trade versus human rights, respect for democracy and the Liberal Party vision of foreign affairs.

What has this government done in the past three years about international trade and foreign affairs? As you will see, on this first point, I will be able to demonstrate to you that they have not done much. On the contrary, they have backtracked. Not just inertia, but backtracking with respect to their promises, their positions as set out in the red book.

How has the Liberal Party backtracked on aid for international development? How has the government backtracked on the question of encouraging democratic rule in the various parts of the world? Here is one simple example.

First of all, CIDA is responsible for administering some 80 per cent of the Canadian Official Development Assistance program, or ODA. This supports sustainable development in the developing countries, in order to reduce poverty and contribute to the creation of a safer, more equitable and more prosperous world.

In 1997-98, spending by CIDA will total \$1.6 billion or \$160 million less than had been estimated in 1996-97, to keep a promise the government had made to help countries that wanted a greater measure of democracy to prosper and provide for sustainable human development. What is the Canadian government doing? What is the Liberal Party doing? In its budget, it cut Canada's official development assistance by 10 per cent.

• (1300)

The International Development Research Centre examines the problems of developing regions throughout the world and tries to

find ways to use and adapt scientific knowledge to improve the economic and social well-being of these regions. The government subsidy for the International Development Research Centre for 1997-98 will, according to the budget of the Minister of Finance, total \$88 million, \$8 million less than in 1996-97, which means another 10 per cent cut.

I repeat, the Liberal government said it wanted to defend and promote democracy and human rights throughout the world. However, we see a 10 per cent cut in official development assistance and a 10 per cent cut in funding for the International Development Research Centre.

I hope they are not going to brag about how they kept those promises during the next campaign. In any case, I hope they will be embarrassed if they ever do, because they know they will be stretching the truth, to avoid using another term that would be unparliamentary.

Because of the cuts initiated by the Liberal government, official development assistance has been reduced to less than 0.7 per cent of GDP. The United Nations, the OECD and its development assistance committee had suggested 1 per cent of GDP. The Canadian government had also promised to maintain a significant level of international aid, and among the G-7 and the OECD countries, the objective was to give 1 per cent of GDP to development assistance. During the three years it has been in power, the Canadian government has reduced development assistance from its already inadequate level of 0.7 per cent to less than 0.7 per cent.

Is development assistance important? Should charity not begin at home? Let me tell you that in Canada, one job out of four depends on foreign consumers; one job out of four in Canada depends on our exports. Is it important to ensure that our customers are in good shape socially, economically and politically? It is essential.

The Canadian government has no choice but to defend, promote and encourage political, economic and social stability in those countries. Eighty per cent of the world's population will soon need greater stability to be able to buy and acquire our products. If only from the strictly fiscal and economic point of view, we must ensure that these countries enjoy a certain level of growth and stability.

We should also promote research and development here in Canada. This will only take a few seconds. In a document by the OECD on employment, we read: "The main cause of rising unemployment and the increased number of low paying jobs is the growing gap between the need for OECD member economies to adjust and innovate and their ability and political will to achieve this". Does the Canadian government have the political will? No. The Canadian government has put nothing in its budget, the Minister of Finance put nothing in his budget to help businesses and international development.

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[English]

Ms. Colleen Beaumier (Brampton, Lib.): Mr. Speaker, I will be sharing my time with the hon. member for Hastings—Frontenac—Lennox and Addington.

I am pleased to participate in the debate. The 1997 budget represents the fulfilment of the red book commitment on the economy. Almost 3.5 years ago the Liberal Party made a series of commitments to Canadians on the economy.

One of the most challenging and badly needed of the commitments was to reduce the federal deficit to 3 per cent of GDP by the end of our third year in office. We have not only fulfilled this commitment. We have exceeded it.

• (1305)

The deficit for 1996-97 will be no higher than \$19 billion, substantially better than our commitment to reduce the deficit to 3 per cent of GDP this year. It is more than \$5 billion lower than target and \$9.6 billion below the 1995-96 deficit.

I remind the House that this is the largest year over year decline ever. Because of the efforts of the government to clean up the nation's finances led by the Prime Minister and Minister of Finance, Canadians see light at the end of the tunnel.

The 1997 budget is more than just the achievement of these impressive numbers. It represents the fulfilment by government of major election commitments, the significance of which should not be underestimated.

When we took office Canadians were fed up with government. Canadians had just undergone almost 10 years of a government that kept on promising to get Canada's fiscal house in order and consistently failed. We cannot undue mistrust fostered by previous governments overnight, but we have taken a major step by keeping our commitment on reducing Canada's deficit.

The 1997 budget demonstrates that the government did not cut just for the sake of cutting. Rather the budget is a springboard to the 21st century, preparing Canada for the next millennium.

Perhaps what is most important is not what the budget does for Canadians today but what it will do for the country tomorrow. More than any other budget, the budget is a rallying cry to all Canadians to prepare for the next millennium. We are well on track to eliminate all borrowing requirements from international markets by 1998-99. This means that we will have the lowest deficit among the G-7 countries.

The budget contains a number of very focused investments in Canadians. Certainly one of the most needed of them is the Canada child tax benefit. This investment which totals \$6 billion will begin

to help families escape the welfare trap. The federal government will assist low income families with this tax benefit, removing the disincentive to find work. This will have the added benefit of allowing provincial governments to take some of the money they are currently spending on welfare and redirect it to services and programs for the working poor.

We have also taken action to strengthen health care. The recent report of the National Forum on Health stated that the transition to a better system in the future requires some targeted investments today. This our fourth budget provides \$300 million over the next three years to implement key recommendations of the National Forum on Health.

We have provided \$150 million over the next three years for a health transition fund to help provinces launch pilot projects to investigate new and better approaches to health care.

The budget also introduced Canada information services and increased funding for the community action program for children and the Canada prenatal nutrition program. These measures demonstrate our commitment to the Canada Health Act and to Canadians who want a strong health care system.

If Canada is to excel in the next century we must have a modern, innovative economy. The economy of the next millennium will be knowledge based economy and research intensive. The government recognizes that if Canada is to be a leader in research and development we must have a strong research infrastructure. The 1997 budget creates the Canada foundation for innovation for modernization of research infrastructure at universities, colleges, research hospitals and associated organizations in the areas of health, environment, science and engineering.

The foundation will be run by those who conduct the research and by those who need to know what needs to be done. In other words we are not adding another layer of bureaucracy. We are reaching out to those involved in industry and we are working in a co-operative manner.

The foundation will be funded by an upfront investment of \$800 million, which will allow the foundation to provide around \$180 million annually over five years. This is an investment in the economy today which will result in an innovative and modern economy tomorrow.

• (1310)

The Canada foundation for innovation represents a major investment in Canada's research and development sector. This is a sector with the brightest minds in the world. Sadly it is a sector that has been ignored by previous governments. The government values the research and development sector. We have sent that message loud and clear through this major investment on behalf of all Canadians.

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A great deal has been made about the numbers in the budget. Indeed they are impressive. However the budget is not about numbers. It is about the people of Canada. We have taken the first steps in laying the foundation for Canadians to seize the next century. In a relatively short span of time we have put an end to Canada's crippling deficit cycle. We have gone from having one of the worst deficit levels in the G-7 to one of the best in a very short span of time. As a result of this action Canadians are enjoying the lowest interest rate levels in decades.

The opposition has claimed that interest rates are low throughout the world and that our Minister of Finance cannot take credit for the low interest rates. The fact that ours are lower now than those of the United States means that our minister can certainly take the credit for it. It has been a long time since our interest rates have been lower than those south of the border.

Our economy is poised to enjoy tremendous growth. Our ambitions go far beyond just these economic goals. That is why we have taken measures to fight child poverty and to strengthen Canada's health care system. These are elements of our society that Canadians cherish. We took the approach to deficit cutting that we did because we wanted to preserve and strengthen these elements of society. The budget is a very strong first step in that direction.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, the hon. member talked about how opposition members have—and I know I have been one of them—criticized the finance minister for creating the myth that he has broken the back of a deficit that still stands today at \$19 billion.

I attacked the government for trying to take credit for the jobs it claims to have created when the net number is only 100,000, from 1.5 million to 1.4 million. Yet it claims to have created a net 700,000 jobs.

I criticized the finance minister for taking credit for having low interest rates. What advantage are interest rates to people who cannot borrow money? It does not matter what the rates are. What advantage are the interest rates when credit cards are not affected by their lowering? Interest rates set in Canada, as they are in the United States, are usually set and tied to inflation.

The member will recall a gentleman by the name of John Crow who used to worry about inflation. We had high inflation and he set interest rates high to curb it. It took lot of years of struggling.

I remember the Liberals on this side of the House, when they were in opposition, being against the high interest rate policy of John Crow and criticizing him. He is the individual who deserves credit for the low interest rates in Canada today. Inflation has been killed and brought to its knees. Then interest rates came down. That is who should get credit for the low interest rates, not the

government or its budgetary policies. In spite of the budgetary policies of this government interest rates came down.

I heard many members of the House take credit for the low interest rate, jobs and breaking the back of the deficit. It is all a myth. They are spinning a myth. The reality faces them in black and white. Yet they brag and congratulate a finance minister who has failed to address the real problem of the debt and the high interest costs to service it. We will all pay for that in the long run. No one is addressing that except the Reform Party.

• (1315)

Ms. Beaumier: Mr. Speaker, it is very interesting to hear the hon. member say that we have not dealt with the deficit. When we were at the polls three and a half years ago, Canadians did not want the Reform approach of chop, chop, chop. Canadians accepted the fact that 3 per cent of GDP was what the social fabric of the economy could accept.

You gave it your best shot three and a half years ago. Canadians rejected your approach. We have lived up to our commitment to Canadians.

If the economy was not doing so well, you can be sure that the finance minister would take the blame. I believe he also deserves the credit.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, the member during her speech said how proud she was of the government for what it has done for the health care system.

I would like to ask her a couple of questions related to that topic. I wonder how proud she is of her Minister of Industry who gave an entrepreneurial award to a Winnipeg company which specializes in selling health insurance to Canadians to go to the United States if they have to stay on a waiting list too long.

Is she also proud of her government that has a Canada Health Act that means in Vancouver there are waiting lists for an MRI? People are not allowed to pay for one but dogs and cats can be scanned on the MRI for veterinary surgeons, because there is not enough money in the system. Is she proud of her government for that?

Ms. Beaumier: We all recognize that there are serious problems with the health care system and in the response of the government it is trying to address these issues.

The information in the report that has just come out by the Canada health forum indicates that we are prepared to take action to correct these situations.

Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.): Mr. Speaker, it is an honour and a privilege for me to rise today to participate in the budget debate. I am proud to support the 1997 budget. In particular I endorse very heartily the agenda for jobs and growth.

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The government's plan for jobs and growth is to stay the course on restructuring the country's fiscal health, to invest for immediate jobs and for immediate growth, but also to invest for long term job creation and growth and to invest in a stronger society.

Building on the efforts and successes, our fourth budget brings the hopes and dreams of Canadians closer to fruition. For the record, we are solidly positioned to eliminate financial requirements. The deficit has fallen from \$43 billion to \$19 billion. In 1998-99 the government will no longer need to borrow money on financial markets to pay for programs and debt charges. This is a remarkable achievement, giving Canada the best record of any of the G-7 countries.

Since the 1993 election, 715,000 jobs have been created, 80 per cent of which are full time jobs. That is another remarkable achievement. Although unemployment has dropped from 11.4 per cent to 9.7, it is much too high. However, the foundation for growth and job creation has been laid. Interest rates, as we have all acknowledged, are at a 35 year low. Confidence in Canada's economy and governance has been established. The government is identifying opportunities and developing strategies that will work.

Our goals have been achieved in a managed and responsible way. I commend the Minister of Finance for having elected to provide selective tax cuts of almost \$2 billion over the next three years: for low income families, charities, the disabled, students and for parents saving for their children's future education. That will benefit us.

More than 1.4 million low income Canadian families with 2.5 million children will see an increase in federal child benefit payments by July 1998. We have accomplished these targeted tax cuts while we have created no new taxes.

My riding of Hastings—Frontenac—Lennox and Addington is rural, and small business makes major contributions to our local economy and to job creation. This budget rewards small business. Payroll records can now be filed quarterly, a major saving in time and paperwork.

• (1320)

There are no further cuts to government programs. In fact, as a result of the 1997 budget, investments are being made in tourism, rural development and small business, all areas with a significant potential for job creation.

The government is investing in post-secondary education and innovation, including increases to the education credit, an extension of the tuition tax credit, flexible student loan repayment options and help for parents saving for their children's education. It is planning for the future by renewing research infrastructure at Canadian post-secondary institutions and research hospitals

through the Canadian Foundation for Innovation which will secure our future.

The government is investing in health care, particularly by strengthening community based programming and programming directly related to the health of children.

I was particularly pleased to hear of the rural development opportunities that were included in the budget. The riding which I represent is a rural riding. Many of the initiatives in the budget will benefit the constituents of Hastings—Frontenac—Lennox and Addington. For example, tourism will reap the benefits of another \$50 million which has been invested into the BDC. That will lever up to \$250 million more in new loans for tourist operators, especially those outside the major urban areas. An additional \$45 million over three years have been designated for the Canadian Tourism Commission.

These initiatives are very important to my riding, which borders Lake Ontario and Algonquin Park. We have always had a very challenging time in accessing capital and international markets.

Certainly rural constituents will benefit from the technology programs. The community access program is being expanded in order to connect more than 5,000 small communities with populations between 400 and 50,000 people. We already have Bancroft and Northbrook—Cloyne participating in the program. Other communities will benefit from it.

We have addressed child poverty. My riding, like too many others, has experienced too much poverty which has had a negative impact on the lives of the children today and will have a negative impact on their future. To quote the Minister of Finance in his budget speech: "Too many Canadian children are not getting the start they need to become healthy, happy, educated and productive adults. This is not only a personal tragedy, but also a loss for the nation as a whole. And so there is a growing consensus among Canadians that our first priority when it comes to any fiscal dividend is to invest in the well-being of our children, the future of our country".

The first step will occur in July 1997. The working income supplement will be enriched by \$195 million. Benefits will be provided for each child instead of per family. Step two will take place in July 1998. The supplement will be combined with an enriched child benefit to form the Canada child tax benefit.

The government has made a very sincere promise. It will continue to work with the provinces to design complementary changes that will help to reduce child poverty and barriers to work.

Building on the efforts to improve the conditions under which children are growing up, we are creating opportunities for youth so they may make the transition from school to work when that time

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arrives in their lives. The youth employment strategy is an important step toward restoring hope for young Canadians.

Recently in my part of the country Industry Canada had an information fair. More than 20 government departments staffed booths, answered questions and provided material. People are writing into my office and phoning us asking for more of this information. I am glad to see the government focusing on small business and the opportunities we have for export development and trade.

Last spring I worked with a coalition of community groups to mount an area business show "Connections '96". I am happy to report that the show is being repeated on April 19 of this year. "Connections '97" will showcase business and community groups. There will be displays of products and services, panels, discussions and guest appearances of accomplished people from a variety of interests.

This is what good government can produce: government and the private sector complementing each other's efforts to produce jobs and growth.

• (1325)

The budget recognizes the fact that no single initiative will address the challenges we face. However, the threads, woven together, do promise a beautiful tapestry in which the government works with the private sector so that the needs of the vulnerable in society, the poor, the children and the aged are met.

This budget is about getting our fiscal house in order and about investing in the future. I thank the minister for an excellent budget.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I would also like to compliment the member on his speech. He worked very hard and diligently at it. He stayed up late at night to write every single word of it and I know he believes everything that is on that piece of paper.

Does he believe in the contradiction he is perpetrating on the Canadian public? He says that the government has created 700,000-plus new jobs. The finance minister and the Prime Minister have said that that is a net number.

Then, in his speech, he indicates that the unemployment rate has gone from 11.4 per cent down to 9.7 per cent. If you take the drop and the number of unemployed when this government came into power, which was at 1.5 million, it rather rounds out to close to 1.4 that still exists, which allows for some variance in there and some cushion.

How is it that this member can defend the cabinet ministers' claim that they have created 770,000 net new jobs, yet in his speech

say that the unemployment rate has only dropped from 11.4 to 9.7 per cent? Maybe the member could address that discrepancy.

Mr. McCormick: Mr. Speaker, I appreciate the opportunity to address that question for my hon. colleague from the fine province of Alberta.

Seven hundred thousand new jobs have been established. These are not my figures. They are from Statistics Canada. That is over 41 months. In the 41 months prior to the election, there was a loss of 100,000 jobs. There was no gain by your friends and by your colleagues during that government.

Canadians are re-entering the work force daily in our ridings. Housing starts are on the rise. This is winter. Basements are being dug in the small community of Bath, Ontario, a loyalist community on the banks of Lake Ontario. People are moving in weekly from Toronto and Montreal. Young couples are coming to our area. One billion dollars has been invested in our community in the last year. It is investment from around the world. People feel good.

When this happens, many people re-enter the workforce. I am glad to see this confidence. Yes, the challenges are there. Is this glass of water half empty or half full? It is half full. I am glad that it is there so that I can drink from it. We can benefit from the workforce. I am proud to be a member of the government.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I constantly hear the members of the government talking about child poverty and how they are going to get rid of it.

I would really like to hear a definition of poverty from one of the government members. When I have asked in my riding for the definition of poverty, people always come back to me with, the children would have no shoes, no television, no refrigerator. There would have difficulty affording food and people would be living in very difficult conditions.

Would the member, please, give me a definition of poverty and tell me what percentage of his riding is living that way?

Mr. McCormick: Mr. Speaker, Hastings—Frontenac—Lennox and Addington, my riding, has the unfortunate title of having the second highest unemployment rate in eastern Ontario and the second lowest income. Many of our people have comfortable lives. I grew up in that area. I realize in your area of Vancouver—

The Deputy Speaker: I ask the hon. member to please address his remarks through the Chair.

Mr. McCormick: Mr. Speaker, I am not sure I can actually say how many children are barefoot. However, our investment and our concern about child poverty is more than just clothes, it is more than just the food on their plates, it is their stake in our future.

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Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, I will be sharing my time with the hon. member for Mission—Coquitlam.

• (1330)

It is interesting and sad that in a nation as great as ours with its tremendous potential in terms of resources and human capital we have managed to squander it for so much and for long. This year's budget was another opportunity to make our nation great, to put our economic house in order and to strengthen the social fabric which ensures most Canadians can live comfortably and are protected from some of the more egregious circumstances that occur south of the border. It is unfortunate that once again we have seen opportunity lost.

If the government had taken our solutions of three years ago, today we would have a balanced budget. We would be bringing down the real ogre which compromises our social programs and our employment situation, decreasing the debt. The government chose to ignore the factual practical solutions we gave it two and half years ago. Now the government is spending more money than it takes in and it compromises the very people it professes to help, the poor and those in the lowest socio-economic groups. The government compromises the very programs it claims to uphold, health care, welfare, old age security, guaranteed income supplement.

The government fails to recognize as it fails to tell the public that if you do not live within your means, if you are not fiscally responsible, you are socially irresponsible. In a nutshell, Reform's platform can be best summed up as fiscal responsibility with a social conscience, as fiscal responsibility with social responsibility.

We have been accused of trying to cut. Yes we have but we have tried to determine where moneys can be spent to preserve those programs most needed by Canadians and to eliminate those programs that are not. This is not because we wish to cut programs but because we wish to ensure that the social and economic fabric of Canada will be intact. Canadians will have an opportunity in the future to live long, prosperous and healthy lives. Unfortunately what is happening out there, away from this bubble of Parliament Hill, is very different from what the government would lead Canadians to believe.

In my other profession as a physician I see there is a great destruction taking place within the health care system. Canadians are not getting their essential health care services when needed. Instead, they are getting these services when governments say they can. The government like to trumpet out that it is the great staunch defender of the Canada Health Act. You can defend a piece of paper but it does not do a whole lot of good for somebody trying to get into an intensive care unit bed when they are having a heart attack

if the money is not there. But that is what is happening throughout the country.

The government has to wake up. It is doing a huge disservice to Canadians by spinning them a series of gross misinformations about our health care system, our social programs and the economic situation in the country. Government members like to stand up and say they are balancing the budget and winning on the deficit. Winning for whom?

The government is trying to balance the budget on the backs of the only people who pay the money to run this place and every single program in this country, the hardworking, much beleaguered, overtaxed Canadian taxpayer. That is what is happening. The government has instituted 35 tax increases for Canadians. It is living off the avails of programs from before to keep the interest rates low. Actual cost cutting has been very small. It is disingenuous to say to the public that the government has not increased taxes when the reality is very far from that.

The government has also compromised some other very important programs. It has yanked out \$7 billion from health care, welfare and education. This is at a time when education is going to be the underpinning of our social fabric.

Reform has put forth effective, concrete solutions. I will discuss a few of them. If the government were to institute just a fraction of them, we would begin to greatly improve the welfare of Canadians.

• (1335)

First, get the deficit down to zero but for heaven's sake bring forth a surplus budget so we can bring down the debt. Second, stop increasing taxes. Canadians cannot stand any more tax increases.

Third, simplify the tax system. It is unfathomable that we have a tax system that is so complicated that many Canadians simply cannot do their own tax returns.

In private companies, the true creators of jobs, small and medium size businesses, their ability to increase employment, invest in their companies and in the economic strength of the company is compromised by the egregious taxation system. It acts as a strangle hold on companies to compete. Companies have problems competing within the country but, worse, they have problems competing with companies in other parts of the world because our tax system prevents them from being competitive.

We also have a whole array of restrictive, stultifying rules and regulations which crush the living daylight out of companies and their ability to be aggressive, mobile and nimble in creating jobs and survive.

The government must work with its provincial counterparts to develop ways to streamline the systems, the rules and regulations that are completely necessary.

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Everyone in the House knows that we are one of the most, if not the most, overgoverned democracies in the world. We do not need that. It is the taxpayer who is paying for it. In essence the tax system, overspending and the debt are a noose around the private sector and every Canadian, and around our social programs. We have to remove it from around the necks of Canadians and put forth good, strong economic policies that will get people back to work and strengthen the social fabric.

The government likes to trumpet employment statistics. The fact is that we have been suffering from the worst and longest unemployment record since the depression. This Liberal government and the preceding Conservative government are directly responsible.

If the Canadian people would like to see a change they should vote for the Reform Party in the next election. However, before they do they should look at our policies and compare them to those of the Liberals, the Conservatives and the NDP. Compare policy to policy and idea to idea. Canadians must get involved.

It is also essential to remove other barriers to trade. The government had an opportunity to decrease the interprovincial trade barriers. Did it do it? No. It touched and nibbled around the edge. There are more barriers to trade between my province of British Columbia and Ontario than there are between any province in Canada and the United States. Does this make sense? It is absolutely absurd.

The government also has to decrease taxation levels. The GST should be scrapped as soon as possible. There is a model we can look to. In 1992 the Conservative government decreased taxes temporarily. What happened to government revenues? They went up. What did the government then do? It started to tax wildly and government revenues went down. Think and listen. There are examples which we can draw from.

In conclusion, if we are to get substantial changes and if we are to achieve our potential, then the place to change first is Parliament because it is not a democracy; it operates more a medieval fiefdom and gives democracy a very bad name.

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, I would like to take a few moments to respond to the hon. member's comments.

I will go down the list, but first let me state that I do agree with him that our tax system needs to be looked at and simplified for each and every Canadian.

• (1340)

I am sure the member did not become a medical practitioner by being stupid. The member said that if this government had listened to the Reform plan two and a half years ago we would have been better off. I would like to remind the member that not only did we listen to the people of Canada but even his own members listened to us and applauded us. It was after our previous budget when their

own finance critic was the first one to stand up and lead the applause after the budget was presented.

It is so ironic because on two occasions the member for Saanich—Gulf Islands stood up and said that this government had gone too far and had cut too much. On the very same day I recall being in the House when the member for Lethbridge stood up and said that we did not go far enough.

I do not know what the Reform Party actually wants this government to do. We know what we want to do and that is a balanced approach.

I want to take this a step further because he touched on the health care system. I want to use the example of Ontario which most recently has put close to \$400 million back into the health system and is saying that the \$500 million cut slotted for 1998 most likely will not take place.

The national forum on health not too long ago announced that the problem with the health system is not that we do not have enough money in it but that we have to simply spend the money wiser. Having that feedback, we as a government took it a step further and talked about putting \$50 million back into the program for the next three years. We also talked about introducing the pharmacare program. That is why we are going to insist on protecting the program.

When he talks about social conscience, let us recall that in their presentation just a year and a half ago, their approach to taking care of our seniors and the needy was to turn them over to the communities, the social services, the relatives and the charitable organizations.

They say they want to get rid of the GST, scrap the GST, as the member stated a minute ago. In their own platform they state they will hold on to the GST until they balance the budget and then they will address it.

If they were elected would they scrap the GST immediately or not?

Mr. Martin (Esquimalt—Juan de Fuca): Mr. Speaker, there are a lot of questions that the hon. member asked me and I would like to go through a few of them because I do not have enough time to go through all of them.

The first thing I would like to say concerns the government's claiming it is the great defender of health care by putting a few hundred million dollars in. That may be well and true, but if you put a few hundred million dollars in after you have removed \$7 billion in transfer payments, what kind of arithmetic is that? Take away this much and give this much. I am sure the provinces will be absolutely ecstatic to hear that.

Looking at any place in the country will show the devastation in our health care system, lengthening waiting lists and people suffering. However, I will not get into the specifics.

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With respect to the health care forum, those people were selected by the government to get the result that the government wanted. When the asked members on the health care forum whether surgical waiting lists were becoming longer and longer, the response by some of the members was that is because doctors do not want to work. That is what the members of the health care forum said. They said that doctors do not want to work and that is why we have increasing waiting lists.

The Minister of Health likes to say, as my hon. friend mentioned, that the answer is not more money but better management. That is like saying we are in favour of sustainable development. It is another motherhood statement. We need specific solutions as to how we are to provide Canadians with health care when they need it. Not once in the three years that I have been here have I ever heard one constructive solution as to how we are to make sure that Canadians will get their health care when they medically need it. All we hear is better management.

I have asked the Minister of Health time and time again what is meant by better management. Not once have I ever received one single iota of an example or a constructive solution to resolve or explain that statement.

• (1345)

We have put forward constructive solutions. They may not be what the government wants but they are what the Canadian people want.

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, in rising to speak on the 1997 budget I want to look at some of the facts.

The Liberals announced a deficit target of \$19 billion. However hitting the deficit reduction target still leaves us \$17 billion to \$19 billion short of what we are spending this year. It is not really a success story.

The national debt will reach over \$600 billion this year, an increase of \$111 billion since the Liberals took office. By April it is expected to hit the \$600 billion mark but there is no plan to reduce it.

Since the Liberals took office tax revenues have increased by \$30.4 billion or \$2,250 per taxpayer. Yet we hear constantly that there are no tax increases. Surely the Liberal government's most outrageous statement regarding our nation's finances must be that the government has not raised taxes during its mandate.

As we saw in this year's budget speech the Minister of Finance went a step further and made the claim that in last year's budget and in this year's budget they had not raised taxes at all. Regardless of whichever way we look at it, taxes have risen in each and every year of Liberal rule. In fact there has not been a single year when the overall tax burden was reduced.

What about personal income taxes, the most odious of all taxes? They are on their way to reaching record highs when measured in dollar terms, relative terms or comparative terms. An example of such tax hikes is the 1.5-cent increase in excise tax on gasoline which is worth about \$500 million a year. The elimination of the \$100,000 lifetime capital gains exemption is worth about \$340 million a year. The clawback of age credit on seniors is worth about \$300 million per year. Reducing RRSP limits and overcontribution allowances is worth about \$125 million a year. Forcing part time workers to pay employment insurance premiums is worth as much as \$1 billion per year. The tax on employer paid insurance premiums is worth about \$210 million a year. Increasing the air transportation tax is worth about \$40 million per year. Increasing the corporate surtax is worth \$120 million a year.

Since the deficit will have fallen by \$33 billion, a full 92 per cent of that reduction in the deficit is due to higher revenues, not reduced spending.

Mr. Silye: Tax increases.

Mrs. Jennings: "Tax increases" as my colleague says. In other words the deficit is the symptom of a spending problem, not a revenue problem.

What about protecting health care? By the time the Liberals leave office they will have slashed health and education spending by \$75 billion or 39 per cent. Is this protecting health care? The government has cut \$7 billion in health transfers to the provinces and then let the provinces take the fall for the reduced services. This is not protected health care. We are facing a government which is lacking in accountability, integrity and responsibility.

The Liberal vision is a country where the average taxpayer pays \$10,200 to the federal government each and every year, and \$3,400 a year is to service the debt alone. As well the Liberal vision is a country where 7.3 million Canadians earning less than \$30,000 pay 27 per cent of their incomes to the federal government.

With regard to creating jobs, doubling the CPP premiums does not bode well for the 1.1 million unemployed Canadians who will now become more expensive to hire. Payroll taxes are job killers. On top of all this the Liberals have done nothing to address the waste and inefficiencies in government.

This year we can again expect unemployment and not tax relief, bankruptcy, personal insecurity, more contract work, layoffs, shrinking income, increasing taxes and another year of record high tax burdens.

Spending borrowed money is living on borrowed time. We have mortgaged the futures of our children and grandchildren and it must stop. Today I have some of my grandchildren sitting in the gallery. It is their futures I am concerned with as well as those of others.

Let us take a look at that part of the fresh start plan to make government smaller and more effective. I am sure the members

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opposite would agree with that. It would provide tax relief to stimulate job creation, end overspending and attack debt. I am sure all of us in the House would like to see that happen.

• (1350)

A balanced budget is a means to an end with the end being a smaller, leaner and more focused federal government. A balanced budget is not an end in itself. Attempting to balance the budget by waiting for tax revenues to catch up to spending simply ignores the fact that the current size of the federal government is unsustainable.

Let us look at our unemployment figures. In 1993 the government was elected on the promise of jobs, jobs, jobs. Three years later Canada still suffered from a jobless rate of 10 per cent. Since the Prime Minister took office the seasonally adjusted unemployment rate has averaged 9.96 per cent. High taxes go along with high unemployment.

I would like to use a chart to emphasize some of these items. Some points have been made on it. There are a few facts regarding the government's failure on jobs. Since January 1995, some 25 months ago, only 153,000 full time jobs have been created or about 6,000 jobs per month. There were far less than the 312,000 new entrants the labour force needed. In the same period 121,000 part time jobs have been created or about 4,800 a month. Also over the 25 months since January 1995 the economy has added only 274,000 jobs or 10,960 per month. At the same time the labour force has grown by about 12,500 per month.

We are getting the picture here. The need is not being supplied. The result has been a 37,200-person increase in unemployment since January 1995. Since taking office the Liberals have presided over a level of unemployment that has averaged 1,490,000.

We must stress that unemployment now is not a global problem. The Prime Minister likes to say his record is the best in the G-7 group, but I would like to clarify this. The Prime Minister likes to compare our job creation performance with that of European countries. I draw to the attention of the House that the comparison is irrelevant since the economies are so different.

Better comparisons might be found with the United States, with Australia and to a lesser extent the United Kingdom where performance has been much better than in Canada. In Canada it is 9.7 per cent on this chart whereas in the United States it is 5.3 per cent. In the United Kingdom it is 6.7 per cent. In Australia it is 8.6 per cent. In Japan it is 3.3 per cent. In Austria it is 7 per cent. In Sweden it is 8.7 per cent. In Switzerland it is 5.3 per cent. Those are all lower than Canada's unemployment rate. We have to take a look at that.

An hon. member: Spinning a myth.

Mrs. Jennings: "Spinning a myth" as my colleague says. Absolutely.

On failing to hold the line on taxes, I should point that the Liberals have hiked taxes 35 times since taking office. Some examples include forcing employees to pay tax on employer provided life insurance benefits and eliminating the capital gains exemption that benefited hundreds of thousands of middle class taxpayers. It is awful. Who gets hurt again? It is always the middle class.

Tax revenues will be \$24.5 billion higher in 1997-98 than they were in 1993-94, an average of \$6 billion a year. Of this \$24.5 billion about 30 per cent is due to the combined effects of Liberal tax hikes and Liberal inflation tax.

Canadians paid an average of 23.3 per cent of their personal income in direct taxes and other payments to governments in the 1990-96 period, up from 20 per cent in the 1980s and up from 12.3 per cent in the 1960s. Americans by comparison paid 17.5 per cent.

A full 7.3 million Canadians earning less than \$30,000 owed \$10.7 billion in federal tax in the 1994 taxation year. It makes no sense for the Liberals to talk about child poverty—we keep hearing that word—when they are forcing low income parents to pay taxes.

The Liberals have been milking the employment insurance system to meet their deficit reduction goals. The real disposable income of the average family of four has fallen by \$3,000 since 1993.

I see my time is almost up. The budget does not bode well for the future. The Prime Minister has already stated that he will increase spending if the Liberals manage to balance the budget. He claims that across the board tax cuts are not the right thing to do in a society like Canada.

• (1355)

If Canadians trust the Liberals again it will not be long before another deficit crisis rears its ugly head. This is a slippery slope, I hope Canadians will say they will not put up with it any longer at the next election.

Mr. Sarkis Assadourian (Don Valley North, Lib.): Mr. Speaker, I have two short questions for the hon. member.

First, the hon. member said that the government took office in 1993 with a \$42 billion deficit which it has brought down to \$17 billion. She said that was not an achievement. Compared to what?

If we consider the record of the previous government, which was in power for nine years, I am sure the majority of Canadians would agree with me that this was a fantastic achievement. It may not be enough but it was a fantastic achievement to bring the deficit down by about 50 per cent. I ask her to comment on that.

Second, she did not mention that an average Canadian who has a \$100,000 mortgage or a bank loan is saving about \$6,000 net net on

yearly payments. If we multiply that by a five-year term mortgage it will mean a net net saving of \$30,000.

I ask the member to show me a government in the world that provides that kind of opportunity to taxpayers within a 3.5-year period. That point should also be made.

I hope the hon. member replies to those two points.

Mrs. Jennings: Mr. Speaker, I thank the hon. member for his questions.

There is a lot of deceit—and I hate to use that word—in the way the government has manipulated its figures. It is true that it has cut the deficit in half, but that has been done through increased taxes. As I pointed out in my speech, we have had 35 to 36 tax increases. Those increases cannot be denied.

What are the results of those tax increases? We have an unhealthy economy in the marketplace. We have fewer jobs and we have higher unemployment. We cannot get away from those facts.

The Speaker: It is almost two o'clock. We will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

WIRELESS TECHNOLOGY

Mr. Andrew Telegdi (Waterloo, Lib.): Mr. Speaker, a joint venture agreement between the city of Waterloo and Nexsys Commtech International Inc. has resulted in a device to make our homes the safest in Canada.

It uses a two-way wireless link to a central network which will monitor smoke detectors. This system also reads utility meters. It receives radio signals from the smoke alarms which it relays to the local fire department. It reports a dead battery in a smoke detector and displays water, electricity and natural gas consumption.

Partnership between local government and local industry has produced a highly marketable product using existing wireless technology manufactured by Research in Motion. It will benefit my constituents by saving them money, protecting their lives and strengthening the local economy.

* * *

[Translation]

MILITARY SPENDING

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, at the invitation of the Comité de solidarité tiers-monde de Trois-Rivières, some 9,000 people made clear to the Prime Minister of

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Canada their desire to have the federal government cut its military spending and use the money to keep social programs and fight poverty.

The campaign was supported by many well known individuals from the Mauricie, including the bishop of Trois-Rivières, Mgr. Martin Veillette, and by some 30 boards of directors of popular groups in the Mauricie.

So, while Quebec and Canada have been hit broadside by increased poverty and the number of people who have been left out of the labour market, including young people, is rising alarmingly, these people and organizations have decided to take the Prime Minister to task and have asked me to pass on to him directly these 9,000 signatures and 30 resolutions—which I did last week.

Your move, Mr. Prime Minister.

* * *

[English]

MOTION NO. 267

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, I rise today to remind the House that my Motion No. 267 will be debated on Friday for its second hour.

I put forward the motion to bring accountability to the House for Private Members' Business which is referred to standing committees.

• (1400)

The need for this legislation became obvious to me from my personal experience with my grandparent-grandchildren bill, Bill C-232, which asked that grandparents be given standing in the courts at the time of divorce.

Although unanimously passed by the House at second reading, the grandparents bill was buried in committee, like many others sent to committee by the House, with no apparent reasons given.

It is this lack of accountability to the House, the arrogance of simply dropping an issue raised by the House that Motion No. 267 seeks to rectify by simply requiring committees to report their conclusions to the House.

I want to acknowledge the recognition given to my motion in a subcommittee report to the procedure and House affairs committee this week which recommends just such accountability be established. I hope we will be practising these new changes soon.

* * *

CANADA'S DRUG STRATEGY

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, federal funding for Canada's drug strategy will end this month. The program provided thousands of Canadians with the education and prevention tools they needed to battle problems with drug and

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alcohol abuse. Across the country youth groups, counselling services and programs for aboriginal people are being closed down.

In Yukon the youth empowerment and success drop-in centre will lose its core funding as a result of this decision by the Liberal government. Youth workers in Carmacks, Yukon and other locations from coast to coast are threatened with losing their jobs. The young people who benefit from these programs will have nowhere to turn.

Ending successful programs for young people is yet one more example of this Liberal government's deficit cutting with no vision.

Successful programs which help Canadians be more self-sufficient and productive should be maintained and not ended. I urge the government to reconsider its decision and make the lives of young people a priority.

* * *

EDMONTON EAST

Ms. Judy Bethel (Edmonton East, Lib.): Mr. Speaker, the women of Edmonton East have made a tremendous contribution to good government.

It is their efforts in gathering the collective wisdom of all who live and work in Edmonton East that help our ministers shape effective policies and programs for the benefit of all Canadians. It is their collective wisdom we see reflected in the legislation of this House.

Kate Quinn, a leader with Communities for Changing Prostitution, was instrumental in organizing a forum that helped us understand the impacts of street prostitution on neighbourhoods and on young victims. The recommendations generated at this forum provided clear directions for changes our government made to the Criminal Code.

Sue Olsen is a leader in our inner city communities and an Edmonton police officer. Her collective efforts resulted in amending legislation to provide police officers with the necessary tools to permanently shut down Edmonton's fortified drug houses.

Liz O'Neill in her testimony to the finance committee in Edmonton showed clearly why charging GST on food would harm children who live in poverty. Her wisdom, too, is reflected in our legislation.

These are but a few Edmonton women. They provide good government. They are political women and they help us.

* * *

DR. KEITH MCINTYRE

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, I rise today to pay tribute to Dr. Keith McIntyre, president of Mohawk College, who will be retiring soon after 21 years of distinguished service to the college.

Dr. McIntyre has been president of Mohawk College since 1980. Mohawk College is one of the larger colleges in Ontario with 12,000 full time students and 60,000 part time students in post-secondary, retraining and apprenticeship programs. The college operates five major campuses with an annual budget of \$100 million and a full time staff of 800. Dr. McIntyre launched Canada's first co-operative education college program in 1964.

He is active in many community and extracurricular affairs. He is a founding member of the World Association for Co-operative Education and served as president from 1989 to 1992. He is currently chair of the board of trustees of the Ontario Environmental Training Consortium.

I congratulate Dr. McIntyre on his successful career and wish him the best in his retirement.

* * *

CO-OPERATIVE HOUSING

Ms. Colleen Beaumier (Brampton, Lib.): Mr. Speaker, co-operative housing empowers Canadians to build active, participatory communities. The federal government has traditionally played a central role in promoting co-op housing and its very integral function in Canadian society.

The recent decision by the Ontario government to off-load responsibilities over co-op housing to municipalities further threatens its viability. I commend the minister responsible for CMHC for looking into the implications of this move by the Harris government. I urge her to take this opportunity to reconsider the transfer of federal responsibilities over co-op housing to provincial governments.

The Co-operative Housing Federation of Canada has put forth a proposal to create a non-profit entity which would assume the administration of the federally funded co-op housing portfolio.

We should seriously consider this proposal. We have the responsibility to ensure that co-op housing remains the viable empowering vehicle it is today.

Let us use this opportunity to make sure that there is a secure co-op housing sector for future generations.

* * *

● (1405)

[Translation]

PRIX DU MÉRITE FRANÇAIS

Mrs. Maud Debien (Laval East, BQ): Mr. Speaker, the Quebec minister of culture and communications, Louise Beaudoin, yesterday awarded the prix du Mérite français to three persons at the forefront of the defence of the French language in Quebec: Marc Favreau, Pierre Nadeau and Serge Turgeon.

S. O. 31

Marc Favreau is always a delight with Sol, the character that plays with the French language taking a syllable here and a word there and turning the meaning of life on its ear.

Pierre Nadeau was awarded the prix du Mérite français for the quality of language in his reports and was cited as an example to be followed in the field of communications.

Serge Turgeon, the outgoing president of the Union des artistes, deserved this recognition for his support of all the struggles to strengthen and promote French in Quebec.

The Bloc Québécois congratulates the recipients of the prix du Mérite français and hopes that all francophones in Quebec and Canada will take a few minutes to recognize the value of their language and culture during this, La semaine du français.

* * *

[English]

JUSTICE

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, I wish every Liberal MP had been in Saskatoon last Thursday night to listen to a speech by Mrs. Marie King-Forest, the wife of RCMP Constable Brian King who was executed in 1978 by two cold blooded murderers.

Here is a sample of Liberal justice. Marie said: "Victims' impact statements are difficult to write and read but worse yet, these impact statements were edited and some were not even allowed because the content would inflame the jury".

Here is part of Ashley King's impact statement which was ruled too inflammatory: "People do not know the feelings I experienced every time I had to cross one of the bridges in Saskatoon and see the South Saskatchewan River, a river stained by my father's blood. To this day I cannot stand to see that river".

Marie King-Forest responded: "How dare the system let the jury hear only what someone deems relevant while Darryl Crook got on the stand and spoke freely".

On behalf of Marie and her family I ask all Liberals where is the justice in section 745?

* * *

CRYSTAL SPRINGS UNITED CHURCH WOMEN

Mrs. Georgette Sheridan (Saskatoon—Humboldt, Lib.): Mr. Speaker, I rise today to congratulate Crystal Springs United Church Women on their support for the ban of the manufacture, use, exportation or stockpiling of land mines.

In January I received a letter from Daisy Reid, secretary-treasurer of the UCW, in which she urged the government to take a leadership role on this issue, especially in the eradication of anti-personnel mines which are truly nefarious devices that are

designed, as Daisy explains in her letter, to injure and maim but not to kill.

Mrs. Reid writes on behalf of the UCW that they wish to join the international campaign to ban land mines: "We feel that Canada should give leadership to the world in this terrible way of using our fellow man".

I am pleased to inform the UCW that our foreign affairs minister has recently been nominated for a Nobel peace prize in recognition of his efforts to rid the world of land mines. Also worthy of recognition are the thousands of individual Canadians like Daisy Reid, Bernice Bird, Evelyn Reid, Maxine MacLeod and Fern Horley of the Crystal Springs UCW who take the time to support these important efforts and to prove that one person can make a difference.

* * *

[Translation]

AIR TRANSPORT

Mr. Maurice Dumas (Argenteuil—Papineau, BQ): Mr. Speaker, the Bloc Québécois severely criticizes the federal government for its inconsistent decisions and its mistakes, as former minister André Ouellet called them, in the matter of the Montreal airports.

As Senator Pietro Rizzuto himself admitted Saturday, for two years now, the federal government has failed to assume its responsibilities in looking for a viable solution to ensure the future of air transport in Quebec, hence the current confusion and the mess we are in.

The Bloc Québécois condemns the Liberals for trying, once again, to take the people of the Lower Laurentians hostage on this issue by making all sorts of promises on the eve of an election for purely partisan purposes.

The Bloc Québécois therefore demands that the Standing Committee on Transport hold the public consultations promised on this issue as soon as possible.

In addition, we demand that the committee quickly make recommendations to the Minister of Transport after reviewing the whole matter.

* * *

● (1410)

[English]

JUSTICE

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, Patrick Kelly, a former RCMP officer, was convicted of murder when his wife fell to her death from their 17th floor balcony. The key witness who convicted Kelly has subsequently admitted that she lied in her testimony.

S. O. 31

Finally, after years of mismanagement and stalling by the Minister of Justice, Mr. Kelly's case is coming before the courts for review later this year.

Mr. Kelly has a five day hearing commencing October 7 and a question and answer hearing on December 2. Yet it appears that Mr. Kelly's fight for justice will be blocked once again by the Minister of Justice because the Attorney General of Ontario cannot access records held by the minister.

In the name of justice, the minister must allow the Attorney General of Ontario to access the records of Patrick Kelly held by the minister's department.

All Canadians deserve and must receive fair and just treatment by our justice system.

* * *

[Translation]

JOURNÉE INTERNATIONALE DE LA FRANCOPHONIE

Mr. Eugène Bellemare (Carleton—Gloucester, Lib.): Mr. Speaker, Thursday, March 20 is the Journée internationale de la francophonie. Since 1970, Canada has been a world leader in promoting la francophonie and a founding member of the Agence de coopération culturelle et technique.

[English]

Canada holds an enviable position as a member of the major organizations of the international community. Its linguistic duality and cultural richness make it a partner that is in demand in la francophonie, a network of 49 countries and governments that has in common the use of French.

[Translation]

Belonging to la francophonie also means showing the rest of the world the essence of our Canadian culture and giving 8.5 million French-speaking Canadians a chance to reach out to the rest of the world and to exert their influence in many countries.

Happy Journée internationale de la francophonie to all francophones and francophiles in Canada.

* * *

BLOC QUEBECOIS

Mr. Nick Discepolo (Vaudreuil, Lib.): Mr. Speaker, last weekend, having completed the long and tedious process they imposed on themselves, Bloc Quebecois members finally elected a new leader.

In an effort to steer as far away as they could from last year's disappointing experience, when their leader was elected by an electoral conclave, this year, Bloc members went to the other extreme by having their leader selected by universal suffrage.

The sole purpose of the convention that just took place was to confirm what all observers had known for more than four months: that the hon. member for Laurier—Sainte—Marie would be elected leader of the Bloc.

Bloc members have just elected a new president. However, as far as the new leader of the Bloc Quebecois is concerned, they will have to be patient, because Lucien Bouchard is clearly not about to give it up.

* * *

INTERNATIONAL AID

Mr. Denis Paradis (Brome—Missisquoi, Lib.): Mr. Speaker, the words "duplication" and "encroachment" have symbolic meaning in Quebec. The separatists never miss an opportunity to condemn federal interference.

However, what about when the shoe is on the other foot? Do we hear Bloc Quebecois members asking the PQ government to respect federal jurisdiction? No. They fall silent, as they did last week following Minister Simard's announcement.

Might I remind members that international aid comes under federal jurisdiction and that the minister responsible for CIDA is doing an excellent job in this area.

Sylvain Simard's plan to create a parallel secretariat will simply squander \$1.5 million annually in an area that comes under federal jurisdiction.

As a Quebecer, I call on the Government of Quebec to direct its attention to citizens' concerns about hospital cutbacks. Minister Simard has just reminded us of the fable of the frog and the ox.

* * *

[English]

MS. SHIRLEY DOUGLAS AND MR. KIEFER SUTHERLAND

Mr. Peter Milliken (Kingston and the Islands, Lib.): Mr. Speaker, today I rise to honour two of Canada's leading thespians, Ms. Shirley Douglas and Mr. Kiefer Sutherland, who are presently the leads in "The Glass Menagerie".

Ms. Douglas plays the mother and Mr. Sutherland appropriately plays her son in the production of this play.

Ms. Douglas is the daughter of the late the Honourable Thomas Clement Douglas. Tommy Douglas, P.C., C.C., LL.D. was elected seven times to this House. He served as premier of Saskatchewan for 17 years and was the former leader of the New Democratic Party in the House of Commons. He led the first socialist government elected in Canada. Mr. Douglas was one of the most eloquent and well liked members of the House.

Oral Questions

It is my pleasure to extend my warmest wishes to his daughter, Ms. Douglas, and grandson, Mr. Sutherland, during their stay and performances in Ottawa.

The Speaker: Colleagues, Ms. Douglas and Mr. Sutherland are here with us now in our gallery.

Some hon. members: Hear, hear.

ORAL QUESTION PERIOD

• (1415)

[*Translation*]

ORGANIZED CRIME

Mr. Gilles Duceppe (Leader of the Opposition, BQ): Mr. Speaker, yesterday the Prime Minister ruled out the Bloc's suggestion that an emergency debate be held on the war between the groups of biker gangs. He washed his hands of it saying that the federal government had nothing to do with this question.

That is not, however, the opinion of those involved primarily. The Government of Quebec and all the municipalities in the Quebec City area trying to deal with these biker gangs are requesting exceptional measures from the federal government for an exceptional situation to help them in their efforts to rid themselves of this scourge.

My question is for the Prime Minister or the Minister of Justice. Given the unanimous desire for action on the part of the Government of Quebec and municipal authorities, including the mayors of Quebec City and of Saint-Nicolas, will the Prime Minister or the Minister of Justice admit finally that the federal government must also act urgently in this matter?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I share the concern expressed by the hon. member. The most important thing is to protect families and communities in Quebec and throughout Canada.

I spoke today with Robert Perreault, minister responsible for public safety in Quebec. We agreed it would be preferable to meet as soon as possible to look at all the possibilities and at all available, valid and constitutional approaches. I plan to meet Mr. Perreault and the mayors of the Quebec City area municipalities on Thursday morning to discuss the situation.

As I said yesterday, I am open to looking at all available strategies, all valid and constitutional measures to improve the Criminal Code and criminal law so as to help the police in their fight against organized crime.

Mr. Gilles Duceppe (Leader of the Opposition, BQ): Mr. Speaker, this is good news, finally. The Minister of Justice has decided to take on the issue.

I ask the Minister of Justice if he would agree—we could do it unanimously in this House—before meeting minister Perreault and the mayors of the Quebec City area, to hold an emergency debate here in the House and to table the dozen measures he announced yesterday so this House might debate them?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, before we have a debate in the House, I think we have first to identify the specific measures we can take to strengthen the Criminal Code.

We must look at the situation, meet those who are involved in Quebec and then, if possible and desirable, introduce a bill for debate here in the House.

Mr. Gilles Duceppe (Leader of the Opposition, BQ): Mr. Speaker, will the minister undertake, following this meeting, in fact, to take positive steps, either through the introduction of a bill, before the elections are held, or through the holding of an emergency debate, again before the elections, so that we may deal with this urgent matter here?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I am sure the hon. member and I share the same goal, that is, to improve the law and the Criminal Code, to help the police. If it is possible, after our meeting Thursday morning in Quebec City, to identify specific, valid, and constitutional measures, we will adopt them, we will propose them here, in the House, for debate.

• (1420)

If the hon. member or his colleagues have some ideas, I am open to them. As I said today to Mr. Perreault, the most important thing is to equip the police, validly and constitutionally, with the tools they need to fight organized crime and to protect Canadians throughout the country.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, as we saw this morning, mayors from the Quebec City area and the Quebec Minister of Public Security sent a letter to the federal Minister of Justice reminding him that, under Bill C-17, for which he is taking credit, he has additional powers, but that this is still not enough. The minister must go further to stamp out organized crime.

Given the reply he just provided to the Leader of the Opposition, I am asking the minister whether, when he refers to valid and constitutional clauses to stamp out organized crime and biker gangs, he is alluding to the “notwithstanding” clause in the Constitution, and whether he is prepared to go so far as to use that clause in the fight against biker gangs?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, it is premature to consider such an

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option. The important thing right now is to meet with those involved and, as I said, to look at all the options with an open mind.

The hon. member referred to Bill C-17, in which we proposed several changes to the Criminal Code, so as to strengthen the legislation. I hope that with these measures, and perhaps other ones which I will discuss on Thursday morning with my Quebec counterpart, Mr. Perreault, we will be able to improve the situation.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, in their letter to the minister, the mayors and the Quebec Minister of Public Security talk about an exceptional situation. Exceptional measures are therefore required. I asked the minister a very clear question, but he did not answer it.

I want to know, if the Quebec government and the vast majority of mayors from the Quebec City area who are stuck with this huge problem ask him to go so far as to use the “notwithstanding” clause, whether the minister is prepared to go that route to follow up on the request made by these municipalities and those who are stuck with that problem?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, it is necessary to face such challenges calmly and to look at every option and every possible approach. As I said, it is academic and premature to discuss section 33, the “notwithstanding” clause.

I would rather first consult with Mr. Perreault and officials from the municipalities of the Quebec City area, to see if it is possible to act without resorting to section 33. Again, it would be premature to provide a reply to the questions put by the hon. member.

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[English]

GOVERNMENT EXPENDITURES

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, the finance minister likes to say that the federal government led by example when it came to reducing the deficit but the problem is that is just not true.

Departmental spending is \$8 billion higher than the finance minister promised it would be.

The Liberals promised with their program review that they would reduce departmental spending by 19 per cent, but so far, as the minister knows, it has only gone down 9 per cent. This probably qualifies in his department as an “oops”. That is a huge difference.

My question is this. Why does the government find it so difficult to tighten its own belt by \$8 billion when it did not bother it a bit to slash health care and education by \$7 billion?

Mr. Young: That was a real big whopper, that one.

Mr. Abbott: He's in trouble again.

Mr. Hanger: Put a cork in it.

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, we have implemented program review according to plan.

Mr. Young: Getting people on these whoppers is just not acceptable.

• (1425)

Mr. Massé: Today I checked the percentage of expenditure decrease department by department. We indicated that we would decrease expenditures from \$120 billion in 1994-95 to \$106 billion in 1997-98. The result this year is \$105.8 billion. The figures are almost exactly at the right point for all the departments. There is nothing more to say. We have met our target.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, it is easy for the minister to make things look good when the government continues to bring in billions of dollars more of revenue every year. Taxes go up all the time but it just does not solve the problem. The budget estimates simply do not lie.

The Liberals had a choice and they chose to cut health care and education by \$7 billion. Regional development spending should have been \$567 million but instead it has ballooned to over \$1.2 billion. That is a difference of \$.5 billion. How many hospital beds would that \$.5 million have allowed to remain open instead of the kind of nonsense we see happening here all the time? These people chose handouts over health care.

My question is for the Minister of Finance. Why does the government care so much more about regional development than health care and education where it has made huge cuts of \$7 billion?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, once again it is necessary to check the real figures. The reason there is a difference in the figures for regional development agencies is because they administer the infrastructure program and that cost has been added to their budgets. This is why their budgets are not comparable. Reconciling these figures has to be done by people who know the estimates well and know how they are done.

We indicated we were going to reduce actual spending by the government from \$120 billion to \$103 billion in 1998-1999. We are exactly on track. This is where we will be. The spending of departments is going to be reduced by \$9 billion which is what we said we would do three years ago and we have accomplished it.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, I am not sure there is anyone in the country who would buy that kind of mathematics except the people who are sitting on his own benches.

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He talks about reconciling figures. The Canadian public are trying to reconcile the facts and the facts are these: Regional development is over budget. Canadian heritage is over budget and that is no surprise. Industry is over budget. Natural resources is over budget. Foreign affairs is over budget. The beat goes on. The only thing that the Liberals have managed to cut is funding to health care and education. Over and over again we see it.

Let me try one more time. How can the Prime Minister and the government justify slashing health and education by \$7 billion when his government departments are \$8 billion over budget? Plain and simple, what is the difference?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the figures have to be used in such a way that you compare apples with apples and oranges with oranges. The opposition is using figures that do not do this.

The truth is the expenditures in the departments have been reduced by 14 per cent while transfers to provinces have been reduced using not only cash but tax points by 9.9 per cent. We have reduced 40 per cent more than we have reduced transfers to the provinces. That is what we have done.

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[Translation]

ROYAL CANADIAN MOUNTED POLICE

Mr. François Langlois (Bellechasse, BQ): Mr. Speaker, my question is for the solicitor general.

The RCMP is in the process of reorganizing its administrative services under four separate regions: Atlantic, Pacific, Northwest and Centre.

Will the minister confirm that the RCMP is set to consolidate at central region headquarters, in London, Ontario, all RCMP administrative services, including those for the Quebec region, which are currently located in Montreal?

• (1430)

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I cannot confirm this information because, based on my own information, the hon. member's allegations are incorrect.

Mr. François Langlois (Bellechasse, BQ): Mr. Speaker, the minister's source of information is probably in CSIS. Our latest information shows there is cause for more concern.

Does the minister not agree that transferring administrative services from Quebec to London, Ontario, would effectively take

away any career prospects civilians who speak only French may have had with the RCMP?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, career opportunities for bilingual mounties are great, and I am very pleased to see the separatist member is now confirming the national role of our national police force: the RCMP.

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[English]

GOVERNMENT EXPENDITURES

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I want to quote the finance minister in his recent budget speech. "We have always said that our targets were not the most we would do but the least we would do".

It looks like the lowest targets are not the law. In fact, the government is not even close to coming in on target. It has spent \$8 billion more than it said it would spend. We wondered how long it would take the Liberal-Tory coalition to go back to its old pattern.

Why did the finance minister fudge his spending figures in this year's budget in order to cover up his failure to meet the spending reduction targets laid out in the 1995 budget?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, once again, I checked all the figures this morning and I can offer to the opposition, whoever wants to look at the figures and have them reconciled line by line, some help.

My experts will be available later this afternoon or tomorrow. They will be able to tell members exactly what the figures mean and what they contain. They will be able to confirm that all the reductions we announced in the program review have taken place. We have cut \$9 billion in our expenditures and we are meeting, year after year, the targets we said we would meet.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, more Liberal math.

Let us look at some of the essential spending the government cannot bear to cut, such as the \$8.1 million announced yesterday by the Minister of Human Resources Development for a sock factory in Montreal. That must be their high tech initiative. Then there is \$600,000 for a hotel in Shawinigan. How about this? There will be \$120,000 spent by the Department of Canadian Heritage for golf carts in the health minister's riding. All the while the government is closing hospitals around the country.

Why will the finance minister not admit that this pork barrelling is the reason the government has overshot its spending reduction targets by a whopping \$8 billion?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I

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guess we will let the Canadian population judge whether our management of the government and its finances has been good.

I must say, when I travel across the country, including the member's province, it is clear that the majority of Canadians find that the way we have spent money has been the right way. They find that the reduction in the deficit which has taken place was exactly what they were asking for.

When we look at the ultimate tribunal, which is the people, there is no doubt that what we have done is not only according to our promises, but it also goes in the direction of the interests of Canadians.

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[Translation]

EMPLOYMENT INSURANCE

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, my question is for the Minister of Human Resources Development.

Last week, much to our surprise, the minister disputed the undeniable figures provided by Statistics Canada to the effect that, for 1996, just over 40 per cent of the unemployed were receiving UI. We can understand that this is shocking for the minister, but it is even more shocking for those who are unemployed and unable to draw benefits.

I therefore ask the minister again how he explains to the one and a half million people without jobs, to all those paying into the UI fund, that, when the Liberals came to power, 60 per cent of the unemployed received UI, while in 1996 this dropped to 41 per cent and, in the last six months, to 36 per cent. How does he explain this?

• (1435)

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, I did not completely disagree with the member's allegation last week.

Some hon. members: Oh, oh.

Mr. Pettigrew: What I said was that the figure did not include workers who may now, in our system, continue to work up to a certain amount and, now that our system is more flexible, there are people who may continue to work and receive EI benefits at the same time.

If these people are included, the figure is approximately 48 per cent, a major improvement. But it is obvious that the system must be improved and we must ensure that more and more Canadians learn to work with it and I am confident that this figure will go up, as it has already been doing monthly.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, this is unbelievable. The minister is telling us that we should include those receiving supplements among the unemployed. But, Mr.

Speaker, there are no more of them now than there were before, and they have never been included.

I ask him whether he is aware that, for 1996 alone, there was \$3 billion less available to the unemployed in Quebec and in Canada to help them through times of difficulty because of the Liberal government?

Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.): Mr. Speaker, to my surprise, the member has obviously misunderstood what I said. She was undoubtedly very distracted by certain activities in recent weeks and did not have the time to really examine the issue. She is now the one who does not understand it.

What I told you was not those entitled to the income supplement, that is completely obvious. What I said, and the member pretends not to understand, is that those now entitled to a certain income, because you can work up to a certain amount, are now covered in a system that is really much more interesting. That is the situation.

* * *

[English]

IMMIGRATION

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, recently a young immigrant arrived in Montreal with her approved Canadian residency papers but was refused entry into Canada by the Canadian immigration officer because Quebec had not granted her the right to live in Quebec.

While the Canada-Quebec accord permits Quebec to select economic immigrants to that province, it also acknowledges that every person with permanent resident status is granted mobility rights, equal protection and equal benefit without discrimination.

What right did the minister's department officials have to deny entry to an immigrant who arrived in Quebec with documents which stated that this individual has been approved for residency in Canada?

[Translation]

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, it is very clear that, under the 1991 Canada-Quebec agreement on immigration, Quebec has power over the selection and settlement of immigrants.

What does this mean in reality? When a person wants to immigrate to our country, and wants to settle in the province of Quebec, Quebec's and Canada's offices abroad work together, so that the person arrives at our borders with a Quebec selection certificate in hand, as well as a permit to settle in Canada.

Unfortunately, in the case in question, the person had neglected to bring the Quebec selection certificate. So the problem is only a technical one. But I can assure the hon. members of this House that

the Canada-Quebec accord is working very well at the present time with respect to immigration.

[English]

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, this individual was also refused entry into Ontario because this person was not going to reside in Ontario but in Quebec.

This is just another example of the government's policy of exclusion that treats people differently across the country. This is still a united country and it would be nice if the government acted as if it were.

Is the minister prepared to instruct Canadian immigration officers that approval for permanent residency in Canada is valid from coast to coast to coast?

• (1440)

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I encourage my colleague to read the Constitution of Canada wherein it is stated very clearly that immigration is a shared responsibility between the Canadian government and the provinces.

When provinces such as Quebec, Manitoba and others want to take on the responsibility of immigration we are very pleased. We all realize the provinces also have a role to play in integrating immigrants into our country.

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[Translation]

SOCIAL HOUSING

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, my question is for the minister responsible for the Canada Mortgage and Housing Corporation.

For nearly a year now, the minister has been announcing that she was on the verge of negotiating with the provinces the transfer of all federal social housing programs. When questioned on this by the Bloc Québécois, close to ten months ago now, the minister stated that negotiations were progressing well, and implied that an agreement was imminent.

Now that her government has settled with Saskatchewan, and is exhibiting all sorts of good intentions on the eve of an election, will the minister act in good faith at the negotiating table, in order to finally reach agreements with the other provinces, Quebec among them?

Hon. Diane Marleau (Minister of Public Works and Government Services, Lib.): Mr. Speaker, as the hon. member has said,

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we have signed an agreement with the province of Saskatchewan. We are preparing to sign another, this week probably.

As for Quebec, we shall continue to work with them. They know what we have on the table, and they can look at the agreements we have completed as well. We shall continue our efforts in order to keep our promises.

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, since Quebec has faced a \$120 million annual shortfall for more than ten years in this area, can the minister promise during the negotiations under way that Quebec will receive fair and full financial compensation?

Hon. Diane Marleau (Minister of Public Works and Government Services, Lib.): Mr. Speaker, Quebec knows full well what is on the table.

In the past, Quebec did not want to take part in programs and the federal government honoured its wishes. Now, we are going to continue to operate under the terms of the agreements we have with Quebec. That is what is on the table, nothing else.

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[English]

HOUSING

Mr. Elijah Harper (Churchill, Lib.): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development.

One of the serious problems facing aboriginal communities in northern Manitoba is housing. The shortage of adequate housing poses a threat to the well-being and health of thousands of my constituents.

Will the minister tell us what he is doing to address the serious housing problems in northern Manitoba?

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I thank the hon. member for his question, not because of the essence of the question but because he brings a knowledge and base to the House which remind us of just what a shortfall there is. We can talk about quality housing and training but we have to walk the talk, which means taking our dollars and focusing them on where the need is.

I am pleased to report to the member that over the next five years we will allocate \$140 million in extra money. In 1996-97 there will be a package of \$352 million. In Manitoba generally there will be an additional \$28 million.

The hon. member has brought the need in Shamattawa to our attention. There will be \$826,000 for the winter road; an additional \$500,000 to hit the April 1 deadline; \$2.3 million for design and construction; and \$2 million for the design and construction of a water treatment plant.

*Oral Questions***BIOTECHNOLOGY RESEARCH**

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, my question is for the Minister of International Trade.

Last month the minister had the honour of having a research centre in Israel named after him. I am sure it is only a coincidence but only two days before the announcement of the naming of the Art Eggleton Centre of Molecular Medicine Research, a biotechnology centre, his department announced a grant of \$3 million for biotechnology research in Israel.

• (1445)

Is the minister purchasing personal monuments with Canadian taxpayers' dollars?

Hon. Arthur C. Eggleton (Minister for International Trade, Lib.): Mr. Speaker, I was very honoured by the Technion Institute's gesture which I think is a recognition of Canada's involvement in helping to support that fine institute.

The Canada-Israel Industrial Research Development Foundation is a totally separate matter. It is a totally separate fund that was established some three to four years ago to help promote a matchmaking between Israeli firms and Canadian firms for research and development in high technology co-operative areas.

That has produced a great deal of jobs in both Israel and Canada. It is a very solid and a very good program. It is in no way connected to the great honour that the Technion Institute bestowed upon me and upon this country.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, it reminds me of the Carly Simon song: "You're so Vain" You probably think this question is about you, don't you?

There is a cyclotron in Chalk River, a world class research institution in Canada. The government is to shut it down. It is likely to cut it up for scrap. All it needs is \$3 million to keep it open.

If the people at Chalk River promise to name the cyclotron after the minister, will he grant it the money to keep the cyclotron in operation?

Hon. Arthur C. Eggleton (Minister for International Trade, Lib.): Mr. Speaker, the research foundation in Israel has produced tremendous results in terms of promotion of trade and investment opportunities both in Israel and in Canada. It is creating thousands of jobs for Canadians.

That is the trade and opportunity that have arisen out of the Canada-Israel Free Trade Agreement I helped to present. There is absolutely no connection with the other matter, but I am greatly honoured by the Technion Institute's offer.

[Translation]

ALBANIA

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, I was most interested in the minister's reply, although he could have spared a word about the Tokamak in Varennes.

My question is directed to the Minister of Foreign Affairs. Faced with the disintegration of Albania and the unpredictable consequences of this situation, the foreign affairs ministers of the European Union, NATO, the Organization for Security and Co-operation in Europe, and the Western European Union have made no concrete proposals for dealing with the current crisis.

Since the mediation mission of former Austrian chancellor Franz Vranitsky, which was supported by Canada, appears to have failed, could the minister tell us what he now intends to do to help deal with this crisis?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member just recognized in his question that the international organizations of OSCE and NATO have both looked at the matter.

There is a mission of OSCE members right now of which Canada is a part to determine what kind of initiative might be helpful to bring stability to that area. That is why there have not been any specific recommendations. Therefore we as a government do not respond until we receive the proposals put forward by the European Union.

[Translation]

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, considering that since February 28, the wave of violence in Albania has left more than 80 people dead and 600 wounded and that the situation may continue to deteriorate, could the minister tell us whether he agrees with the Turkish position which favours, for instance, NATO's intervention to restore peace in Albania?

[English]

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, Canada is a good citizen and works very much within the multilateral organization.

If there are joint decisions by the OSCE and NATO to take action we would have to look at them. So far there have not been any recommendations made to us from individual countries. Each of these organizations can come forward with proposals but there must be an agreement or a consensus.

We are very concerned about the situation in Albania. We have provided assistance to get Canadians out of that stress ridden country. In this case the countries closest to the area in Europe are

looking at the situation and will make recommendations. The Government of Canada will then respond.

* * *

• (1450)

TOBACCO PRODUCTS

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, documents from Agriculture and Agri-Food Canada show very clearly that the government is using taxpayers' money to fund research into increasing the addictive potential of cigarettes. I quote: "They want to improve the level of nicotine and focus on higher nicotine content".

My question is for the Prime Minister. As leader of the government how could the Prime Minister possibly justify using Canadian taxpayers' money to find ways in which to increase the addictive power of cigarettes?

Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the foundation of that question is absolutely wrong. I believe the statements being used were statements regarding a program we had in P.E.I. that was looking at the viability of growing tobacco in Atlantic Canada.

We did research. We looked at all aspects of growing tobacco plants in Atlantic Canada. We found through that research the nicotine levels of the plant itself were not suitable to meet international standards. Therefore we no longer do research in Atlantic Canada. As well, no commercial tobacco is being grown in Atlantic Canada.

The direction of Agriculture and Agri-Food Canada has been to reduce tobacco research. There has been a tremendous decline by Agriculture and Agri-Food Canada in doing research in tobacco over the last 10 years.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, this is absolutely unbelievable. The nicotine content of tobacco has increased 53 per cent in the last two decades. It was still taking place at the end of last year.

On the one hand we have the Minister of Health holding up a can of tobacco and saying it is really bad. On the other hand we have the minister of agriculture investing taxpayers' money into increasing the addictive potential of cigarettes. What is going on here?

The government has gutted \$4 billion of transfers to health care. Yet it finds \$2 million every year to research ways to increase nicotine levels in tobacco. The member has it all wrong.

Will the Prime Minister immediately stop using taxpayers' money to fund research to increase the addictive potential and power of tobacco?

Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I would like to explain to the hon. member that Agriculture and Agri-Food Canada

does research with regard to tobacco plants. The nicotine levels in tobacco plants are set by industry standards that are very closely held.

There is no question when we talk about a tobacco plant growing in Canada that there has been a definite reduction in the amount of nicotine in each tobacco plant. However that is not to say there has not been an increase in cigarettes, which is quite a different question when it comes to tobacco and the use of tobacco in cigarettes.

I might point out that Agriculture and Agri-Food Canada's research has declined some 90 per cent in the last 10 years. That is very clear information on where Agriculture and Agri-Food Canada is.

* * *

BANKING

Mr. Sarkis Assadourian (Don Valley North, Lib.): Mr. Speaker, my question is for the Minister of Finance.

In February the Secretary of State for Financial Institutions announced that before the end of 1997 foreign branch banking would be allowed in Canada.

I applaud this initiative. I introduced a private member's bill last year in an effort to allow for greater competition from foreign banks.

Could the minister inform the House of the progress of this important legislation?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the importance of private member's bills in focusing the government's attention on matters of great concern to Canadians cannot be underlined too strongly.

There are many examples of it. Certainly one of the best is the private member's bill by the member. In the ensuing debate he brought forth a number of very important reasons the government should allow foreign branch banking. It will help small and medium size business gain access to capital. It will bring greater competition into the Canadian marketplace. It will force the continued modernization of the system.

The legislation will be introduced later this session. I congratulate the hon. member on his initiative.

* * *

• (1455)

THE ECONOMY

Mr. Chris Axworthy (Saskatoon—Clark's Crossing, NDP): Mr. Speaker, my question is for the Minister of Finance.

Yesterday the Canadian Council on Social Development indicated that since the Liberal Party has been in government poverty has not only increased but those living in poverty live deeper in

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poverty than they did before. The Minister of Finance has said that child poverty is a national disgrace.

Is the Minister of Finance ready to cast any doubt on his statements over and over and over again that the fundamentals of our economy and society are firm, effective and in good shape after seeing these numbers?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we have defined the fundamentals of the country's economy. It is far broader than interest rates or inflation. It has everything to do with health care, with education and with prenatal care.

For that reason the Minister of Human Resources Development followed the Prime Minister's initiative, met with his colleagues from the provinces and brought forward the initiative of the government.

We will be providing a national child tax benefit across the country. We are bringing in \$850 million of new money, \$600 million of which was announced in the budget, no later than July 1998. If we can bring it in sooner because the provinces get their act together, we will bring it in as quickly as we possibly can.

* * *

[Translation]

ABORIGINAL PEOPLES

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, my question is directed to the Prime Minister.

In November 1996, the Royal Commission on Aboriginal Peoples tabled a 4,000-page report containing a number of recommendations aimed at solving the social, economic and political problems of aboriginal peoples in Quebec and Canada. Four months later, we have yet to hear about the government's intentions to follow up on this report.

When will the Prime Minister finally decide to meet the leaders of the First Nations for down to earth discussions on the recommendations made in the most wide ranging study ever made on aboriginal peoples in Quebec and Canada?

[English]

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, as the hon. member has pointed out, this is a very extensive report with over 440 recommendations. It was tabled in November after five years of study and \$60 million.

The Prime Minister has met with Mr. Erasmus and Judge Dussault. We expect all ministries as they progress, provincial, federal, territorial, to look at the RCAP report to try to devise strategies and policies that fit the report.

NATIONAL DEFENCE

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, the Reform Party supports a Canadian Armed Forces that is combat capable. The Liberal 1994 defence white paper calls for maintaining combat readiness. Yet the Liberals have done nothing to maintain this capability.

They have disbanded the airborne regiment. They have reduced the size of the forces. They have cut the defence budget and they still have not ordered shipborne helicopters.

These actions of the government do not support the claim of the minister of defence. Why is the minister of defence trying to pull the wool over Canadian's eyes concerning Canada's combat capability?

Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the hon. member is often sheeplike but I will not try to pull the wool over his eyes today.

We say to the hon. member and to members of his party that we have been trying for 2.5 months to find out what the Reform Party wants to do for the Canadian forces rather than try to tear them apart.

If the hon. member is to stand behind the document "The Right Balance—What is Wrong with the Canadian Forces" that has been circulated to Canadians by Andrew Davies, a candidate for his party, if that is the position of the Reform Party, you ought to be ashamed of yourself.

The Speaker: I remind all members to address their questions and answers through the Chair.

* * *

THE ECONOMY

Mr. Tony Valeri (Lincoln, Lib.): Mr. Speaker, the Bank of Canada stated that the country is poised for the best economic growth in 20 years. The seed of this growth is the small business sector but it continues to face challenges to growth like access to capital, red tape and taxation.

What is the Minister of Industry doing to ensure that small business leads our economic recovery and creates the jobs Canadians need?

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the member for Lincoln is right. The small business community will be key to building our job creation efforts in the years ahead.

The Budget

• (1500)

Already we can see a great deal of progress. We can see the progress that comes from the repeated year after year reductions in unemployment and employment insurance premiums. We can see the significant reduction in the cost of capital. Because of the policies pursued by the Minister of Finance, a \$1 million loan for a small business today costs \$2,800 a month less than it would have cost ten years ago just to carry it.

We can see the progress we have made in investment in tourism, investment in youth entrepreneurship and access to capital through the Business Development Bank.

The small business community in this country is poised as never before to be the heart of job creation.

* * *

PRESENCE IN THE GALLERY

The Speaker: I wish to draw to your attention the presence in the gallery of Mr. Maarten van Traa, Chairman of the Standing Committee for Foreign Affairs of the Netherlands.

Some hon. members: Hear, hear.

ROUTINE PROCEEDINGS

[Translation]

BOARD OF INTERNAL ECONOMY

The Speaker: My dear colleagues, I have the honour to inform the House that Suzanne Tremblay, member of Parliament for the electoral district of Rimouski—Témiscouata, has been appointed a member of the Board of Internal Economy, to replace Gilles Duceppe, member of Parliament for the electoral district of Laurier—Sainte-Marie.

* * *

[English]

EXCISE TAX ACT

BILL C-70—NOTICE OF TIME ALLOCATION

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I have to inform you that an agreement could not be reached under the provisions of Standing Orders 78(1) or 78(2) with respect to the stage of consideration of Senate amendments to Bill C-70, an act to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related acts.

Under the provisions of Standing Order 78(3), I give notice that a minister of the crown will propose at the next sitting a motion to allot a specific number of days or hours for the consideration and disposal of proceedings at the said stage.

GOVERNMENT ORDERS**THE BUDGET**

FINANCIAL STATEMENT OF MINISTER OF FINANCE

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

• (1505)

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, it is a pleasure for me to be given this opportunity to participate in the debate on our most recent budget. There are many positive details in the budget but will focus on a few issues which are very important to me and to the constituents of Scarborough Centre.

First I will touch on the measures we have taken with respect to supporting small and medium size businesses. I speak from experience when I say that I know the importance of a strong support network which is indeed instrumental in allowing small businesses to grow. Before I entered the political arena I too was a small businessman. I believe the growth of small and medium size businesses is essential to the creation of jobs for all Canadians.

Our government believes that small businesses will remain a key source of continued employment growth in the years to come. The small business sector now accounts for over half of all private sector employment. The impact of this most important initiative is the profound way it will continue to be relied on as our growth and economic initiatives for today and the future. Because of the importance of small business, the government has been working on ways to make life easier for the owners.

One measure that was announced in this year's budget is the quarterly remittance of statements. The joint forum to reduce paper burden on small business identified frequency of remittance as a major irritant and recommended that quarterly remittances be made for small businesses. Monthly remittances impose a great burden on small businesses, as they do not normally have the in house resources that larger companies have.

The budget proposes allowing small businesses with average monthly remittances of less than \$1,000 complete with a good record of compliance for payment of income tax and other payroll deductions to be remitted on a quarterly basis as opposed to a monthly basis. This will potentially affect approximately 650,000 businesses, representing 56 per cent of all businesses.

Also announced in this year's budget is the raising of the lending ceiling for small business loans from \$12 billion to \$14 billion.

The Budget

Since the Small Business Loans Act is expected to hit its \$12 billion ceiling by July 1997, the government has raised it by \$2 billion to ensure that loans can continue to be made in both 1997 and 1998.

For any of the other small business organizations, the loan act is something that I believe small business should access and tap into with respect to supporting them when it comes to expansion, to purchasing equipment or expanding the business, fixed assets et cetera. This program has proven to be extremely beneficial to the small and medium size businesses right across the country.

Our government has also lowered the EI premiums which in turn helps employers and employees. In 1993 EI premiums were pegged at \$3.30 per \$100. Today they are at \$2.90. This budget has clearly stated that the premiums will be going to \$2.80 by 1998. When we add the entire program that is a combined savings of almost \$1.7 billion both for the employers and the employees. I would tend to look at that as a tax deduction as opposed to a tax increase. Although I use the word tax, I have always termed this type of deduction as a premium rather than as taxing.

The new hires program which was introduced in the 1997 budget will also allow up to 900,000 eligible employers to pay virtually no premiums for new jobs created this year. As I mentioned earlier, together these measures will combine to almost \$1.8 billion in payroll deductions for both employers and employees.

These measures coupled with the low interest rates, the lowest in almost 35 to 40 years, have generated an environment of confidence and strong growth within the small business sector.

• (1510)

As the statisticians and the economists are stating, this trend most likely will translate into about 300,000 to 350,000 new jobs in 1997. I cannot express how important this sector is not only to my riding of Scarborough Centre but to all communities across Canada.

Large firms have been downsizing consistently, entrepreneurship has become the in thing of today and this is why I speak, as a former entrepreneur and a small business owner, on how important interest rates are. When we look at today's prime rate at 4.75 per cent, an individual whose running and operating line is at an average of \$150,000 may be saving 2 per cent or 3 per cent, constituting a considerable amount of money at the end of the day. When we look at their loan payments certainly the less they pay in loan payments, the more they can put back into upgrading their company or hiring new staff.

When we look at mortgage payments and the rates of today which hover around 6.5 per cent for a five year mortgage, maybe

6.75 per cent, for the average individual renewing their mortgage today there is a considerable savings of anywhere from \$3,000 to \$4,000 on an average \$100,000 mortgage. I would like to emphasize this because this is disposable income that these families or small business people never had three or four years ago. This is after tax dollars.

Our small business community has become more sophisticated and globally competitive, particularly in a technology based economy. It is vital we understand that as we move from a resource based economy to an information based economy it is important not only to support these organizations to expand and invest in research and development but that we train our workforce to have the tools and the skill sets needed to compete in today's economy.

Our government has also shown a willingness to support and foster the entrepreneurship spirit that drives the small business community. That is why another measure in our budget is to increase the funds for Canadian tourism. Funding for the CTC will increase \$15 million per year over the next three years. Much of this funding will go toward increasing Canada's visibility in foreign markets. The Prime Minister's trade visits across various countries have brought in close to \$22 billion in contracts. There are companies in my riding of Scarborough Centre that have benefited directly as a result of those trade missions. We see our trade surpluses today at numbers that we never imagined they would be and with the stability of the dollar this certainly enhances our economic position both locally and abroad.

I want to return to the tourism industry. This industry has huge potential for employment creation and by infusing money within that industry with more funds we can encourage and continue interest in that area. The other dimension in supporting the tourism industry is that it gives us an opportunity as a nation to showcase our country from sea to sea.

I would like to take this opportunity to encourage Canadians to visit other parts of this country. Maybe we could entice Canadians to travel within our country by some form of tax breaks and rebates at the same time.

I congratulate the Minister of Finance on his continued balanced approach to fiscal responsibility. After being elected three and a half years ago our government pledged to get our financial house in order. We have set firm two year rolling targets and this will be the third year in a row we have met and bettered our deficit targets. Our 1996-97 results will be more than \$9.5 billion below our deficit a year ago. That is the largest year to year decline. We are clearly on track to meeting our deficit targets for the next two years; \$17 billion for 1997-98 and \$9 billion for 1998-99. This means Canada will enter the new millennium in a position to eliminate financial borrowing needs. Once again we will be in control of our own country. We will have reduced the deficit to zero and we will be able to say that we are number one in the G-7 countries.

The Budget

• (1515)

Often the opposition refers to EI and Canada pension plan contributions as payroll taxes. I would like to take this opportunity as a former business owner to say that when I hired an individual, UI deductions or Canada pension contributions were not a deterrent in hiring new employees. I looked at it as part of the benefit package that the company had to offer.

I would also like to take this opportunity to make it clear when talking about Canada pension contributions that opposition members have often used the figure of a 73 per cent increase. It is totally unfair when they say it is a tax. Let it be stated very clearly that Canada pension plan contributions are simply contributions. It is saving today for benefits in the future.

Probably each member in the House drives a car. Every year he or she pays insurance premiums, expecting nothing back. I hope that none of us ever has a car accident because only then would we access the program. Similarly, we pay unemployment insurance hoping that we never lose our jobs, but on the chance we might be laid off or are out of employment we can access that program.

I would also like to comment on earlier debates in the House with respect to the health programs and the slashing that has supposedly gone on. Earlier in the debate—

The Speaker: Forgive me for interrupting you but I need a clarification. The information that I have is that you are going to be splitting your time. Is this not the case?

Mr. Cannis: I apologize, Mr. Speaker, I neglected to mention at the beginning that I would be sharing my time with the member for Scarborough—Rouge River.

The Speaker: That is my problem. Technically you still have nine and a half minutes of a 20-minute speech. If you would like to continue you may have that time because you will not be splitting it as far as I can see. Is my interpretation correct?

Mr. Cannis: Mr. Speaker, I will continue my presentation. I want to touch on transfer payments and the cuts that have often been mentioned during this debate. Earlier on there were comments about a \$7 billion cut in health care. We are being intellectually dishonest when we stand up in this honourable House and make those kinds of statements.

We know very well that it was not \$7 billion to health cuts alone. This was \$7 billion spread throughout the country. I would like to use Ontario as an example because that is where my riding is situated. Ontario's hit was \$1.2 billion. In the election of 1995 before the current government took over in Ontario, the former government headed by Bob Rae just before the election gave out almost \$1.6 billion in handouts. I can break down exactly where

these handouts were but the question many people had was where the money came from.

I would like to repeat that Ontario's reduction was \$1.2 billion. Most recently the Conservative government in Ontario stated that it was going to put back into the health program almost \$400 million. It also indicated that the additional \$500 million that was slotted to be taken out of the program in 1998 most likely will not be taken out. Therefore, when we take those two figures of close to \$900 million that in essence almost adds up to the type of shortfall that Ontario will be receiving.

Let us be very clear about it. The closure, reduction or fine tuning of certain hospitals is not as a direct result of the less money going to specific provinces. That is a political decision of the respective governments, in this case the governments of Ontario and Alberta.

• (1520)

I would like to touch on tax relief. Earlier today we heard the leader of the Conservative Party indicate that he is going to reduce taxes immediately. Where is the money going to come from to try to balance the budget and give a tax break at the same time? The people of Canada know, because economists have spoken about it often enough, that we are on track. The underlying message is that we are headed for a balanced budget and we are very proud to say so.

Once the budget is balanced, what will we do with the surplus that we will hopefully have? The debate then will be, do we start eating away at the debt or do we rebuild some programs?

One big point we have debated over the last while has been the Canada pension plan. In the 1950s and the 1960s it was our responsibility to bring forward these programs. The challenge before us today is to make sure these programs are secure, not just for us and our children, but for generations to come. I believe the approach being used to secure the future of the pension program is the only way to go.

If we look at the alternatives that the Reform Party has put forward, using the example of Chile, today almost 40 per cent of the population of Chile have no benefits, no programs or pensions whatsoever. We can talk about super RRSPs or private pension programs. Most recently we read about the Route Canada program which after so many years is now starting to clear the company pension program.

In response to a question, the Minister of Finance indicated the difference in the Canada pension plan. There is one word I would like to stress and that is secure. Confederation Life unfortunately went into bankruptcy. What happened to the pensions and the savings?

There was an article in the paper not too long ago about the difficulties the retail store Eaton's is going through. It says here:

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“Eaton’s eyeing pension surpluses”. If I had a private pension plan that I had no control over and a large organization is controlling that pension program and something unexpected happens, where is the protection? There may be some protection.

It has been claimed that the Canada pension plan has been exploited in a very extreme way. I would like the opportunity to put my constituents at ease by saying that the Canada pension program is one that now has been put on a solid footing. The money will be invested and reinvested. An independent group will be looking after it and, for example, investing much as teacher’s pension funds or the firemen’s fund are invested.

I am comfortable responding to questions from my constituents when I tell them they have no worries. The Canada pension plan is there today and will be here tomorrow.

Another important issue which I believe will be before us during the next election is the question of health. The National Forum on Health stated that the problems with the program are not monetary. There is enough money in the programs. What did we do as a Liberal government? We said we would like to go a step further and add an additional \$50 million over the next three years.

I recall some comments I heard from my constituents in Scarborough Centre when speaking of the provincial government. I was hearing comments such as: “Why do we have just over 10 million living in Ontario and 11 million health cards?” That does not make sense. What we have to do with our health system is spend our money wisely. We do not need four managers for ten staff, for example. That is the restructuring that is going on within the hospital environment.

• (1525)

It has been noted in the past that Reform Party members would like to see us take a much more aggressive approach to reducing the deficit. We know their statistics. We know their numbers. What good will it do to slash and burn from day one only to come back to re-energize? Who will we bring back to life? The dead patient? It is too little, too late.

We have taken a balanced approach, a humanitarian approach to cutting. As a government we have also taken our hits. They have been clearly noted. We are looking at supporting the health program in the best way we know how. I want to tell that to my constituents in Scarborough Centre and to anybody else who is listening.

I also hate it when they talk about the 73 per cent increase. Why do we not take the Canada pension plan and go through it step by step. Today we are paying almost 6 per cent. Next year it will be 6 point something. What is odd here is how Reformers combine the employer’s share and the employee’s share. We know there are also private pension programs within company pension programs. That

is not a tax. I do not understand how they term Canada pension contributions as being a tax.

I am not concerned with what the finance department says. I know what I said when I was an employer and hired people. When I hired people, the deciding factor was not how much I paid in UI contributions or Canada pension plan contributions. That was part of the employment package. The bottom line was productivity.

In closing, I would like to put out a challenge to the private sector. We responded to their concerns and put our financial house in order. I put the challenge out to the private sector: We have done our share. It is high time they do their share and recommence hiring.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, I listened with interest and incredulity to the hon. member who just finished speaking, particularly when he was defending the Canada pension plan in the context of his own experience as an employer. I found it passing strange that anyone who has ever signed a pay cheque would not consider payroll deductions as being a tax.

As everyone knows, employers do not have an option on payroll deductions such as employment insurance or the Canada pension plan. They are mandatory deductions which by law must be paid to the government.

Government documents, including the human resources employment insurance recently issued, refer to payroll deductions as taxes. The finance minister has referred to payroll taxes as a cancer on job creation.

What is the number one problem in our country? Job creation. Who are the most affected in our country as far as finding jobs is concerned? Young males. Who is the most hurt by this? Young males. Who are the last hired and first fired? Young males entering the workforce.

The tragedy of the Canada pension plan is that the government was the opportunity to fix it, not tinker with it. It has been described accurately as a giant Ponzi plan.

I ask the member opposite to pay close attention. Government documents indicate that persons who retired in 1976 contributed to the Canada pension plan \$2,521. Their benefits would have been \$29,000. They would have had a return 11 times the size of their contribution. Someone retiring in the year 2030, who will be our children, and in the year 2031, will contribute \$472,000 to get back \$266,000 for a return on their investment of just about half.

• (1530)

Perhaps the hon. member opposite would justify that not to his contemporaries but to his children and his grandchildren who are paying the freight for the retirement plan for seniors and for the debt we leave them.

Mr. Cannis: Mr. Speaker, that is a very good question. I thank the hon. member for his comments.

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The question does not respond to the figures he gave between the year 1976 and the year 2030. However it is very important for the people to know that the Canada pension program is not strictly a program of the federal government. We did not simply decide that we would do this. The program is administered in co-operation between the provinces and the federal government. We did not arbitrarily say one day what we were going to do. We all know about the negotiations that went on.

We agreed to a 10 per cent increase. The fact remains that the Reform Party wanted to increase it by 14.2 per cent. If he is concerned about the numbers he has given me, in essence he is saying these are the numbers we will have with a 10 per cent increase over the next six years. He is not saying how wide the gap will be with their proposed 14.2 per cent.

Their programs do not provide for any disability phase of the Canada pension plan. As an employer I looked at it as part of the benefit package when it came to hiring staff. It was part of my obligation. When we moved over from health premiums and the employer had to assume that responsibility I was very happy to take it on. I made sure the health program had an infusion of money. It was my responsibility as an employer to make sure that based on the payroll deductions I had to contribute to the health system. That was one way of securing the health system would be there.

In essence the gap would be wider if we had gone with the Reform Party proposal.

The Speaker: Now for a really astute question from the hon. member for Capilano—Howe Sound.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, I am not sure I can live up to this advanced billing, but I would make a remark about payroll taxes.

Economists look at payroll taxes in the following way. Workers are hired at a wage rate of \$10. That is what a small businessman can afford to pay. The technology chosen, whether to use computers and what kind of computers to use, are predicated on the fact that the wage cost is \$10. A bargain is struck and everybody is happy.

Then the government decides that as of tomorrow the hourly cost of the worker will not be \$10 but will be \$11. Under those circumstances a multitude of companies and employers in Canada that could afford to hire someone at \$10 can no longer afford to hire them at \$11.

A large number of companies will say that at \$10 it is not worth introducing an automated machine to take the place of the workers, but at \$11 some will automate more. The workers will lose their jobs or will not be hired if the company expands. That is what is taught in Economics 101 in university as being the effect of government legislated increases in payroll taxes.

I do not care whether the increase from \$10 to \$11 in the cost of hiring a worker goes to the worker's pension or not. It does not. It is interesting what happens in the long run. Studies have shown that increases from \$10 to \$11 mean that those who remain hired will not get any more pay increases. In the long run it is the worker who is paying for the government legislated increase.

Could the hon. member tell me where he got the information that for 10 million people in Ontario there are 11 million care cards outstanding? Could he quickly summarize for me how this came about? It is an unbelievable statistic.

Mr. Cannis: Mr. Speaker, he would have to ask the provincial people. That is where it was from. I want to respond very quickly because I know my time is up.

• (1535)

The member for Capilano—Howe Sound is absolutely correct and I agree with him. Maybe, because I agree with him, that is why he was the first member who applauded our previous budget. As we reduce payroll contributions we could entice employers to hire. That is clearly stated in the budget.

As I mentioned in my presentation in 1993, EI deductions were \$3.30 per \$100. They are down to \$2.90. They are going down to \$2.80. As our economy grows our intentions are to reduce those premiums. Hopefully that will motivate employers to hire. He is absolutely correct in saying that. Then hopefully we can take part of those contributions and increase the savings with respect to the Canada pension plan.

[Translation]

The Speaker: The hon. member for Gaspé. Will you be sharing your time with anyone?

Mr. Yvan Bernier (Gaspé, BQ): Yes, Mr. Speaker, I will be sharing my time with the hon. member for Anjou—Rivière-des-Prairies.

First of all, I would like to say that I was not thrilled with the finance minister's February budget. Why? Because the budget tabled by the Liberal government is what I would call a lazy budget. Let me explain. It is clear from the figures that the Minister of Finance has much more breathing room than he lets on in his budget.

No one can argue with wanting to balance the budget. I believe, however, that there is a way to go about it and, when targets are met ahead of schedule, one would expect that those who helped create this breathing room for the Minister of Finance would recover part of the costs, get back some of the money they have given the minister. The finance minister should have returned the favour.

The theme of this year's budget was: while balancing the books, we will combat child poverty. This was the theme. But how does this translate into reality? There are a few subsidies, measures that

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are supposed to eliminate child poverty. But what does this mean in reality?

Practical measures for implementation this year—because children are hungry this year, right now—amount to approximately \$70 million. But—and the Minister of Finance did not talk about it this year—he took close to \$4.5 billion from the social transfer payments to the provinces. What is the impact of that? It means that the provinces are also forced to make cuts.

The provinces are forced to cut in the health sector, because there is a shortfall of \$4.5 billion. They also have to cut social assistance. All these measures adversely impact on daily necessities, on post-secondary education. It comes as no surprise that things are not going well in the provinces, that provincial governments are forced to cut their payrolls, and that they have to consider increasing tuition fees in the universities—even though they managed to avoid having to do it this year. The fact is that when the federal government makes cuts, someone, somewhere, is adversely affected.

Again, the recurring theme, which may well be an election theme for the Liberals, is that something must be done about child poverty. The Liberal government is trying to show that it is reducing its deficit but, as I said, barely \$70 million will be allocated this year, compared to the \$4.5 billion cuts to transfers to the provinces. I want to say something about the largest cut ever made. What makes things even worse, and the Liberals should be ashamed of themselves, is that they target the poor in our society, namely the victims of this lack of jobs and those who rely on employment insurance benefits.

• (1540)

Everyone on the Hill and in this House knows that before 1993, the cumulative deficit in the unemployment insurance fund was as high as \$5 or \$6 billion. I realize something had to be done.

However, today, and the President of the Treasury Board has made no secret of it, in fact he even bragged that there was a surplus, today in 1997—this is March 1997—there is a surplus of \$12.3 billion in the unemployment insurance fund.

When the Minister of Finance says proudly that he balanced his budget, he got the money somewhere. He took it out of the pockets of the provinces and of those who were hit by the lack of jobs.

What could he have done? I will try to give government members, the Liberals opposite, a few clues. They will not be able to say I do nothing but criticize. Today, I would like to do some constructive criticism. There are people on the Liberal benches who come from rural areas, who at one time were farmers and whose parents were farmers.

Here are some rules every good farmer knows: If you have a good harvest, you put 50 per cent of the year's profits in the bank,

and you reinvest the remaining 50 per cent in the land that helped you make those profits. You seed for the next harvest, to make sure the next harvest will be just as good.

Now the government has just taken \$12.3 billion out of the unemployment insurance fund, I would have expected the government to introduce job creation measures for the people who need them. Of course two weeks ago, the Minister of Human Resources Development hastily tried to deal with one of the sticking points of the employment insurance reform by allowing hours to be accumulated for the purpose of calculating benefits.

This measure will cost scarcely \$245 million and will expire in the fall of 1998, after the election. Then we will have to start all over again. This is just peanuts, these handouts for people who have been hit by employment insurance.

What does the budget contain regarding job creation? I would remind the House that the Liberals opposite were not elected to cut unemployment insurance. They did not have a slogan saying: If you elect us, we will cut unemployment insurance. They did not. Was they did say was this: "We are going to create jobs, jobs, jobs". That was the slogan they shouted as they waved the red book.

What is the government's record on job creation? The only real jobs that were created under this government were short term jobs, as part of the infrastructure program. There was some highway construction and other construction, but the jobs created were only temporary jobs in 1994. We are in 1997 now. The effects of this job creation program are long gone.

So where are the job creation projects and the famous jobs, jobs, jobs? If only the government would act as a catalyst for job creation. How? I will give them a few more leads.

During the referendum campaign, we, in Quebec, were asking for decentralization. We wanted to see powers transferred back to us. The Prime Minister took us at our word and said: "We are going to decentralize powers, in the area of manpower training in particular, and transfer these powers back to the provinces". The referendum was held in the fall of 1995. We are now in the spring of 1997, on the eve of another election campaign, and nothing has been done.

An hon. member: They will make one more promise.

Mr. Bernier (Gaspé): Transferring powers back to the provinces, at least those who have asked for it, would be a good way to create employment. The funny thing about it is that agreements were signed, but not with the provinces had made a request.

If agreements were signed regarding manpower training, I would expect the applicable budgets to be transferred back at the same

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time. This way, government would really be brought closer to the people, with the provincial government being in charge instead of the federal government. Synergy could be gained from these budgets.

• (1545)

I would like to see these budgets used to bring people together. Projects, not 10 or 20 week projects, would be designed to address a common problem specific to a group of people living in a certain area. With the available budgets, and the help of the private sector maybe, social infrastructure programs could be developed. The participants would be working together for at least three years to give them time to achieve something.

As I said, this is a lazy budget. I wish I had more time to share more constructive ideas. In the election campaign, the Liberals will boast about successfully bringing the deficit down, but they will be very careful not to mention whom they have to thank for that. There are the provinces, whose postsecondary education and social assistance budgets were cut back, and the unemployed, at the expense of whom the President of the Treasury Board and the Minister of Finance were able to build up a reserve fund of \$12.3 billion.

There is still time, on the eve of the election, for the Liberals to give themselves a chance of winning a few seats in Quebec. Put something on the table, resolve the manpower training issue and give us the necessary budgets for job creation.

[English]

Mr. John Harvard (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, I listened to the hon. member for Gaspé and took note of the fact that he described the 1997 federal budget as a lazy man's budget. I am not exactly sure how he arrived at that description. Perhaps it is because our finance minister makes the job look easy, at least easy compared to the performance that we saw for so many years under the former Conservative government.

He also noted in his speech that the finance minister is ahead of the budget projections he laid down when the government assumed office in the fall of 1993. It is true that the finance minister is ahead of projections and he should be congratulated for that.

The hon. member pointed out that since the finance minister is ahead of his projections he should be giving something back to the Canadian people. I certainly agree with that and that is exactly what the finance minister did in the 1997 budget.

I remind the member for Gaspé, the House and all Canadian people that in the budget there was a \$600 million child tax benefit, something that had not been there before. There was a reduction in

the EI premiums. In addition small and medium size businesses in some cases will be able to forgo having to pay EI premiums at all if they hire additional employees.

There was \$300 million for developing and researching new ways of delivering health care, something that the Canada Forum on Health proposed and recommended in its report. There was \$800 million for the Canada foundation for innovation for universities and colleges. Those institutions have congratulated the government for that far sighted initiative.

There were \$50 million for social housing initiatives in the budget. There was double the funding for youth employment initiatives. There were millions of more dollars for tourism. When we put it altogether we have lower interest rates.

I noted just today that the Boeing company which has a manufacturing plant in my riding announced an expansion of 400 jobs. Those kinds of things happen as a result of good fiscal management.

[Translation]

Mr. Bernier (Gaspé): Mr. Speaker, I am pleased to answer the question put by the hon. member. What I said was that I felt, upon reading the budget speech, that once the budget would be balanced, the finance minister's objective would be to redistribute wealth and to fight child poverty.

The hon. member pointed out that the minister announced in his budget that \$600 million would be allocated to that goal. Again, I tell the hon. member that, this year, there is barely \$60 million earmarked for that initiative. And children are hungry now.

• (1550)

Earlier, I mentioned that children's parents were made poorer, to the tune of \$17 billion. The provinces were deprived of \$4.5 billion through cuts to social transfers, while \$12.3 billion was taken from the unemployment insurance fund, after paying off the first accumulated deficit of \$6 billion. So, 12.3 plus 6 equals 18; and 18 plus 4 equals 22 or 23 billion dollars. The government is offering \$600 million, which is already not much. However, this offer includes an amount of only \$60 million for this year. This is where the problem is; this is what is upsetting. It is an insult to the intelligence of Quebecers and Canadians.

The hon. member also pointed out that there is another \$800 million for the health sector, through the Canada Foundation for Innovation. Where did the Liberals get that money? They just cut \$4.5 billion in transfers to the provinces for the health sector. Now, we are told that the government will allocate \$800 million to research. Again, this is an insult to the intelligence of people. And this amount of \$800 million will not all be paid this year. The

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government is distributing election goodies, but does not want us to unwrap the candy before the election.

I wonder about all this. Will Canadians and Quebecers be fooled by such a budget? Imagine how things will be when the Liberals are re-elected. They will not hesitate and there will be no candy.

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, following on my colleague, the member for Gaspé, who described the budget brought down by the finance minister on February 18 as lazy, I am in complete agreement with this expression and I would add that, in addition to being a lazy budget, it is an election-minded one.

I am going to limit my remarks to employment. To begin with, it is a topic I am very concerned about. Last month, the human resources development office in the Saguenay—Lac-Saint-Jean region moved to Jonquière in the neighbouring riding of Chicoutimi. According to this office, there was an unemployment rate of 17.2 per cent in this region. By simply moving offices from one location to another, do they hope to create jobs? This is unacceptable. Furthermore, the only reaction I have heard in my riding is that an unemployment rate of 17.2 per cent in a region like ours is unacceptable, particularly when we know this government was elected in 1993 on its famous promise to create jobs. Every statistic shows they have not delivered the goods.

As for their slogan “jobs, jobs, jobs”, the people in my riding have changed it to “We are as poor as Job, Job, Job”, meaning the one in the bible. But let us take a closer look at what the Liberals are telling us about employment. First of all, there is the infrastructure program, with \$425 million in new money. The question arises: “Did this program create jobs?” The Auditor General of Canada himself said it did not. Of course, when there is construction, there is a bit of activity everywhere. But afterwards, when everything is over, what remains? Do any full time jobs remain? None do.

• (1555)

And here is something worse still, a comment by an alderman in Chicoutimi on the infrastructure program: “This program only puts the cities further in debt”. So much for this program, and for job creation.

Now, moving on to what this government could have done for job creation. It is no secret. The unemployment insurance fund has a surplus of approximately \$5 billion. This government lowered contributions by 10 cents. Does the Minister of Finance think that 10 cents is enough to encourage employers to create jobs? I think not. I am not convinced that this can reduce unemployment.

As for the unemployed themselves, this budget has just taken away their last hope of getting back into the work force. In my riding, what they are now being offered are precarious jobs of limited duration. Yet people do want to work. Last month Alcan opened up 50 jobs in Arvida. Do you know how many people sent

in a c.v. to the various employment centres in the region? More than 30,000. This shows that people want to work. The unemployed are not lazy. They want to work.

It would be hard for me not to have something to say as well about the unemployed paying off the government’s deficit. The Minister of Finance could have convinced his colleague to make the UI rules more flexible. Why? Because the accumulated surplus could have given our unemployed a little longer to find work. But he did not. The Minister of Finance has made welfare the only prospect for the unemployed.

Even worse, this government is helping to increase unemployment: 14 jobs were lost in Chicoutimi because the Department of Human Resources Development decided to move the response service for the unemployed to Shawinigan, in the Prime Minister’s riding. That is how they create jobs.

We are faced with a government that has given up trying to create jobs. It seems to me that instead of taking the money of needy Canadians to reduce this deficit, it could have created steady jobs for people. Steady jobs mean people who pay taxes. It also means people who buy consumer goods. This is what makes the economic wheel go round. Of course the Minister of Finance is above that sort of thing.

If people had jobs it would be a good way for the Minister of Finance to bring his deficit down. That is what responsible government means.

Yesterday, we all saw the Minister of Human Resources Development announce a major subsidy for a sock manufacturer. Congratulations, but this comes just before an election campaign. One wonders whether it takes an election campaign to have this government do something about job creation. Considering its record during the past three years, I think the answer is yes.

• (1600)

I therefore urge the federal Liberal ministers to come to my riding and announce investments. Come and announce new businesses, come and tell our unemployed workers that you support them, that you are working for them.

In concluding I would add the following. The federal government should mind its own business. Once again, the Liberals are encroaching on areas under provincial jurisdiction. In the health sector alone, new funding approved by the federal government constitutes additional interference. I wonder why this government insists on minding other people’s business, replacing and duplicating provincial programs by introducing its own maple leaf programs.

Finally, this budget is just an extension of the flags program of the Minister of Canadian Heritage. This government is interested in its visibility. That is why they do television broadcasts and send flags. I agree that finding a job for an unemployed worker is not

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spectacular, unless we oblige the unemployed to walk around with a placard that says “Canada” with the maple leaf on top. Maybe that is what our unemployed workers need for the government to take notice of them.

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, I have a question for my colleague, whom I would like to congratulate. With the unemployment rate in Canada at over 10 per cent, in the United States at 5.5 per cent, and in Quebec at 12 per cent, I wonder about this inequity.

How is it that, for the past 20 years, the unemployment rate in Quebec has almost always been 2 per cent higher than in the rest of Canada? Sovereignty is certainly not a factor, since it was the same when Mr. Lesage and Mr. Trudeau were in power. Does it mean that things are poorly distributed in Canada, that research and development are channelled more into Ontario and that we are being given crumbs, which I would today call misery insurance?

I would like to know whether my colleague shares these ideas and how is it that the government talks about being prepared to help the weakest regions, from sea to sea, when in my riding of Matapédia—Matane, no matter what we do, no matter what is undertaken, no matter how many Operations Dignity are launched, no matter how many public rallies are held, nothing is happening. But all we want to do is work where we live.

We are not asking for gifts, we just want what we are entitled to. I have a very positive example: investing in forestry is a plus. It pays the government well in terms of taxes. Instead of being given job security benefits, income security benefits or employment insurance benefits, people have a job.

However, we see that the federal government, which had a plan I considered acceptable, profitable for it, made cuts. There is an easy answer to this one, that forestry is a provincial matter—that is true in part—except that forestry workers pay their income taxes to Ottawa, and when they put gasoline in their chain saws, they pay a tax to the federal government.

I would simply ask my colleague from Chicoutimi whether he shares these ideas and what he might propose to have it change?

• (1605)

Mr. Fillion: Mr. Speaker, my colleague has just pointed out that, in a number of areas, Quebec is not receiving its fair share of federal government spending. The result is a shortfall of hundreds and hundreds of millions of dollars that businesses could use to create jobs.

We have only to think of the field of research and development where, relative to its population, Quebec is seriously underfunded.

There is also the area of military activity: Quebec receives less than 18 per cent relative to its population.

This afternoon, in asking a question to which, as usual, I did not receive an answer, I pointed out to the minister responsible for social housing that Quebec had come up \$120 million short every year for the last ten years. That is over \$1 billion in ten years.

We could have revitalized construction with this money. As they say, when the construction sector goes well, so does the economy. Factories would have developed materials, produced services, our engineers and architects could have put down plans on paper. It would have meant work for people.

In areas with a real impact on the economy, Quebec is receiving very little relative to what it pays. Of course, if you are talking about UI, we receive quite a bit. In my riding, the unemployment rate is 19 per cent, but this is not the kind of money we want. We want money that will allow us to create stable and well paid jobs.

[English]

Mr. Ted McWhinney (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I will note at the outset that I am sharing time with my colleague, the learned hon. member for Kitchener.

This latest federal budget confirms that we are well ahead of schedule in achieving the Prime Minister's goal of a balanced non-deficit budget before the year 2000. In 1993 we inherited a record \$42 billion plus deficit budget from the Mulroney government. Since then we have been reducing the enormous deficit on a step by step basis with each of our annual budgets. This year the deficit will be down to \$19 billion which is \$5 billion ahead of our own favourable projections.

We have decided to stay the course in our goal of a balanced non-deficit budget, possibly attainable by 1999 now, and not to succumb to the pressures to undertake lavish federal spending programs.

What we have done, however, is invest in those key areas of vital concern to our economic future and our general well-being by maintaining our social contract with Canadians and our famed social security network which earlier generations of Canadians paid for with far higher taxes than their counterparts in the U.S. This means a stable national pension scheme with no reductions in benefits for those now in retirement. It also means upholding the integrity of medicare and, beyond that, also making significant new additions to take care of the disabled persons and to maintain and extend medical clinics and laboratories.

It also means new investment in advanced education and scientific research in medicine and engineering as the key boost to creating leading edge industries capable of competing successfully

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in world markets and also to providing the long term, highly skilled professional jobs that go with that.

President Clinton in his second inaugural address on January 20 spoke about becoming an education president for the 21st century. The Prime Minister, in asserting a necessary federal government role of leadership in establishing national education and scientific standards on a competitive level with other post-industrial states, has moved to fill the gap in constitutional power created by uneven performance at the provincial level and different, sometimes mutually competing, provincial policies and programs.

• (1610)

The investment in pure research as the basis for long range, leading edge technological advances was the key to the German and Japanese economic recovery miracles post-war. We are making that same investment in advanced education and science now. As a result, we have in this new budget a very much strengthened and extended federal government program of support and financial aid for students and their families designed to provide a flow of high calibre professional and scientific graduates into new industries.

Taken as a whole, the budget demonstrates our commitment to fiscal integrity and to freeing Canadians from the burden of huge annual interest payments to foreign creditors. In this way we will be able to devote even more of our resources to much needed social and educational programs and to move at the same time, when the budget is balanced, to reducing taxation.

The new budget also has its direct implications for governmental structures and processes that go to the roots of federalism. The constraints on governmental spending in a period of fiscal integrity directed toward the goal of a balanced non-deficit federal budget mean that community decision making on major community projects that transcend any one level of government, federal or provincial, have to be made on a basis of co-operation and of common joint problem solving through mutuality and reciprocity of interests of the different governments.

The federal government and Quebec have for a number of years shared decision making over immigration with effective co-ordination of federal and provincial lawmaking.

Recent inspired initiatives by the Prime Minister and by the premier of British Columbia have been directed to human resources and to immigration. We have resolved, thereby, some longstanding intergovernmental differences.

Further agreements could follow in other areas like fisheries, for which the basis of co-operation has already been laid in several joint federal-provincial commissions for inquiry and study of long range goals. This highly pragmatic, empirical, problem oriented approach, proceeding on a step by step basis is the new co-operative federalism. It seems to be yielding concrete results in easing

intergovernmental tensions and ending long festering differences. It is, in any case, a refreshing change from that old fashioned, essentially abstract, a priori approach to federalism that insisted on isolating problem solving into separate water tight compartments of lawmaking power, federal and provincial, with an absolute ban on the different levels of governments ever working together toward a common result.

In another, in its own way, unusual parallel development, the federal government has opened up the diplomatic processes of negotiations over Canadian complaints of non-compliance by the United States with the provisions of the Canada-U.S. Pacific salmon treaty of 1985, with its important conservation imperatives. It has opened it up to input from the main private stakeholders involved, the actual fisher people. The Canadian fisher people are having a series of meetings with their U.S. counterparts and feeding back their consensus and conclusions to the diplomatic negotiators on both sides.

This is the new pluralism which balances the new co-operative federalism. It is an application of a broadly inclusive participatory democracy which should see more informed and rational federal government expression of Canadian community interests in the fulfilment of our international law based treaty rights and duties.

The federal system, as we know it, thus continues to evolve, undergoing change through developing custom and convention as glosses on the Constitution as originally written. This is being achieved in concrete, substantial ways, in spite of the seeming failure of those rather abstract exercises in the dry light of reason, represented by the Meech Lake and Charlottetown projects of yesterday.

The latest federal budget, by establishing the fiscal parameters and necessary financial limits to federal government decision making, enjoins a new form of pragmatic, problem oriented federalism based on intergovernmental co-operation and shared decision making, federal, provincial and municipal; the new co-operative federalism.

Thus the debate in the House over the present budget makes its own very distinctive contribution to the new constitutional law in the making.

• (1615)

The budget with its ambitious, imaginative and innovative approach opens the way to new ideas in federalism and in the structures and processes of government.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, I have in front of me a document issued by the Employment Insurance of Canada that has been financed by the budget. It has in it a program called the self-employment assistance program. Under that program people will be subsidized who have current

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claims on EI or who have had their claims exhausted in the last three to five years. They will get up to 45 weeks of support, 90 hours of formal business training, development of a business plan, adviser consultations and other goodies.

Would the member support a budget that does the following? Candidates must belong to one of the five federally designated equity groups: women, men 45 years and older, visible minorities, aboriginals and people with disabilities.

Is a budget which allows an employment insurance program to be available to everyone except men under 45 who are not visible minorities, aboriginals or disabled good for Canada? Should we support a budget that allows this kind of discrimination in the free country of Canada?

Mr. McWhinney: Mr. Speaker, I thank the hon. member for Capilano—Howe Sound for his very interesting question.

He will be aware from my own discussion in the last few minutes that the budget does not operate in isolation, in its own watertight compartment. It operates within the general parameters of the Constitution and the principle of equality before the law, which it therein enshrined contains the very explicit affirmative action provision. I imagine the areas he is referring to reflect that.

Also a main thrust of the budget is creating jobs, creating meaningful education and meaningful training in advanced technology for young people. This is the whole thrust of the extraordinarily augmented provisions for aiding students and their supporting families.

I and other members fought very hard for having the federal government accept its role of leadership in education. We were oriented to the young. The groups he speaks of, under 45-year-olds whether white or any other colour, are very definitely the beneficiaries of the budget.

What we have done by creative extension of federal power to fill a gap in decision making we hope to extend for the future. It is a very necessary part of the new society as we enter the new century.

[*Translation*]

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, I shall try to be brief, since I know my colleague for Matapédia—Matane would also like to ask the Parliamentary Secretary to the Minister of Fisheries and Oceans a question.

The parliamentary secretary spoke of fisheries and of the impact of the budget. I would like to draw his attention to the following: it is the victims of lack of work, the unemployed, who have made it possible for the government to have a lower deficit. My proof: the

President of Treasury Board has proudly announced that the unemployment insurance fund now has a surplus of \$12.3 billion.

I see nothing in the budget about returning a portion of the profits to the victims of lack of work. And because he is the Parliamentary Secretary to the Minister of Fisheries and Oceans, I wish to ask him a question.

With the modifications made to employment insurance, virtually all fish plant workers will find themselves without an unemployment insurance cheque for three months, during the winter. There is still time for the Liberals across the way to amend the budget, to make an addition to it so as to ensure that fish plant workers do not end up going three months without an unemployment insurance cheque. Does he realize how hard it is to fish the Gulf of St. Lawrence when it is iced over?

● (1620)

Mr. McWhinney: Mr. Speaker, the hon. member speaks well, I feel, of the agreement between the Prime Minister of Canada and the Premier of B.C. on maintaining and organizing the fisheries. All provinces are free to reach similar agreements. As for unemployed fishers, surely the two governments can unite to face this common problem. I hope the Government of Quebec will have the intelligence and the open-mindedness to follow up and reach its own agreement with the federal government.

As for the question of unemployment per se, our government has created 750,000 new jobs in the past twelve months.

[*English*]

Mr. John English (Kitchener, Lib.): Mr. Speaker, I am pleased to rise today to speak on the 1997 budget so appropriately entitled “Building the Future for Canadians”.

Canadians elected a Liberal government in 1993. Our government inherited a massive deficit that to most Canadians seemed out of control and would likely leave Canada and its citizens with limited prospects for personal much less national improvement.

Instead of sitting back and opting for short term policies that lacked vision, the government took the initiative and put in place a policy of deficit reduction that has become a model for the developed world. Alone among the G-7 nations we will have a budgetary surplus before the year 2000. Others are now talking about the Canadian miracle.

Having exceeded its deficit targets in previous budgets the government has once again come in well ahead of its 1997 target, placing the deficit at \$19 billion and substantially bettering its commitment to reduce it to \$24 billion or 3 per cent of GDP.

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What has this meant for Canadians? This dramatic change over the last three years has reduced the cost of borrowing money for all Canadians. There is less competition for money. The confidence of international markets have driven Canadian short term interest rates to their lowest level in 35 years. This dramatic turnaround in our fiscal situation will contribute to the creation of jobs by making it less expensive for businesses to operate and by increasing consumer demand for purchases like houses and cars. It means, for example, that someone borrowing to buy a \$15,000 car will make approximately \$500 less a year in car payments.

Our success in bringing the deficit under control is beyond question. Within two years the government will be able to finance its operations and service its debts internally without borrowing a single new dollar. We will be self-reliant in a way that we have not been for almost 30 years.

However the budget and the government's vision do not stop there. For my constituents and for the average Canadian fiscal stability is important but there are also tangible and immediate results from the budget.

I am particularly pleased by the budget's direction and its intention of addressing those issues closely linked to the constituency level like the new student assistance package, strengthening our social assistance programs and supplying jobs through the Canada infrastructure works program.

With the renewal of the Canada infrastructure works program \$425 million in new federal money, along with provincial and municipal contributions, will support \$1.8 billion of infrastructure projects in 1997-98 and beyond. Canada infrastructure works has helped create over 100,000 short and longer term jobs. In Ontario this has meant updating and improving community infrastructures through 5,085 projects with an investment of \$2.3 billion and creating 39,000 jobs.

I am very pleased with the infrastructure renewal since it has contributed in the past well over \$2 million to my riding of Kitchener. This has been most welcome news for the area.

Something of particular importance and an issue close to my heart is the priority given to younger people in the budget. It is we all agree unacceptable that the rate of youth unemployment is double the national average. It is a waste of talent and enthusiasm. It mortgages our future.

• (1625)

For this reason I am encouraged to see in the budget a new youth employment strategy incorporated into program spending which will give assistance for well over 140,000 young people each year. It will supply experience for them in summer jobs and internships. Some \$255 million in funding will give way to career summer

placements and internship programs with private, voluntary and government sectors.

Last week in my riding of Kitchener I was involved in opening the Lutherwood Youth Employment Centre which had received a \$96,000 federal grant through Youth Services Canada. This opening was conducted by unemployed young people who were finding positions under the program.

I recall very well the comments many of them made to me in their very excellent presentations. One said: "These kinds of programs have given me a chance". Another one said: "It picked me up from the floor".

Another pointed to a youth entrepreneurship program that had been funded in our area by the federal government. This program has 10 students at any one time for the past couple of years. Sixty per cent of the students of this program now operate their own businesses. This is a success story for Kitchener, for Canada and for small business.

We often hear the story from youth: "We have no experience and therefore we cannot find a job". We will give them that experience and I am sure the jobs will come. The budget addresses these problems in an imaginative way.

Closely linked to this is the issue of education. Clearly students are facing increased fiscal pressures associated with post-secondary education. They hear talk of globalization and global competitiveness. They are frightened about what this might mean for their own futures. At the same time they perhaps hesitate to pursue higher education because of rising tuition fees.

Other costs associated with university are rising as well. As my the member for Waterloo knows so well with two notable universities in his riding, universities offer so much for a community and their students. They enliven the community, bring consumer spending to the community and in general contribute so much to the development of the region.

In talking to many of the students in our area I realize many of them are now working in part time jobs that occupy a crucial time that they might devote to studying. With additional pressures at home and with additional fiscal pressures it is clear that we had to help out our student population.

Therefore in the budget we invested in the young and in students. I note specifically measures such as doubling the post-secondary education credit over two years and the opportunity to carry forward the unused portions of credits for application against future incomes.

This results in a combined federal-provincial tax assistance to an average student of up to \$1,200. This represents an increase of approximately 30 per cent. Moreover, there will be assistance to students in their effort to repay loans. The deferral period for those facing difficulties in paying loans will be extended from 18 to 30

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months. This combined with a grace period of six months after graduation means students will have up to three years with help in managing their student loans.

Parents saving for their children's education through the registered education savings plan will have the annual contribution rate doubled to \$4,000.

More can, more will and more should be done, but it is clear the a government is committed to higher education, to youth and to the future. On the issue of strengthening our social assistance programs the government is proud of the way it has addressed the needs of society's most vulnerable, its children. In particular I wish to note the national child benefit system.

For years Canadians have agonized over the problem of child poverty. The government, in partnership with provincial governments, is doing something about it. This is a historic undertaking with two levels of government committing to a new cross Canada child benefit system, with the foundation being the Canada child tax benefit announced in the budget. Helping low income working families has always been a priority for Liberal governments past and present.

It is no surprise that the government has succeeded in working out a deal with the provinces to bring a new level of financial relief to Canada's families. Over 1.4 million families with 2.5 million children will see an increase in federal child benefit payments by July 1998. This means that families with incomes under \$25,921 will receive higher federal benefits while those with incomes over this amount will continue receiving benefits at the current levels. The greatest benefit, and rightly so, will go to those with incomes under \$20,000.

• (1630)

We want to provide more assistance to low income families with children and help those families escape the welfare trap. Currently families on social assistance lose money and many valuable benefits when the parents find work. This is an intolerable situation. The children of families would actually be better off if the family stayed on social assistance.

The new Canada child tax benefit will go to all eligible families, those working and those on welfare. It will also allow provincial governments to take some of the money they currently spend on welfare and redirect it to services and programs for working poor families, such as child care and drug and dental benefits.

We have come a long way since 1993. Sacrifices have been made at every step. Some decisions, while not universally popular, have been made so that the greater benefit of all is preserved for the future.

As a Liberal and a committed member of the government, I am proud of what we have done and the budget is a sign for the future. I

applaud the Minister of Finance for his determined work and I look forward with confidence as the Prime Minister leads the country into the 21st century.

[*Translation*]

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, I listened with a great deal of interest to the hon. member's comments. He referred, among other things, to students. He said the government would lend students more money, and that they would repay their loans three years later. This is not negligible, but there is a contradiction here.

When students get into debt, it is not so bad, since it allows them to pursue their studies. However, what hope is there for a student who is in debt and who does not have a job? Sure, one can say: "There is money available. You get an education and we will lend you money. You will have three years to pay off your debt". I know students who have been out of school for 15 years and who are still paying off their debt. If we lend more money to students, they will still be repaying their loans at the age of 75. There is a contradiction here to say the least.

Let me get to the nub of the issue. Everyone agrees that we must reduce the deficit. It is obvious. But how should we do it? I put the question to the hon. member. This Liberal government has dipped into the pockets of the poor. It has also targeted the middle class by increasing taxes. Everyone pays.

Then there are the taxes on gasoline. The middle class and the poor are always the ones who end up paying. Why is the government letting family trusts get away? The banks appeared before our committee. I asked Royal Bank officials whether their bank would go bankrupt if, for a period of five years, the government taxed banks more. Of course not.

Banks make billions of dollars in profits. If we get \$1 billion or \$1.5 billion in taxes out of them, over five years, they will not go bankrupt, believe me. Why not go that route to eliminate the deficit? How many rich families do not pay taxes? Why is it that no Conservative or Liberal government can see that?

Do you know what is happening? It is easy to figure out why governments do not go that route. When we asked the House of Commons to adopt the same regulations as Quebec did concerning political party fundraising, who voted against that proposal?

In Quebec, there is an act which provides that the money contributed to political parties must come from individuals, not companies. Who finances political parties here? Who puts money in the Conservative fund? It is the major corporations. How can they go against these major corporations?

I almost have my answer. Still, I would appreciate it if the hon. member could shed some light on this issue.

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• (1635)

[English]

Mr. English: Mr. Speaker, the question has many parts. To deal with the first part, in my speech I pointed out that the government's actions in regard to students would greatly increase the amount of income available to students during the time they are at university or in a post-secondary program. Second, I pointed out that under the changed RESP program, parents will have a greater opportunity to contribute to the education of children and will be encouraged to do so. Third, I pointed out that the deferral period will be expanded from 18 to 30 months.

I agree with the hon. member that student debt has been rising at an alarmingly high rate. However, student debt is undertaken largely by students who graduate from university. The hon. member talked about the poor. The working poor and the poor who do not work are overwhelmingly persons who do not have higher education.

Statistics, whether in Quebec or in the rest of Canada, point out that those with post-secondary education have an advantage. They have a much lower rate of unemployment and they are much more likely to contribute through loans. In terms of loan repayment it seems to be a way in which those who do gain the benefit of higher education in some ways pay for their own education.

The hon. member beside me told me that it took him 10 years to repay his student loan, and today he has a job. This case indicates that those with higher education gain benefits within society, so the point being made by the hon. member is not well taken.

The Acting Speaker (Mr. Milliken): Order. It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Saskatoon—Clark's Crossing—Unemployment.

Mr. Grant Hill (MacLeod, Ref.): Mr. Speaker, I will be splitting my time with the hon. member for Edmonton Southwest.

Each time I stand to speak on the budget, I try to judge it from the perspective of the last little baby I delivered before I came to the House of Commons. Zachary was a cesarean section and he was my last enjoyable duty in the hospital. When he was delivered, Zachary owed the federal government a debt of \$16,400. Light-heartedly I tell my patients that when I was taught to deliver babies, to make them cry I patted them on the bottom or patted them on the feet. I made Zachary cry when I whispered to him that he owed the federal government \$16,400. The poor little guy blubbered for a week.

Today Zachary, who is almost four years old, owes the federal government just under \$22,000, as does every man, woman and

child in Canada. I find that unacceptable. I have listened to cheer leading on this issue from the other side. I would like them to face Zachary. I would like members opposite to sit down with Zachary and explain to him that on his behalf they spent his money. They did not ask his advice, they did not give him any choice in the matter. Every grandma, every grandpa, every parent and every child in Canada today should sit down with this cheer leading crew across the way. I would like to give them that opportunity. I guess they will get the opportunity in the upcoming election and I relish that opportunity.

What does the budget document say on health care? It follows on a promise in the red book that medicare would be protected and a National Forum on Health to make sure health care is going in the right direction. The national forum presented its conclusions not so long ago, and its conclusions were trumpeted far and wide. There is enough money in the system. Use the money more efficiently. Improving the health of our children is a wise investment. Those were the things that were headlined across this land.

• (1640)

However, a little issue was missed. When they said there was enough money they also said there needed to be this cash floor of \$12.5 billion. The forum presented information which was fairly liberal. They never did say that the floor, according to the government of the day, was going to be \$11.1 billion. There is a discrepancy. It is a little discrepancy. It did not get much play in the press. I do not know why. I can only guess.

In the budget document on sustaining and improving our health care, I found a reinvestment in medicare. There is a reinvestment of \$300 million over the next three years to be used for new initiatives. Here is how that \$300 million will be spent.

Over three years \$150 million will be spent for new projects in home care and drug coverage. Interestingly enough, the health minister seems to glom on to some of these. He wants to direct them to his riding.

There will be \$50 million for a health information system; computers to follow and judge whether we are doing the right things in health care.

There will be \$100 million in increased funding for community action for children.

That is great. That is \$300 million over three years. I saw the headlines: "Good news from the protectors of medicare". I ask a simple question. Do they think all Canadians are stupid? Does anybody not remember the \$3.9 billion in reductions to medicare that are coming in the next three years? Only in light of today's government could we have a \$300 million reinvestment in medicare offsetting a \$3.9 billion reduction.

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What are the results of those reductions? We heard them not so long ago in Ottawa where there were major hospital closures. We heard them as well in Toronto where there were major hospital closures. A couple of weeks ago Alberta confirmed that the General Hospital would be closed for good. There are hospital closures in the maritimes. There are hospital closures in Saskatchewan and Manitoba. In Quebec there are hospital closures. Il y a la fermeture des hôpitaux là également.

Waiting lines are on the rise for urgent, non-elective care. We are falling behind in technology. We have 1.1 MRI machines in Canada for 100,000 people and in Germany they have 3.4.

Here is what Canada's nurses say about the budget as it relates to health care. This is not partisan, political stuff, this is from Canada's nurses: "In the 1997 budget the federal government has thrown away a valuable opportunity to demonstrate its supposed support for Canada's publicly funded health care system. Federal cash transfers for health will now decline until the next century, despite the fact that the finance minister's target of spending no more than 9 per cent of GDP on health has been reached. The federal government has stated that it unequivocally supports a publicly funded health care system, but is failing to provide the funds to genuinely support this system".

Canada's nurses are not politicians. They are the people who deliver the services. That is what they think of this budget.

It is always easy to criticize. I do not believe in criticizing without presenting solutions that are different. What would Reform do differently during the same three year period when we are going to have \$3.9 billion taken away and \$300 million given back?

Reform would reduce the deficit to zero by changing both the size and the function of the federal government. It would reduce grants and subsidies to business. It would take selected crown corporations off the public purse completely. It would reduce international aid while Canada is broke. It would rip up the MP pension plan which is grossly unfair. Reform would do all this to pump \$4 billion per year back into medicare and secondary education. It would do that to repair the Liberal damage and the damage of those cuts.

The results will have Canadian nurses smiling again.

• (1645)

The national forum on health would have its \$12.5 billion cash floor. Most important, the patients who are today waiting in lines with inferior equipment and in pain would be treated sooner. There is actually choice on the scene today when it relates to medicare in Canada. It is an alternative to the old view of the Tories, the Liberals, the NDP, of big government, big programs, big spending and big taxes. It is called the fresh start.

I will give a couple of examples of wasteful spending specific to health care because they lie in the riding of the Minister of Health. Here are some examples that Reform would get rid of: \$122,654 for golf carts in the health minister's riding paid for by the taxpayers of Canada thanks to you know who; \$33,000 to the Cape Breton Yacht Club. Yachters need that money according to the Minister of Health. What did Nova Scotians ask for instead? They asked for the emergency department at the Windsor hospital to be left open. They asked that the Wolfville hospital not have to charge patients for bandages, syringes and painkillers, which is what is happening today.

To my colleagues across the way when they cheerlead about this budget and the results that they have seen, I ask them to remember Zachary, the little boy who has gone from \$16,400 indebtedness to the federal government to just below \$22,000 in the course of this Parliament's sitting. They are happy with that performance. I am not. I look forward to meeting with them on the platform to specifically ask them to look into Zachary's eyes. If I were in their place I could not.

Mr. McClelland: Mr. Speaker, there does not appear to be a quorum in the House.

The Acting Speaker (Mr. Milliken): Call in the members.

And the bells having rung:

• (1650)

And the count having been taken:

The Acting Speaker (Mr. Milliken): I see a quorum.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, it is a real pleasure to participate in this extremely important debate.

Being a budget debate, it gives us the opportunity to have a fairly wide ranging discourse about the affairs of the country. It gave me an opportunity in preparation for this discourse to consider some of the reasons that brought me into politics in the first place.

I am sure that my reasons were really not very much different than the reasons of my colleagues opposite or those with whom I share this side of the floor. Most of us are here because we want to make our country and perhaps even in a greater sense the world a better place for our children and for our grandchildren.

My motives are not necessarily any more pure or pristine than the motives of my colleague opposite. It is clear that I would prefer that we addressed our problems in a much more forthright manner than members opposite.

I am reminded of the words of Ayn Rand. These words help me very much in my life and I have tried to share them with people

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whenever I can: "You must deal with problems as they are, not as you would wish them to be".

It seems to me that all too often we in politics tend to deal with problems not as they are but as we wish them to be or, worse, given a particular situation, we will try however we must to justify the status quo. If we have made a mistake, rather than fix the mistake we will somehow try to make it right without addressing the core problems.

In politics, the higher a person is on the food chain, the less likely it is that any utterings of that person will be seriously challenged by anyone in this place.

In "The Rights of Man" Thomas Paine wrote that each generation has the right and the responsibility to govern for its times. The greatest insolence and tyranny of all is the presumption of ruling from beyond the grave.

Particularly to young Canadians who might be watching this debate, how does this enter into the budget debate? What do the words of Thomas Paine have to do with our budget debate over 100 years later? Why are his words germane?

They are germane today just as they were then for this reason. If we in our generation and in the generation that preceded us saddle our children and our grandchildren and their children with a debt that is not of their making, then we are ruling from beyond the grave. When we are no longer of this world, what we have done will be paid for by our children and by our grandchildren.

I am sure I speak for many parliamentarians here and in provincial legislatures across the land. When I wrestle with the problems that we have of debt, we must do so bearing in mind that we have a sacred obligation to future generations to leave our country and our world in better shape than we found it in.

That is what brought me into politics and I would expect that is what brought a lot of my colleagues into politics. Some of us choose to achieve these goals by different avenues. That does not make them necessarily right or necessarily wrong. However, it does suggest that there are different priorities attached by different political parties.

• (1655)

The Liberals came into this thinking that if we are able to change the name and move things around a little and fudge it we will not really have to address the core problems facing our country. The core problem facing our country has not been revenue. Being the most highly taxed of the G-7 countries, of any industrialized nation in the world, revenues are not a problem. As a matter of fact, in the government's revenue documents, the budget documents, it clearly makes the point that government revenues are going to increase from the 1994-95 fiscal year to the 1998-99 fiscal year by \$20 billion.

That is virtually the entire growth of the gross domestic product of the country. What is happening is that the lifeblood of the country is being sucked out of the pockets of individual Canadians. We do not have a revenue problem, we have a spending problem.

Over the same period of time again from the government's own documents it shows that government spending will decrease \$15 billion but fully \$7.5 billion of that government spending decrease will be part of the Canada health and social transfer.

So then what are the components of the Canada health and social transfer? They are transfers to the provinces with respect to payments for health, post-secondary education and welfare. Where are the provinces under most stress in their budgets? Health, post-secondary education and welfare.

The federal government has changed the name of the departments, combined them into a global budget and then said it will reduce transfers by \$7.5 billion. That \$7.5 billion represents a decrease from \$19.3 billion to \$11.8 billion.

I do not know what the percentage is and I apologize, I should have figured it out, but it is pretty dramatic. The provincial governments have had to make up and take up the slack.

It is a little difficult for the provincial governments to do so because in order to be eligible for the transfers from the federal government for these programs the provincial governments must abide by rules established by the federal government.

Here we have the situation where the federal government is making the rules but the provincial governments have to pay for it. It does not seem right to me. It does not seem right to me not that the government does not have the responsibility to get its finances in order but how can it in good faith and good conscience slough off the responsibilities to other governments and call this doing the job?

At the same time that the government is reducing transfers to the provinces in support of health, education and welfare it has all kinds of resources to subsidize business such as Bombardier, such as a hotel in the Prime Minister's riding for millions of dollars, to business all over the country with the notable exception of the west. How can we find money to subsidize business but we cannot find money to transfer to the provinces for health, post-secondary education and welfare?

• (1700)

It seems to me that the government is speaking out of both sides of its mouth when it says that its concern is for post-secondary education, understanding that the future of young Canadians is built on knowledge and at the same time it cuts transfers to post-secondary education.

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I invite my colleagues opposite to stand and perhaps we will have an opportunity to explore some of these issues.

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I am delighted to stand and reply to my hon. colleague whose remarks were very well taken.

However, I would like to react to his observation that because the federal government is cutting transfers to the provinces for health and education it is irresponsible.

He correctly points out that we certainly are trying to stimulate business. On the one hand, by stimulating businesses we create energy in the economy. Businesses, for profit industries, do make money and they are self-controlling to a certain extent in that they are accountable to their shareholders. By stimulating small and medium size businesses we do much good for the economy.

The problem with the health and educational sector is that they are industries which are entirely not for profit. The difficulty is that at both the provincial and the federal level, and I think my colleague will agree, there has been a lack of scrutiny and demand for efficiencies that perhaps there should have been, particularly through the late 1970s and early 1980s.

As I see it, the problem is that when the federal government is giving transfers to the organizations which are under provincial control, it realizes that there are enormous efficiencies, perhaps operating at about one third of their maximum efficiency. What is the choice if we are going to bring efficiencies to this sector but to cut the transfers from the federal government to the provincial governments? How else can we encourage the provincial governments which actually control these sectors to demand better accountability and better efficiencies?

Mr. McClelland: Mr. Speaker, my colleague opposite makes a good point. The problem is that the federal government is the one that sets the standards. The federal government is the order of government which built the expectations in the population of Canada. Provincial governments are responsible for delivering the programs for which expectations were determined by the federal government. When there is one order of government responsible for raising the money and the other order of government responsible for delivering the programs, there will automatically be situations where people are pointing fingers, one at the other, saying it is your responsibility.

It seems to me that whoever raises the money and pays the bulk of the money should be setting the standards.

My colleague opposite also pointed out that businesses create wealth. I do not have any problem with that. However, it seems to me that it would be far more efficient to provide for entrepreneurs to make a profit and retain it and get a capital pool for their investment. When any order of government uses taxpayer money

to subsidize another business, it is artificially stimulating or changing the business environment in a particular area. The reason businesses take up government programs is they are there. If one business makes use of a government program and another does not, then the business that takes the government largess has an advantage. It does not create employment, it just creates more and more taxation.

I raise the example of someone working for \$7 or \$8 an hour and paying taxes to the federal government. That money working its way back into the business environment, subsidizing someone else to go into competition with the people who paid the money in the first place just plain does not make sense.

• (1705)

If we allowed entrepreneurs to retain a return on the investment that would create an entrepreneurial environment so that people could make more money from entrepreneurial activity rather than a passive return on investment on interest income, we would see a whole lot more entrepreneurial activity, a whole lot more job creation and it would be extremely cost effective.

Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.): Mr. Speaker, I will be sharing my time with the member for Ottawa West. I am pleased to have an opportunity to rise on debate today to address the budget which the finance minister brought down in the House a few short weeks ago.

I will examine three perspectives, what this budget does for Canadians in general, what this budget does for rural Canada specifically, and what this budget does for the residents of my riding of Parry Sound—Muskoka.

This budget shows the good, strong fiscal management of Canada. That is what the Minister of Finance has provided for the last four years. That is what this government has provided. If we look at the comments in the popular press and at some of the public surveys regarding the budget, that observation is shared by a great deal of Canadians, indeed by the majority of Canadians.

What we have seen and what the Minister of Finance was able to say in that budget is that Canada will have its lowest deficit in 15 years. We have managed as a government to take a deficit of about \$42 billion which we inherited in 1993 and reduce it to less than \$19 billion in this fiscal year.

More important was the finance minister's comment that within another fiscal year or so the federal government will no longer have to enter into new borrowings. In essence if we calculated our deficit as most other nations do we would say that we were balanced. We will no longer have to enter into the markets for new borrowing. That will be the first time in almost a generation and a half that it has happened.

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Canada today is enjoying some of the lowest interest rates that it has seen in 40 years. That is a benefit and something that flows from our strong fiscal management. We are seeing the lowest sustained rate of inflation in 30 years. That is protecting the purchasing power of Canadians. It is engendering consumer confidence. It is important to point out that low inflation protects purchasing power for low income Canadians in particular.

The Minister of Finance through his budgets has been able to create an environment in which job creation has occurred. I do not think there is anybody in this House who would not want to see more of it occurring, but good progress has been made. There have been 700,000 net new jobs created in the last 41 months of this Liberal government. That is even more impressive when we compare that to the record of the last 41 months of the previous Conservative government where some 146,000 net jobs were lost. We have gone from losing about 150,000 jobs to gaining about 700,000 jobs.

This budget also saw a targeted tax reduction of about \$1.9 billion. But it was not a tax reduction as we have seen suggested by the Reform Party or what we have seen done in Ontario, which was across the board which provides very little benefit to the people at the low income end while it provides substantial benefits to the high income people.

This has been a targeted tax cut that has helped specific Canadians. It has helped low income Canadians with children. That is who the tax cut has been targeted to. It has been targeted to individuals seeking post-secondary education. We have had targeted tax cuts to help Canadians with disabilities and we have had tax cuts to help charitable organizations that are at work in our communities trying to help those most in need. That is what this budget has done for Canada as a whole.

• (1710)

I was particularly pleased to see that the budget also addressed the needs of rural Canada and rural Canadians. Indeed, this budget began the process of fulfilling the Prime Minister's throne speech commitment of last February 1996 when he clearly said that we needed to work on the whole issue of rural development.

We saw that through a new commitment to tourism, a very important industry in rural Canada. We saw the Canadian Tourism Commission's budget increase from \$50 million to \$65 million. This was very important for rural Canada.

We also saw the Minister of Finance make a commitment of some \$50 million to the Farm Credit Corporation. These funds are going to be used to explore and develop innovative ways to move forward the whole issue of economic development in rural Canada.

We also saw the minister make a new commitment of \$30 million to the community access program which is absolutely

essential for rural Canada. We in rural Canada need the on ramp to the information highway, so to speak, if we are to be competitive and compete in the world market. I was pleased to see that commitment to rural Canada. It builds on the natural resource committee's report on rural Canada which I had the opportunity to chair when we did that report. It dealt with some of the things that we needed to do for rural Canada. I applaud the minister for beginning the process of working toward the development of our economies in rural Canada.

I would like to talk for a minute about some of the things that this budget is doing specifically for the people of Parry Sound—Muskoka. For the fourth year in a row the budget does not increase personal income tax rates for the people who are living in my riding. Indeed, it does not increase it for any Canadian anywhere.

The second item depends on Mike Harris stopping his political games. We have proposed a second phase of the infrastructure program. That first phase saw investments in the riding of Parry Sound—Muskoka of some \$26 million. We saw \$1.7 million on tourism infrastructure which is very important. We saw a \$1.3 million investment on increased fire protection for the residents of my riding. In a rural area, fire protection is on a volunteer basis and this program has provided us with some of the tools that we need to increase that protection.

We saw over \$500,000 invested in our local school boards to assist with education in our riding. Once we get this program on board in Ontario, I estimate around a \$9 million additional investment will be occurring. This is very important for the people of Parry Sound—Muskoka.

Again on tourism, there is a specific problem in an area like mine where tourism operators are trying to access capital to create new private tourism infrastructures, things like resorts, hotels and restaurants. It has been a real problem because that capital has not been available from our chartered banks.

The Business Development Bank of Canada, through a \$50 million investment by the government, is creating a \$250 million loan pool that will allow the tourism operators in rural areas like Parry Sound—Muskoka to develop rural infrastructure or tourism infrastructure that will be increasing economic activity and increasing jobs in Parry Sound—Muskoka.

There is also another change in the budget that is very important to rural Canadians and the people of Parry Sound—Muskoka and it has to do with the education tax credit. This is a credit that allows a tax deduction for folks who have to live away from home to go to school. In the urban areas there are a number of people who do go away, but in rural Canada almost 100 per cent of our young people who want to have post-secondary education have to travel to obtain it. This tax deduction, which is a 300 per cent increase over the last

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two years, is going to make a substantial difference for the people of Parry Sound—Muskoka either for those who go to school or for their parents who are supporting them when they do it.

Another measure in the budget which is going to help people specifically in my riding of Parry Sound—Muskoka is our new hires program. What it means is that the small business men and women of my riding who go out and hire somebody new in 1997 are not going to have to pay any increase in their EI premiums. This is a specific measure designed to help stimulate job creation all across Canada, particularly in a riding like mine which is so dependent on the small business sector. That is an excellent program and it will be of significant benefit to an area like Parry Sound—Muskoka.

• (1715)

In conclusion, the budget continues to provide strong and competent fiscal management for the country. Second, it creates a climate in which jobs and economic growth can occur. Third, it addresses the needs of rural Canadians with some very specific measures which will help the people who live, work and earn their living in rural Canada. Finally, the budget and the provisions in it will help the people of Parry Sound—Muskoka.

I am proud to be part of the government. I am proud to support the Minister of Finance who has tabled this budget, his fourth, which is bringing wealth, increased economic activity and increased prosperity to our country.

[Translation]

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, when my colleague says that the federal government has done a great deal for people in rural areas, I wonder if he is serious. With respect to agriculture, he earlier mentioned an amount of \$50 million for all of Canada. This is a very small amount for all of Canada. Just before that, they had cut transportation for farmers. We heard the president of the Dairy Farmers of Canada, Claude Rivard, say on the radio that dairy farmers will have to increase the price of milk, cheese, yoghurt and so on because of cuts. The \$50 million they are now talking about does not even match what we were receiving before. It is therefore a cut, not something additional.

As for forestry, there is nothing. I warn you not to tell me this comes under provincial jurisdiction. There is no doubt about that. That is what we want, but since forestry workers pay taxes, they are entitled to a fair return as well.

I could continue for almost all areas of the rural economy. We see that, compared to towns and cities, we are the poor relations. And, to my way of thinking, the government is not giving people in rural areas their fair share.

I ask my colleague if he is happy with this budget as it affects rural areas.

[English]

Mr. Mitchell: Mr. Speaker, I am pleased with the question from the hon. member who had an opportunity, as part of the natural resources committee, to participate in the study on rural development.

Do I believe that rural Canada has everything it needs or that it wants? Of course not. However, progress is being made. Matters are far more advanced today than they were when the government came to power.

A progression has taken place over the last three years. The member and I share the fact that we come from rural Canada. The needs of rural Canadians really were not on the national agenda when we came to this place. Rural Canada was not a topic of conversation. This government has put it on the agenda.

We saw that clearly last year in the 1996 throne speech when the Prime Minister made a commitment to rural Canada. He understood that the challenges which are faced by rural Canadians are different from those challenges faced by urban Canadians. The programming and the delivery of that programming has to be designed in a way that takes into account the unique challenges which face rural Canadians.

That process moved forward and a budget came forward from the Minister of Finance in which a number of measures were taken to assist rural Canadians. It is the beginning of a process. It is not the end. Much more needs to be done. That is why I was pleased as the chair of the natural resources committee to have an opportunity, with my colleagues from all parties, to have the natural resources committee study the whole issue of rural development. We travelled from coast to coast, out west, in Ontario, in Quebec and in the maritimes and listened to Canadians from all of those regions tell us about their concerns and their needs. The report was tabled in the House last week and it discussed some of those concerns and needs.

• (1720)

The budget has begun the process to address them. I am confident that the government will continue in this mandate and when we have a renewed mandate to continue the process of the revitalization of rural Canada. This government is committed to rural Canadians.

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, I am proud to speak today on the budget which represents some very fundamental Liberal values and some values that are important to all Canadians.

While we have been very frugal since the election in 1993, and have had a constant eye on reducing the financial obligations of Canadians, we have also not taken our eye off those values that are

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important to Canadians: compassion, caring for one another and building a better future for all of us.

[Translation]

The government has not had an easy time of it in recent years. Some difficult decisions have had to be made. And yet, we have considerable achievements to our credit. We have, with this budget, taken back our national sovereignty.

[English]

It is nothing less than that. We have taken back our national economic sovereignty.

[Translation]

We have taken back the power to decide in Canada, for Canadians, and the power to build the future that we want for ourselves and for our children.

[English]

No more do we have to look over our shoulders to Tokyo, Zurich, New York, to the international bankers on whom we had become so dependent for our bills. By next year for the first time in 28 years we will no longer have to borrow new money on the world market. This is money that up until now has been borrowed to pay year in and year out for medicare, for pensions, for education, for research, for culture.

I ask people to take themselves back to the situation we faced three and a half years ago. Of the money the Canadian government had to spend every year, more and more was going to pay the interest on the debt and less and less was available for the programs that Canadians value, to the point where we were not going to be able to afford any of those programs.

We have reversed that. We have shrunken the deficit steadily and dramatically. By 1999 we will have no deficit.

This year's budget showed just how important that achievement is. We are able again to invest in our future, modestly, yes, because we are not yet out of the woods, but in areas that are crucial.

I want to give credit to Canadians from all across the country who I believe through our caucus, our Liberal members, very much influenced and determined the priorities in the 1997-98 budget.

Just one example is the first step in a massive effort against child poverty, the most progressive social program that has been introduced since medicare. I want to particularly give credit to my own riding association in Ottawa West that first developed a child poverty resolution to go to the national Liberal convention last year and then worked along with the help of the Nepean Women's Liberal Association to make sure that at the national convention with Liberals from all across the country, children were at the top of the government's national agenda.

We have held day long forums in Ottawa West on health care, social programs and pensions. When the National Forum on Health reported last year the values of our community for accessible universal portable health care were in its report.

• (1725)

The budget also picks up on those recommendations and begins immediately to implement some of the recommendations of the National Forum on Health to which my constituents and Canadians contributed. It implements \$300 million to try some innovative new approaches in health care. It deals with such things as a new health research fund. It doubles the money for things like the prenatal nutrition program and the community action program for the health of children.

We have money in the budget to recognize the economic equality of persons with disabilities. We have tax measures that will help compensate for the extra expense of having to cope with disabilities such as dependent care. We have a \$30 million opportunities fund for Canadians with disabilities to improve their ability to be full participating citizens of our country.

There are measures for short term jobs because we know there are still many Canadians uncertain about their future, unable to keep a job, able to get only short term low skilled jobs. We are extending the infrastructure program which was so successful in kickstarting the economy shortly after the last election.

Just as important, we are investing long term. The Canada innovation fund will strengthen the abilities of universities to contribute to research, to the advancement of knowledge and to new job opportunities in the future. We are making it easier for students to attend university through improved tax treatment of their expenses as students from which either they or their parents can benefit, and by making it easier for them to repay student loans. The government has made it easier for parents to invest in a registered education savings plan for their children's education.

The economic indicators are all right at this moment. There are low interest rates, low inflation, a dramatically improved trade situation and a dramatically improved balance of payments. We have 700,000 more Canadians working today than were working two and a half years ago. That is quite an accomplishment. We went into the 1993 election with predictions from the then government that unemployment would not go down until well into the next century. That was not good enough and that is why we invested in both short term jobs and long term economic prospects for Canadians.

A number of the measures in the budget are also an indication of how we have strengthened the Canadian family. In a sense it began with the Team Canada missions to stimulate the economy and create better opportunities for Canadian firms to sell abroad and to

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create jobs at home. That has led to the provinces working together in many other areas.

The new child tax benefit would not be possible without the co-operation of the provinces. There are a number of measures throughout the budget, such as health care initiatives, that rely on that co-operation, that of working together as a Canadian family for the benefit of all Canadians. By working together we strengthen our bonds across this great country and strengthening our ability to do even more in the future.

I am proud to speak on the budget. It shows some very difficult measures have been taken but they have been producing results. There are those who would say give people tax cuts. There are those who would say cut more and faster. On the other side there are those who would say spend more and do not worry about the debt and deficit.

● (1730)

This government will not jeopardize our history of compassion, of caring for one another, of investing in the future of all Canadians. Nor will we undermine the gains that have been made at great sacrifice for many Canadians.

This budget represents a record of achievement but it also represents a launching pad for the future based on a much more solid confidence in our economic situation, based on a sense that people have had good government, honest government and that is a record I am pleased to stand on.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I listened to the speech quite carefully and can hear that the member is genuinely concerned about child poverty.

In all sincerity I would like to ask her if she could please give me her definition of poverty. This is something I have been asking today of each of the members because I know what my constituents define as poverty. I am really very interested when we throw this word around to actually have a definition of what that means.

The member mentioned that 700,000 jobs were created by this government. Not true. The private sector creates jobs for the most part and, for some strange reason, there has been no net increase in the number of jobs. We are still stuck at the same unemployment level. Perhaps the hon. member can explain to me, if the government has created jobs, why we still have the same unemployment.

Since she has expressed an interest in the government helping young people get into jobs, can she tell me whether she supports the self-employment assistance program carried out by EI, which specifically excludes white men under 45 years of age from being able to use their EI benefits to start a small business.

The program only applies to women, men 45 years and older, visible minorities, aboriginals or people with disabilities. It specif-

ically excludes one of the highest unemployment areas in the whole country, young white males.

I would like the hon. member to tell me, since that is funded by this budget which she is in support of, whether she supports that discrimination.

Ms. Catterall: Mr. Speaker, I am not sure if the member was not listening, if he misunderstood, misheard or heard what he wanted to hear. I never said that the government created 700,000 new jobs.

I said that there are now 700,000 more Canadians working than were working in the fall of 1993. I am the last one not to give credit to the private sector, particularly to the small businesses that are creating jobs and that are getting help from this government in this budget to continue creating jobs.

May I mention only the new highest program which forgives contributions to the employment insurance plan by new businesses, small businesses that hire new people in the coming year.

The member asked about the definition of poverty. People can go to Statistics Canada or to the Canadian Council for Social Development and get a definition of poverty that is expressed in dollars. Let me talk about what poverty means to children in my community, the people I represent.

Poverty means not having enough food. Poverty means not having proper medical and dental care. Poverty means entering school at the age of four or five, already well behind their classmates in terms of the experiences they have had and therefore their ability to learn and profit from school.

Poverty means going to school not as well fed, not as well clothed and therefore immediately at a social disadvantage in the school environment. Poverty means going to school never having seen a computer or having had the opportunity to play with a computer as many better off Canadian children have had.

Poverty means being behind the eight ball from the time people are infants. It means their mother being less well nourished and therefore their being born less healthy, with less energy, less able to thrive, less able to learn, less able to enjoy life.

That is my definition of poverty. I see it in my community every day.

● (1735)

I do not know the details of the program the member mentioned. I do know that the self-employment program under the EI plan has been available generally to people seeking EI. It was over subscribed to half way through the two years I have been aware of its existence.

If we question that in this country women particularly are economically disadvantaged and it is the reason for many children

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living in poverty in this country and that we need to do something to correct the situation, I do not think we are facing the reality about the inequalities that exist in our society.

[*Translation*]

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, I would like to say a few words about poverty as well, like my colleague.

We have the case of the man who has a family, who wants to work and has no job. There is the young 24-year old who just got a degree, has incredible qualifications, sends his resume everywhere, and people do not even bother to answer. I could go on for ages, trying to define poverty. Yet, we realize that we are among the seven richest countries in the world. However, in this country we call Canada, there are still places where poverty really exists. I agree with my colleague who gave a very good description of the problem.

How can we make up for this? Poverty exists, we all agree on that. We agree on other points as well, that there is a deficit and we have to deal with it, so as not to mortgage the lives of future generations. My children's generation, and my children are in their twenties, is already in debt. There are other children in my riding who are even worse off than my kids.

Yesterday, I was talking to a woman of 35 who told me she was still paying for her education. That is poverty, too. How can you start a family if you are still paying back a student loan after ten years? When we know that as far as jobs go, the future is uncertain, how can we create hope? If we have no hope in our lives, I think we are only half the man or the woman we could be.

We agree that poverty exists and that we have a deficit to pay off. But it is not up to our children to pay off the deficit, because we created that deficit. Starting in 1970, under Minister Lalonde and other finance ministers, it was paradise on earth: "Anything goes, borrow now and pay later". I fail to understand how brilliant men and women in this Parliament managed to put us into debt to this extent.

Well, it is no use crying over spilt milk. We have to find a way out. And there are a number of ways, as I see it. Some economists also agree. However, and I want to repeat this at every opportunity, why can the government not take specific steps to get as much money as possible without weakening the neediest among us, without creating a psychological threshold which means that in some regions, people do not know what to do any more?

Ask people who have are unemployed, who have lost their jobs and are living on welfare. It is hard on their dignity. It is very hard on children too. In my opinion, we have to turn things around and go where the money is.

• (1740)

I said it earlier and I say it again, I could say it a hundred times, no one is listening, but I could say that I had repeated it: how is it that there are rich people that always manage to be on the right side of the fence, without paying or hardly paying any income tax, when the poor people who have the misfortune to outsmart some of the rules of employment insurance, which I call misery insurance, automatically get nailed?

This year I have run into several cases of people who are honest but perhaps naive and who at some point were without work. They were employed; legally this was not right. Morally, however, they had to feed their family. They were told: "You are going to do so many hours". The calculations were not done right. One of these people owes the unemployment insurance system \$40,000, because this situation went on for four years. Some agreements were reached for him to repay, but he has no work. He is suffering from depression.

I realize the officials are doing their job. I accept that. What is not legal is not legal. But, how is it, when I look on the other side of the fence, that I see respect being given to the multinationals whatever they do? Nobody bothers them.

I repeat: so long as this government and this party do not set rules for themselves for the election fund, who will govern? They lack the courage to do what René Lévesque did in Quebec, and he was quite proud of himself for it. Just before his death, he indicated he was proud of Hydro-Québec, yes, but more importantly, of having settled the issue of fundraising, for his party and others. You may know that, in Quebec, corporations are not allowed to contribute millions of dollars to campaign funds. They are not the ones making \$100,000 contributions to political parties, only individuals can do that. As long as they will not have the courage to do the same thing, we will keep asking the same questions and getting the same answers.

I listened to several speakers who are very sensitive to the plight of the most disadvantaged and really want to do something about it. I sit on a committee on which there is much talk about the rural and regional community, and the committee members are quite serious. The problem is with the measures being considered. Desperate times call for desperate measures. If financial considerations cannot be set aside so that the government can have its hands free, very free and very clean hands, we will get nowhere. The alternative is to go a long way.

It may have been unreasonable of him to say so, but we did hear the Minister of Finance utter the words, and I quote: "We can see that the worst is behind us, that brighter days lie ahead". I wish the worst were really behind us.

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I for one fail to see how the situation has improved, in the regions in particular, these past three years. In my region, where unemployment is on the rise, jobs are hard to find and the minister just steals bread from the mouths of workers, I cannot see how one could say that the worst is behind us.

• (1745)

I remind the Minister of Finance that there are 1.5 million people looking for work in this country, and 400,000 young people waiting to get on the Canadian labour market. In a rich country like Canada, why can the right climate not be created, where everyone would have a job? While the unemployment rate is 5.5 per cent in the United States, it is soaring at 10 per cent here. Something is wrong. Something is definitely wrong.

This government's real strategy is to starve regions like mine, to starve the fishers in the Gaspé, as well as farmers, and to force forest workers onto welfare. What is this government doing for small business? What is it giving small business, farm producers and forest workers? Crumbs. There was the infrastructure program. Great. It was a tiny step in the right direction. But only temporary jobs were created. What the people of my riding and other ridings in Quebec are asking for are good permanent jobs, but the government is not listening.

[English]

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I listened to my colleague's remarks with great attention. He commented on how this budget takes aim at certain areas of the economy, that it does not attack multinationals.

This budget has spared the big unions. It has not done anything that would erode the rights of organized labour to earn a wage and to have its rights. In Quebec we have a situation where the Government of Quebec is attacking the public service unions. It is trying to cut their pay and benefits. I suggest to my colleague that we have a federal government that supports the traditions and rights of organized labour, yet we have a provincial government that has been threatening those very rights and those very incomes of organized labour. Could he comment on the situation in Quebec vis-à-vis what the federal government is doing?

[Translation]

Mr. Canuel: Mr. Speaker, first, if the federal government had not cut transfer payments to the provinces, many things would be better. Second, unions in our province have made tremendous progress for many years.

As a unionist, I think we must know what we want from society. We live in a society that is constantly changing, and I congratulate the Quebec premier for going through this exercise with the unions. There are differences of opinion, but there are also many points on

which both sides agree. I believe an agreement will be reached as soon as possible.

Some things do not change, though. I am referring to the multinationals and the family trusts. I should also have talked about the banks. Banks make billions of dollars in profits. I understand the banking system, and I know that the profits belong to the shareholders. But why not ask the banks to make a greater effort? Why can we not get a little more out of them? This way, we could provide better protection for the poor.

• (1750)

How dare the government take money from the unemployment insurance fund, which is financed in part by the unemployed and in part by the employers, to reduce the deficit? This is simply outrageous. I almost feel compelled to say it is robbery.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, the member from the Bloc mentioned somewhere in his speech that there is something not right here, that this budget is not working and something is not right.

I would like to point out to him that it is not just the budget that may not be right for Quebec, it is the fact that this whole separation movement in the province of Quebec is causing a lot of the poverty as well.

There is a lot of uncertainty for businesses as to whether or not there is going to be growth. The numbers of businesses that have closed down in Montreal and Quebec City and that are moving out of Quebec must be obvious to the member. He must see that they wanted to separate, they lobbied to separate, they have tried to separate for four years, they had a democratic vote and the democratic vote resulted in a loss.

Therefore, why do the separatists not give it up and try to change things in Quebec, make things better for Quebecers within Confederation, within the country? Then they would get growth in Quebec. They would get that \$4 billion deficit eliminated. The PQ is not doing a very good job either in running that deficit. That is how they can help people in their province. They should take some responsibility and quit these shenanigans with a referendum vote every four years.

[Translation]

Mr. Canuel: Mr. Speaker, when Mr. Trudeau was Prime Minister, when Mr. Lesage was Premier of Quebec, we did not talk about separation. The expression was "maître chez nous". It was perhaps a first step, but we did not talk about that. Yet, at the time, the unemployment rate was high. Enough of confusing the issue.

Since we started talking about it, people are increasingly gaining confidence in themselves. Look at the referendum results: the first was 40 per cent; in 1995, it was 49.5 per cent; in a few years, in 1999 or 2000 at the outside, it will be 52 or 53 per cent because

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people will have more confidence in themselves. They are also saying that even with Mr. Trudeau and Mr. Bourassa, we got nowhere. We are now at the point where we have pride in ourselves. We have confidence in ourselves and we are going to reach our goal: our own country.

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Mr. Speaker, as I begin my speech in reply to the budget, I would like to commend the hon. member for Matapédia—Matane for what he said. In spite of his age, he has the courage to challenge the mistakes of his generation, which is very wise.

Some hon. members: Ha, ha.

Mr. Tremblay: Today I am relieved I do not have to sing the praises of this marvellous budget. I am always surprised when I listen to members opposite. They have no choice. They toe the party line and have to praise this wonderful budget, the budget of the century, as much as they can, although they know perfectly well it is just a pre-election budget.

We are not going to go back and criticize their policies in general, but I could talk about this for a long time, make no mistake. As the Bloc Québécois critic for training, youth and literacy, I will deal with these areas, which are of particular interest to me. You know as well as I do that Bloc members maintain that these areas should be transferred to Quebec, which is in a far better position to find ways to deal with these problems. I think that is pretty clear.

I have said it often enough, but when we visit community organizations, not just in Quebec but across Canada, organizations which help poverty groups or similar groups in connection with manpower training, people say that social programs should be tailored to their needs. And these needs are often regional.

• (1755)

Take for instance Quebec, where in many cases, the problems are not the same in Lac-Saint-Jean and Montreal, although it is the same province. Imagine the difference between Lac-Saint-Jean and Vancouver. I cannot say this often enough. Until we have our own powers, and even when we do, I will keep fighting for sovereignty because that is the solution, more often than not. We will have all the powers we need, and we will be masters in our own house.

I would also like to comment briefly on my colleague's speech and on political party fund raising. When people say that politics is dirty or politics is fishy, I think that is very interesting. When big business can pay lobbyists to influence the government or public servants to create legislation that would be to their advantage, to the advantage of the corporations, one might well ask some serious questions about democracy.

We in Quebec have set ourselves a limit: only individuals can make contributions. Yes, it is hard to fund a political party, and I am pretty sure all my colleagues in the Bloc Québécois agree with that, but at least this is more rational.

To return to this budget, I really like to criticize, it does not bother me in the least to do so. But on the other hand I also really like to offer solutions. The best solution I can offer, however—and I am not the first to do so—is for us to be masters of all of our own actions. That will be the first solution.

In the meantime, while waiting for 1998 or 1999 to come, we are still paying taxes to this Parliament, to this federation, so we are fully entitled to criticize, since it is our money. Before criticizing anything else, however, I would like to start by reminding you that the Bloc Québécois has done a study on tax reform, since we know that there has been no review of the taxation system for a good number of years.

One need only think back to the Bronfman family scandal, the family trusts, other similar tax evasions. At present, there are corporations, big companies in Canada that are not paying taxes, which is scandalous. When an individual commits tax fraud, someone who may be under the poverty line, and he is arrested because we have the means of arresting him, this is easy because only a small amount is involved compared to the big companies. They may not pay their taxes, but we let them get away with it. A large corporation does not pay tax, and it is legal—that is the worst part about it—and makes huge profits. That is all quite normal.

The Bloc Québécois has, therefore, studied the issue of tax reform, and has even had some praise from the Minister of Finance on it—I am not sure that is a compliment, but there you are. He told us that it contained some extremely interesting things, as did the personal income tax reform. We said there were ways of getting money out of businesses, but there would also be a more left-leaning approach: personal tax reform, for there are currently many situations in which single parents with two children are having a great deal of trouble surviving. Many similar situations where reform would be worthwhile could be identified. So we did this, and proposed our reform to the government.

I even brought it to Ottawa in English so that the public servants there could understand it.

• (1800)

I am going to take a little time over several points of this marvellous budget, which I will call a pre-election budget. I have been in politics for almost a year now—it will be a year next week—and it is still fascinating to see how politics works.

Here is one example. This year we are told: “There are no cuts, everything is dandy. The people of Canada have a fine government that will make no cuts”. What you have to know, and the public will practically never know, because people have better things to do

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than to hang on every political word, is that last year cuts of \$4 billion were announced, to take effect this year. That is politics.

Last year, which was not a pre-election period, cuts that would hurt were announced. But they were to take effect only the following year, which was not so bad. This year, there is no mention of them. That way, they go unnoticed.

Another thing that is my responsibility is the youth employment strategy. Last year, the government released money and made a grand announcement of \$285 million in spending a year. What happened? Last year they announced that they were going to spend this amount, but they did not. They waited a year.

That reminds me of the saying of an old politician. He said a bridge is worth three elections. In the first election, you announce the bridge. In the second, you announce the construction of the bridge. In the third election, you boast about having built the bridge.

This is how the present government seems to be operating. As I was saying, they announced millions of dollars last year; this year they are again boasting about making money available, but this is not the case for it was already available, except for the announcement that they have found a way of using it. They are going to use half this year and the other half next year. I am prepared to bet, Mr. Speaker, \$10 if you like, that next year the government will make a lovely announcement about the youth employment strategy, telling us how they have developed wonderful programs, when the money has been available for three years. In the end, it starts to sound a lot like my bridge story.

Another thing that fascinates me is tourism. They talk about creating jobs in this budget, of additional funds, and tell us that tourism is a future niche market, that it is important to invest \$15 million annually in tourism over three years. I have just one question. Will this be used to fund Attractions Canada? I cannot leave out this "attractive" tourist initiative.

Throughout Quebec right now, and I imagine this is true all the way to Vancouver, there are posters about Attractions Canada. What does it do? We do not know. It is probably a quiz or something of the sort. It is unbelievable.

I see that I have only about 30 seconds left, but there is one last thing I would like to mention. This week, weekly newspapers in my riding were carrying some wonderful advertising singing the praises of the federal system. It said that Quebec was receiving more than the other provinces.

A word to the wise. Canadian solidarity and equity are important, I agree. But when Ottawa procures only 20 per cent of goods and services in Quebec, what kind of solidarity is that? They say

that 15 per cent of armed forces personnel come from Quebec, but that is almost 9 per cent less than it should be. Quebec receives 16 per cent of federal investments, when it should receive 24 per cent.

I could say a great deal more, but my time is up.

[*English*]

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I listened to my colleague across the way with great attention. I have to tell you that his words cause me great distress.

The reality is, whatever the shortcomings of the budget, and I do not think it has many shortcomings, it has done nothing to attack organized labour. It has not attacked unions. Indeed, other legislation is drawing a line in the sand on replacement workers. The government has taken very positive steps toward supporting organized labour.

Does the member opposite recommend therefore that the government, in order to save money, should have attacked the spending on the unions? Should we have sought the rollbacks and cutbacks that the provincial government in Quebec and Mr. Bouchard are applying to the unions in Quebec? Is this the model that we should be following? Should we be doing what the Parti Québécois is doing to the unions in Quebec? Is this what he wants the government to do? Please answer.

• (1805)

[*Translation*]

Mr. Tremblay: Mr. Speaker, I really have no reason to criticize what the provincial government does. However, I can tell you that he does so because he has no choice: it is because of the \$4.5 billion in cuts by the federal government. Politics is easy here in the federal government. One year the government makes huge cuts, slashing transfer payments to the provinces. The next year, it brags about reducing the deficit and eliminating it within three years. That is pretty easy to do.

In the end, it just means eliminating one cheque. They call Quebec and say it will not have the \$4.5 billion anymore. They shift the problem to another level of government. The Government of Quebec has a problem: it is not getting as much money as it expected. The Government of Quebec, which is closer to the people, has then to find solutions. So, when they have you by the throat up to here, you have no choice.

I have no comment on the measures Quebec has taken, but, what does offend me is when the Liberal government boasts about reducing the deficit, when it did so on the backs of the provinces.

It is easy being a federal government.

*The Budget**[English]*

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, the member from the Bloc is very keen and I enjoy listening to his speeches and comments. It is a view from a younger generation, the generation that is going to have to pay off the huge debt, if we ever get out the deficit which the government cannot get us out of nor can his own provincial government get out of its deficit.

During his speech he said that the federal government is ignoring the wishes of Quebec and that the province of Quebec should be doing more for itself and the federal government should get out.

In one way I support his concept that the federal government should butt out of a lot of areas. My colleague for Edmonton Southwest discussed this a few minutes ago. The provinces should get together and tell the federal government: "This is what you are going to do, these are the areas you are going to look after and these are the areas we are going to look after". That should be the new Canada constitution. I am sure the province of Quebec could contribute to something like that without separating and look after the areas it wants to look after.

Here is my point. Quebec looks after its own immigration policy, whereas in the rest of Canada the feds do it. Job training is going to be looked after by the provinces, including the province of Quebec. Quebec looks after its GST, whereas we in Alberta have to do it through the federal government. The CPP is looked after by the provinces. A lot of these programs are already administered by the province of Quebec.

I am suggesting to the hon. member that the Quebec government sit down with the federal government and say: "These are the areas we want you to look after for us. These are the areas we will look after ourselves, thank you very much". I would like to hear the member's comments.

[Translation]

Mr. Tremblay: Mr. Speaker, I must do my duty. Since I was elected to do so, I will promote sovereignty and try to explain it to the rest of Canada. I am surprised that people still do not understand, although we have been talking about this for so many years. I wonder why. I have travelled in the rest of Canada. I like Canada. I have nothing against it.

What is wrong with wanting our own country, which may be smaller, easier to govern, when this is similar to what our big corporations are now doing? People realize that large corporations are too difficult to run, so they are making them smaller to be closer to the employees, to perform better. That is what sovereignty is supposed to do. We will have everything we need to meet the needs of the people of Quebec. We do not want to make Quebec sovereign just to penalize the rest of Canada. On the contrary, the rest of Canada would benefit.

● (1810)

Look at who is the official opposition in your country, Canada. These are members from Quebec. Quebec intends to have a real debate, it does not matter whether people are on the left or on the right. We will pass our own laws and collect our own taxes, and we will be able to talk to each other. No problem at all.

I would like to continue this discussion, but you are signalling that my time is up.

[English]

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I recognize that I am joining in the debate very close to the end of the day's proceedings. What has brought me into it is the incessant carping of the opposition day in and day out. I hesitate to call the opposition a one trick pony, but it is getting close to that.

The budget that we are debating is much more than the opposition gives the government credit for and most Canadians recognize that.

I bought a car recently. When I was doing my shopping, I was pleased to have a salesman, at one auto dealer at least, tell me that one of the other cars I was looking at at another auto dealer was a good car. Yet, as the opposition carps on about what the government is not doing or what failures it alleges are there, I am not hearing anything constructive or realistic in the assessment.

An hon. member: That's not true.

Mr. Lee: It is very true. One opposition party is telling us that the government is going to hell in a hand cart for whatever reason, and the official opposition is taking us to hell in a hand cart with its wish to lead Canada into its form of partition. I find it hard to believe that there are MPs in this House who would advocate the partition of this great country but, sadly, there are.

Although many of us understand where some of them are coming from on policy issues, we have a country to run here and we are not going to survive if we continue to admit, even for debate, this myopic, down the tube, kind of mentality that I have heard around here in the last few weeks.

I have about two minutes to talk about this. The government takes pride—and I am sure the opposition will allow this—in its fiscal record; that is, management of the government's finances. I do not have to go on and on because I am sure my colleagues in government have gone on and on about how well we have done.

What the government has done has been recognized around the world as a stunning success in fiscal management. I hope Canadians will recognize that the next time they get a chance at the polls. We are on course and we are going to stay the fiscal course that the finance minister has set out for us. We have done darn well.

We have excellently placed interest rates. We have a current account either in surplus or capable of generating it. We have solid economic growth.

I just received a sheet of economic indicators. It is a forecast from the policy and economics analysis branch of the program at the University of Toronto. There are two items that must be mentioned. The first item is fiscal and the other item is macro-economic.

The macro-economic note worth reading is that the country turned the corner on the debt to GDP ratio between the second and third quarter of 1996. It has dropped from a peak of 55.5 per cent and is now headed downward into the lower 50s and will be into the upper 40s fairly soon.

The other note is fiscal. On a national account basis, the government will have no borrowing needs by the third quarter of 1998, roughly a year from now. Canadians can take pride in this.

Having noted those two major items on the economic front I will close my remarks.

The Acting Speaker (Mr. Milliken): It being 6.15 p.m., it is my duty to interrupt the proceedings and put forthwith the question on the amendment.

Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Milliken): All those in favour of the amendment will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Milliken): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Milliken): In my opinion the nays have it.

And more than five members having risen:

[*Translation*]

Mr. Kilger: Mr. Speaker, pursuant to Standing Order 47.5(7), I ask that the division stand deferred until tomorrow, at the end of Government Orders.

[*English*]

The Acting Speaker (Mr. Milliken): The division is deferred in accordance with the request of the chief government whip.

* * *

BUSINESS OF THE HOUSE

Mr. Bob Kilger (Stormont—Dundas, Lib.): Mr. Speaker, I believe you will find consent for the following order:

Adjournment Debate

That the period reserved for Private Members' Business on Wednesday, March 19, 1997 be extended by 30 minutes;

That the first 30 minutes of Private Members' Business on Wednesday, March 19, 1997 be for the purpose of completing all remaining stages of Bill C-300;

That during the said 30 minutes, one speaker per party be allowed a maximum of 10 minutes to speak;

That at the end of the 30 minute period, all questions to dispose of the stages shall be deemed to have been put and carried;

That at the completion of Bill C-300, the House will complete the remaining 45 minutes of Private Members' Business item M-277;

That at the completion of the said debate, all questions be deemed put, divisions thereon deemed requested and deemed deferred to Monday, April 7, 1997 at the end of the time provided for Government Orders.

(Motion agreed to.)

• (1820)

The Acting Speaker (Mr. Milliken): There is an adjournment motion to be debated but the hon. member who is to participate in that debate is on his way to the House. In the circumstances perhaps we could suspend the sitting until he arrives. Then the motion for adjournment will be proposed, debated and the House will be adjourned in due course.

SUSPENSION OF SITTING

The Acting Speaker (Mr. Milliken): Is it agreed that we suspend the sitting?

Some hon. members: Agreed.

(The sitting of the House was suspended at 6.21 p.m.)

SITTING RESUMED

(The House resumed at 6.25 p.m.)

ADJOURNMENT DEBATE

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

UNEMPLOYMENT

Mr. Chris Axworthy (Saskatoon—Clark's Crossing, NDP): Mr. Speaker, a while ago I asked the Minister of Finance to explain to Canadians why the government had broken its election promise to create jobs in significant numbers to address the concerns of Canadians and how did he feel about the government telling Canadians that they will simply have to accept and get used to high unemployment, which both he and the Prime Minister had done.

Adjournment Debate

The Liberals have broken their promise about jobs. We know that. When they assumed office there were 1.5 million people unemployed. Now almost four years later there are still 1.5 million people unemployed.

In the 1993 election campaign the Prime Minister said under a Liberal government that it would be like the good old days, but he did not tell Canadians he meant the dirty thirties.

Young Canadians face a shameful unemployment rate, officially at 17 per cent, but we know it is much higher than that. That does not even count the thousands who have given up looking or the tens of thousands flipping burgers at Burger King for a living. The Liberals and Burger King are both famous for one thing, the size of their whoppers, whether it be burgers or broken promises.

There are millions of unemployed Canadians and millions more who fear that each pay cheque may be their last. With millions unemployed and everyone else looking over their shoulder, surely that is a national tragedy in a country such as ours.

Today with still millions of Canadians unemployed and under employed, millions of Canadians living in poverty, again the poverty numbers have increased over the last four years, another indictment of Liberal policy. With insecurity spreading across the whole of Canadian society, the last four years have shown beyond any doubt that you can never build a successful modern economy the Liberal way, on the crude and wasteful dogma of the free for all world.

The Liberal government has proven that it cannot privatize, or down load, or slash and burn its way out of mass poverty, that it cannot as a government contract out of its responsibilities to society and it cannot build for the future on Liberal economics of greed, waste and blind short-termism.

In place of the priorities that the government has forced on Canadians in a way which has failed Canadians, the country needs a government with a vision of working together for the greater good and the belief in the potential of everyone.

This requires investing in Canadians. This means investing in jobs; equipping not just the few but the many with opportunities in education and employment; a dedication to equality and social justice; the certainty of action against unemployment; and an economic policy run in the interests not of the privileged few but of the whole community.

Why has the government not required banks to reinvest in the communities that trust them with their funds? Why has it not fought to stop banks from choking small business, farms and families with service charges and inflated credit card rates?

It is long past time that chartered banks started pulling their weight and made a real contribution to job creation in Canada. Since the finance minister has been able to show some progress on meeting deficit targets, and he should be praised for that, why does he not set job targets and meet them the same way as he has set deficit targets? We could avoid double digit unemployment rates if there was a serious and explicit unemployment target.

New Democrats and Canadians believe that lives and jobs are more important than numbers done on an accounting sheet. Does the government not think so too? The Liberal message of a low paid job or no job is a message that Canadians totally reject.

I ask once again, as I did some time ago, when will the finance minister, instead of paying for failure, begin to invest in success? At that time I also asked him why would he not consult the Saskatchewan New Democratic government which has the lowest unemployment rate in the country, which has pursued a partnership agenda and which has been successful in generating an unemployment rate which is the envy of the country. There is much to be learned there.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, in spite of the tired rhetoric, flawed logic, incorrect facts and the insults to the millions of Canadians who are employed in jobs that are not McJobs, I am going to answer this question as I have been asked to do. I might point out in beginning my response that in my city of Toronto 70,000 people work for the banks.

The government is delighted with the low rate of unemployment in Saskatchewan. I applaud the Saskatchewan government's partnership approach to developing the economy. Successful as that government's programs have been, we must recognize that other factors have played a substantial role in Saskatchewan's low unemployment rate. Bumper grain crops and strong grain markets have been an important part of the province's success this year. Furthermore, Saskatchewan has historically been blessed with one of the lowest unemployment rates in the country.

Like the Government of Saskatchewan, this government believes it is only through team efforts that we can harness the financial resources and the knowledge needed to implement effective strategies for continuing growth. That is why partnership is also a key part of the federal government jobs and growth strategy. The strategy has three main elements.

The first is to set the appropriate macro-economic conditions. This has been done by setting and achieving inflation control targets and meeting and exceeding those targets. The pay-off is evident in the dramatic declines in interest rates to levels no one thought possible even a year ago. Even in the hon. member's province, he will know that mortgage rates, car loan rates, small business rates, are substantially less than they were when we took

Adjournment Debate

office in 1993. Those are real savings, real dollars back in the pockets of his province.

Second, the government is also helping the private sector to create jobs in the near term to bridge the gap to stronger growth and the full impact of lower interest rates take effect. We have extended the Canada infrastructure works program, a program that involves partnerships between all levels of government and the private sector. We have reduced the EI premium to \$2.90 in 1997, the third successive decrease in as many years and we will reduce it to \$2.80 in 1998.

We also introduced a new hires program, giving EI premium relief to small firms that create new jobs in 1997-98. We have extended the residential rehabilitation assistance program for another year. We are increasing support for tourism and youth

employment in partnership with the private sector. All of these things benefit the people of his province.

Third, we have made strategic investment in new technology, worker's skills, labour market social reforms to increase employment opportunities for Canadians. The government is the first to admit that unemployment is too high. While no one can be satisfied with the pace but progress recently is important to recognize. We are making substantial progress.

[*Translation*]

The Acting Speaker (Mr. Milliken): The motion to adjourn the House is now deemed to have been adopted. Therefore, the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.32 p.m.)

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