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Monday, November 28, 1994

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Monday, November 28, 1994

The House met at 11 a.m.

Prayers

GOVERNMENT ORDERS

[*English*]

BUDGETARY POLICY

Hon. David Anderson (for the Secretary of State (Parliamentary Affairs), Lib.) moved:

That this House take note of the opinions expressed by Canadians on the budgetary policy of the government and, notwithstanding the provisions of Standing Order 83.1, authorize the Standing Committee on Finance to make a report or reports thereon no later than December 7, 1994.

Mr. Jim Peterson (Willowdale, Lib.): Mr. Speaker, it is a great pleasure for me to rise this morning. We are in the process of a historical evolution of the way Parliament deals with issues and, more important, we are as Canadians in a historic moment in terms of what we are going to do with our economic future.

Our combined federal and provincial debt is now greater than the sum of all economic activity in any one year in Canada, more than 100 per cent of our gross domestic product. This debt has been building for the last 20 years. Every minute that I speak that debt is going up about \$85,000.

(1105)

We are at the point at which one-quarter of all federal government spending is on interest alone. It is not even going to pay down that debt. One-third of all the money the federal government takes in goes to pay that interest. That means it cannot be spent on the programs which are necessary to build our economic future and create a fair and equitable society for all Canadians.

In spite of many declarations in the past by other governments, no government has yet come to grips with the problem of our mounting debt and deficit. In the budget of last February our finance minister said that we must start. We can no longer continue on this route and as an interim target over two years he

said we would get the deficit down from about 6 per cent of our gross domestic product to 3 per cent.

This means we will have to go from about a \$42 billion deficit this year to a \$25 billion deficit within two years. If we assume a certain amount of growth in our economy this means we are going to have to intervene as governments never before have to strip over \$9 billion out of this deficit through either increased federal revenues or cuts in spending. This is a monumental undertaking never before seen in the budgetary history of the Government of Canada.

To assist the government and all parliamentarians in this task the minister asked the finance committee, which I am honoured to chair, to undertake public discussions not only on the enormity of the deficit and how much we should try to get it down but whether his economic assumptions are valid. More specifically he asked us to consult with Canadians to find out exactly what we should do, where we should increase taxes if any and where we should cut programs.

Our committee has had less than two months, six weeks so far, to undertake this task. The minister appeared before the finance committee on October 17 and 18 and laid before us two major studies, one of which was the purple book, "A New Framework for Economic Policy", dealing with all of the broad aspects of our economic future, how we are going to sustain employment in the future, how we are going to cope with the changing world economy, the global environment in which we find ourselves, and take advantage of the new economy.

In this book he outlined five principles to which we must look. One is the need for Canadians to acquire new skills. The second is how all of us, including governments, can adjust to the changing economic circumstances, recognizing it is the private sector that creates jobs, and what can be the role of the government in aiding and abetting the private sector in this quest.

One of the major things pointed out is that the standard of living of all Canadians has really been declining in non-inflationary terms for the past 20 years and this just happens to coincide with a fall in the productivity of Canadians. Our major challenge, as we all know, is to take Canada, a country which in many ways has been a third world because of its heavy economic reliance on its resource sectors, to an economy which is really in the forefront of relying more and more on its human resources.

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The third principle outlined in this book is getting government priorities right, which are the areas where we should be involved, how we can eliminate those aspects of our activities which are of a low priority.

The fourth principle is recognizing that we must as legislators and as governments play a role of economic leadership, recognizing as I stated that it is the private sector which creates jobs.

(1110)

Also of concern is how the public sector works with the private sector to help bring about the transformation of our economy to implement the new technologies, to create the new type of infrastructure which can take us into the 21st century and be among the leaders in global competitiveness. How can we enhance further our exports? How can we aid and work with small business which will be the major creator of jobs in the future to ensure that it has the financial resources and the know how to be global players rather than simply backyard putters?

The fifth element of this study shows where government must play a leading role to create the type of monetary and fiscal climate which we need to make all of these other things happen.

I want to deal very briefly with the second study that he put before us. It deals with this fifth aspect of how we go about creating the jobs in the economy of the future, "Creating a Healthy Fiscal Climate". This was tabled by the minister before us on October 18. The next day our committee began its public hearings on this very issue.

Before I get into some of the details of what we have been hearing, members from all parties on this committee have taken the task extremely seriously. They have studied. They have agonized. They have brought different perspectives to our work. In many cases we as members of this committee have been able to arrive at a consensus built not only on our work as members of Parliament but more important a consensus arrived at listening to Canadians from coast to coast.

We have heard many witnesses in Ottawa and in every province as we travelled. We have heard from the usual suspects, the lobby groups that are well entrenched that have their head offices here in Ottawa and that we knew would come before us and whose advice we have actively sought. We have also heard from many individual Canadians who, concerned about our future, have brought their perspectives to our deliberations.

One of the major points of agreement that we have heard right across the country is we must go at least as far as the finance minister suggested to us in meeting our deficit targets. We must within two years get our federal deficit down to at least \$25 billion.

A good number of witnesses said that government must go further than the \$25 billion. We know we are in a business upswing at this present time. Growth is strong, job creation is strong, but it cannot last forever. There is an inexorability to these business cycles. We cannot sustain them on a perpetual basis, although everyone wishes we could.

There were many witnesses who said please go even further at this time. Some have said if we are going to cut or increase taxes to the extent necessary to reach these even expanded targets, targets beyond what the finance minister has asked of us, we run the risk of putting a brake on the economy and slowing the growth and the job creation that we already are experiencing.

Another consensus that we have reached is that we know we are going to have to make some cuts. Not one member of the committee and not one witness who appeared before us suggested that we could make cuts or increase taxes on the backs of the poor or the most under privileged or the least favoured of Canadians. All of us are aware of the high level of poverty in Canada, particularly among children. It would be unconscionable to think that the cutbacks we are going to have to make would be on the backs of those least able to deal with them.

(1115)

In terms of specific solutions to our problems, the minister said to us: "Don't come back to me with generalities; come back with specific tax measures or specific cuts that we can make". Unfortunately the consultation process has been less than perfect.

We had a number of categories of witnesses who have appeared before us. There are those who say: "We are so special that we need not be part of this deficit reduction process. Our case is so special that we need added breaks; we need added funding". There are others who have come before us and said: "We are a special case; don't cut us. We will live with what you have given us".

There are others who at least tried to respond to the minister's challenge and came before us and said: "We are special. We can put a little bit on the table, but here is where you really have to cut, in somebody else's backyard". All too rare were the witnesses who came before us and said: "I have something to bring to the table. I seek nothing from it".

Those witnesses stand out in our minds. There was a wealthy person, Bob Blair, from Alberta who said that the generation of which he is a part, the generation of which we are a part, those who have enjoyed the benefits of this huge increased spending way beyond our means to pay it back over the last 20 years, those of us who have benefited so richly, have an obligation to give it back to our country.

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He suggested that the wealthy could be called on to actually make donations to a deficit reduction fund for the state. That is the type of civitas, as the Greeks called it, or Greek leadership which I think all of us admire.

I remember a senior citizen who appeared before us in Atlantic Canada. He waited through a whole long day of testimony. He came before us and he said: "I am here out of a sense of guilt. I am a veteran. I get a pension because I was a prisoner of war during the second world war. That pension is about \$10,000. I was never asked whether I wanted it or needed it, but it kept coming in and I have never sent it back. It's not even taxed. I am getting that and I don't deserve it. I'm not even a war hero. I bailed out over the Ruhr". This gentleman is prepared to put that money on the table to help the rest of Canada deal with this deficit crisis.

As I go through these deliberations I will always remember these two examples, rare examples, of Canadians who said: "I can be part of the solution". All members of our committee are convinced that whatever solutions we adopt, all Canadians, except those who are the least favoured, must be part of the solution. All Canadians must be asked to bear their fair share of the consequences of what we are going to have to do to wrestle that debt to the ground, to get the debt down so that our economy is once again growing faster than our debt. We owe this to succeeding generations to Canadians.

One of the major things that emerged during the course of our deliberations was that maybe my generation and the generations that have been living off this added borrowing, this added consumption over the past two decades and who are passing the deficit on to younger generations, have an obligation to pay even more than their fair share. It is a very interesting concept that was brought before us. It emerged in the concept of perhaps we should have a tax on inheritances so that some of the wealth that has been built up, at least in very rich estates, should go back to the state to help pay off the deficit.

(1120)

We had a number of proposals before us which stated that taxes are almost at the breaking point. There is not much more juice to squeeze out of the tax orange by international standards and particularly American standards, which are the most important in this area. There is not much room to increase taxes and there may be no room. We have seen over the past decade how our personal income taxes have mattered and how they have become less and less progressive.

How do we create fairness when we are going about the process of cutting back on the deficit in a way that has never been undertaken before and which is going to have a dramatic impact on all Canadians?

[Translation]

It is going to be really tough. It will not be an easy job for us as members of Parliament and committee members, nor for the finance minister, the Prime Minister and the cabinet. It should and will be their responsibility to present Canadians with specific budget policy projects. We, the committee members, found a nearly universal desire in Canada to deal with the deficit, and to do it in a fair and equitable manner for all Canadians, especially the poorest members of society.

[English]

In going about this cutting, and we are going to have serious cutbacks in programs, the committee is not the only body looking at potential ways to deal with the deficit. A comprehensive analysis of all of our programs has been undertaken, a program review by the Government of Canada. Other committees as well have been charged with reviewing particular programs and undertakings. All these will be an important ingredient of this.

However, I suspect that none will have a greater impact than the recommendations of our finance committee which has had the benefit, for the first time in Canadian history, of public consultations with a broad range of Canadians.

One of the greatest advantages of these public consultations, which have never been undertaken, is that in the past those who could get in to the finance minister's office could make their case behind closed doors. The finance minister has said that this will no longer be the way prebudget consultation is carried out. It must be done in public before members of a committee that has all parties represented. We want all Canadians to see what special interests are being advocated, what privileges are being advocated and what solutions are being advocated.

Unfortunately we have not heard enough of the details on the solutions and not enough of a consensus has come to this committee across the board. As I mentioned, too much of the testimony has been "cut others but not us". This is why, as members of the committee, it will be our obligation to make some very hard decisions on where we might get increased tax revenues, where we might get rid of some inequities or unfairness in the tax system itself and where our priority for cutting programs will be. What are those programs which are necessary to sustain the social justice which is so much a part of Canada's fabric?

(1125)

What are the programs which are necessary to maintain the balance that we have always had and which will always be a hallmark of our country, the balance between a vibrant private sector but a co-operative and supportive public sector which is necessary to maintain the balance of not cutting those programs which are going to actually help us build a strong economy in Canada for our future?

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As we wrestle with these issues, I believe that the process of consultation with Canadians must not stop. We will continually seek their input. We must continually seek input from members of all parties of the House on an ongoing basis, members who are of good conscience and conscientiousness who have brought to us and laid out in concrete terms where they feel those priorities lie.

The task is not going to be easy. I know that Canadians expect us to deal with this deficit. They will treat us most harshly if, as previous governments have done, we pay lip service to the problem but do not tackle it directly, concretely and precisely at this moment in history. We have a window of opportunity. We shall not hesitate to act.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, as it has done since the beginning of the process, the Official Opposition is reminding you, Quebecers and Canadians of the seriousness of Canada's fiscal situation. Nobody, on this side of the House or on the other, is denying the existence of serious problems, and I would say that when it comes to federal public finances, we are actually dealing not with serious problems, but rather with a state of crisis.

One only has to look at how expenditures and deficits have evolved to realize that, in spite of the restraint measures of the last few years, the federal debt has grown to become one of the largest of any central government in the world. It is standing in the way of sustained economic recovery and job creation. This has been particularly obvious in the last two years as, in spite of certain signs of economic recovery and growth, jobs are not being created in a sustained manner. We are not denying the fact that we need drastic measures to reduce expenditures, as well as measures concerning loopholes in our tax expenditures, as the finance minister called them. I believe that there is a fairly broad consensus on this point.

However, we disagree on the means. For the next few minutes, I am going to talk about our analysis of the means used by the Liberal government or even the means suggested by our Reform colleagues. I will conclude by explaining why the Bloc Québécois will vote against the motion before us this morning. We will not support the motion presented this morning by the Liberal government with a view to postponing the tabling of the finance committee report, because the reasons for doing so are not the ones stated by the finance committee chairman.

We have been convinced from the start that these consultations are a smoke screen. They resemble those held by the finance minister before tabling his first budget, last February. We are equally convinced that the Liberal government is seeking to first move back the deadline, and second reduce to nothing the amount of time to be spent analyzing and debating the finance committee's prebudget consultation report.

(1130)

I can tell you that the motion before us, which seeks to postpone to December 7 the tabling of the report originally requested for December 2, is the result of intense pressure on the part of the official opposition. The initial motion submitted to the finance committee asked permission to table the report not on the 2nd, as requested by the House of Commons order, not on the 7th as sought in today's motion, but on December 16. They were taking us for something we are not and assumed that we would not remember that December 16 is the last sitting day of the year, and that next year we do not come back before February, the very month when the Minister of Finance is supposed to table his budget.

While claiming that there is a need for consultation, a need to seek additional ideas, the government is trying to hide its real intentions. We hear great sounding, compassionate speeches on the need to protect the neediest, but we are not being told the truth on the upcoming reforms. We are given grand speeches on the social situation, on poverty, when all the measures taken so far by the government, in particular since the budget of the Minister of Finance, were against the unemployed, welfare recipients, students and seniors.

Just think that the last budget contained a \$5.5 billion cut in social programs, a large part in unemployment funds; is that a social measure, is that what the Liberal government intends to do for the neediest in our society? The major argument used to request further consultations is that we do not want to target the neediest.

Behind the grand speeches, there are barbaric measures, unprecedented measures, backward measures, measures that would be among the most backward taken by finance ministers for many years. Even the Conservatives did not dare make such drastic cuts in social programs. Yet, as the Auditor General pointed out, there is no analysis of the consequences of such cuts, we do not know the relationship between unemployment insurance and welfare, but supposedly we are doing a review of social programs even without proper information.

We are not the ones who said so, although we have in the past. The Auditor General himself reminded us last week that this government works the wrong way round; without any information at all, totally in the dark, it makes decisions that go against the poorest, all the while making grand speeches. Such behaviour is a disgrace.

Since the past gives us a good idea of what the future will look like, and since the Liberal government is trying to shorten the period of time for public debate on various measures relating to taxation, expenditures, issues concerning Quebecers and Canadians, since the past gives a good idea of what the future will be and since we are faced with this disgraceful shortening of democratic debate, I would remind you that since it has been in office this government has been proposing, in an acrimonious

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and cynical way, projects with a view to reducing social programs or aimed at students, middle income people and the poor.

The government sends out trial balloons, not in a disinterested way but because this is part of the hidden agenda of the Minister of Finance and the Minister of Human Resources Development. For instance, when the government talks about taxing RRSPs, it is not out of the blue. The government, the Minister of Finance already intend to cut and tax RRSPs.

When they talk about reforming transfers to post-secondary education under CAP, the Canada Assistance Plan, and other transfers to provinces and send out trial balloons or make little suggestions in the four or five scenarios contained in the report of the minister responsible for the development of human resources, it is not by chance. It is because it is part of the federal government's overall plan to address the deficit problem, to deal with the problem of its indebtedness we all recognize by going after students, the provinces, with its usual way of transferring the burden to the provinces and shifting the deficit and debt problems onto the most deprived.

(1135)

Members of the Liberal Party of Canada are counting on economic growth to improve somewhat the public finance situation, not because they believe there will be economic growth, but because they are unable to take any responsibility. This government has not taken its responsibilities since coming to office. It is so irresponsible that it claims that with the savings it made this year—more than \$2 billion in unemployment insurance—the deficit for the current fiscal year is \$39 billion when it is in fact over \$42 billion.

It is unacceptable to cut into the unemployment insurance fund, to which the federal government no longer contributes, and to use the savings they made this year to reduce the deficit. It is a way for the Minister of Finance to improve his image, to look like a good manager, even though he did nothing to bring public finances back under control. He did nothing to close loopholes in the Canadian tax system—something he should have done long ago—, to correct long-time injustices that he too denounced when he was in the opposition.

This government is not serious in its endeavours and does not inspire confidence, especially since it is only managing the downsizing of a crippled system. On our side, the most blatant sign of that remains the closing down of the Saint-Jean military college. There is talk about cynicism and acrimony. For me it is a real symbol, more than a symbol right now, especially when we see the Minister of Intergovernmental Affairs wearing the

button denouncing the college's closure, as the Leader of the Opposition noted over the week-end.

Such behaviour is scandalous and shows a cynical and acrimonious attitude. It is also disinformation since this minister is himself responsible for closing the Saint-Jean military college. Such disinformation and cynicism are typical of this government's general attitude, particularly with regard to the important issue of Canadian public finances.

This is intolerable, especially since the Liberal Party of Canada used to advocate transparency, social justice and fairness when it was in opposition. Liberal members used to describe the Conservatives as almost extreme rightists, but they are even worse now that they are in power.

Much needs to be done, if we look at the growth of government expenditures as well as the public debt crisis situation in Canada, with growing deficits, year after year, and a growing national debt. We did not wait two months after the finance minister's testimony before the finance committee to come up with suggestions to put some order in public finances. We were upfront. We made suggestions in front of the Minister of Finance, after he had made his statement and tabled his two books, the colour of which I cannot remember. There has been books of so many different colours tabled this past year, Mr. Speaker, that we loose track.

Unlike our colleagues, we did not wait two months to suggest, first of all, that the Liberal government do the responsible thing and take steps to recover—at the time, this is what we were suggesting two months ago—some \$6 billion in unpaid taxes.

(1140)

In fact, this first suggestion we had made to the Minister of Finance when he testified before the finance committee was reflected in the Auditor General's report tabled last week. But the Auditor General does not talk about \$6 billion, as we had estimated, but over \$8 billion in unpaid taxes, a quite substantial amount that taxpayers in Quebec and Canada owe, on average, to the federal Treasury in personal income tax, profits tax and goods and services tax as well, the famous GST, which is apparently the most commonly abhorred tax from coast to coast.

Two months ago we suggested to the Minister of Finance, and to the Minister of National Revenue also take the necessary steps, departing from their usual laissez-faire policy, to recover these \$6 billion which became \$8 billion following the recent tabling of the Auditor General's report. What did they do? Nothing.

We also suggested to the Minister of Finance at the time to ensure that the federal government withdraw from any provincial jurisdiction, in other words, that it mind its own business, in

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view of the assignment of jurisdiction under the Canadian Constitution and many interpretations that have been given these past few decades.

We said then, and we repeat it now, overlap, duplication and instances of federal interference, which are increasingly numerous and even more centralizing with a Liberal government, amount to, by our estimation, approximately \$3 billion per year. That is money! But of course when you ask senior department officials to see where the federal government is meddling needlessly and ineffectively in fields of provincial jurisdiction, they are both judge and party to the case. They will not shoot themselves in the foot. These senior officials who are in control will not reduce their staff, their power, their interference or their budget. Over the years and again recently, the Auditor General has found empirical evidence of duplication and overlap between the two levels of government, but the Liberal government does not want to face up to its responsibilities.

That is the second suggestion we made to the Minister of Finance about a month and a half or two months ago. We suggested that he not reduce corporate subsidies a little, as we have heard fairly often on both sides of the House, but that he eliminate them. Companies receive \$3.3 billion a year in subsidies. Here, we are not talking about subsidies for regional development which have the merit of reducing regional disparities in some disadvantaged regions; instead, we are talking about direct corporate subsidies, which more often involve patronage or paying off the party's friends rather than useful subsidies.

An hon. member: Contributions.

Mr. Loubier: I would not go that far, but in any case it has not been proven that these subsidies are effective, provide benefits and have an impact on the competitiveness of businesses. On the contrary, when you subsidize a company in a particular industry, the subsidies allocated under this \$3.3 billion are unfair to the others who cannot benefit from them. And they still want to cut spending on the backs of the most disadvantaged people but do not even mention eliminating these \$3.3 billion in corporate subsidies.

Do you think that is right? Is it right to cut unemployment insurance, welfare and post-secondary education while the finance committee and others still continue to leave these \$3.3 billion in direct corporate subsidies? That was our third suggestion then to the Minister of Finance.

We also suggested that the Liberal government withdraw immediately from the Hibernia project, and we are no longer the only ones saying so. Almost everywhere, people are speaking out against the continuing waste which has already swallowed up \$3 billion in direct and indirect spending, loan guarantees

and so on from the federal government. This year we have been told about an additional \$250 million for a project that will never make a profit, that relies on an increase in global oil prices, when all forecasts to this day call for an even greater reduction in the price of a barrel of oil than we are now experiencing.

(1145)

Why do they insist on the federal government, Quebec, Ontario and other Canadian provinces getting involved in a project that will never be profitable? And if it is profitable, why is the private sector not doing all the investing? Why must the federal government continue to invest hundreds of millions of dollars every year if the project is supposedly profitable? The 1960s and 1970s are over. Let us look at the state of government finances. Even my Liberal colleague, the chairman of the finance committee, mentioned earlier that government finances are in a state of crisis.

Despite the serious problems, they continue to spend money on this project, perhaps for political considerations, thus contradicting the Prime Minister's position during the vote on the Hibernia project. It is impossible to understand. If this is not political expediency, I wonder what it is. That was our fourth suggestion to the Minister of Finance, which has not been acted on to this day.

We also suggested to the finance minister that \$1.6 billion be cut from the National Defence budget in response to last year's request by the official opposition that this budget be slashed by 25 per cent. Again, this suggestion was not followed up.

We also asked the finance minister to reduce the government's operating expenditures by tackling mismanagement and widespread waste. There are many examples of waste and inefficiency, starting with the Auditor General's last report. I will give you just one because I do not want to take up too much time, even if I have unlimited time for this debate. The Department of National Defence is one example that has been popular with all of us for a while, especially since last week, when the Auditor General pointed out cases of gross mismanagement and inefficiency. They always boast that things have been put into order at the Department of National Defence in the recent past, but after reading the Auditor General's last report, we see that this department is a total mess, that it has become a symbol of public affairs mismanagement.

I will quote just a few passages to illustrate what I told you. The Auditor General's report outlines several cases of waste. It says among other things that real property mismanagement at DND costs \$100 million a year. Real property mismanagement alone costs \$100 million; they throw away all that money while maintaining that the only way to reduce waste and increase

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efficiency in public finance management is to cut social programs.

The report also points to waste in the F-18 performance evaluation program. We are told that the program might be ready in 2003, or 20 years after its implementation, and that the automation of the Canadian military police records will have taken 26 years, if the goal of completing the project in the year 2000 is achieved. Imagine, 20 years for the F-18 performance evaluation program, when you think that, after 20 years, an F-18 jet is considered obsolete. And 26 years to automate the Canadian military police records. In my short career, I never thought such delays were possible.

In his report, the Auditor General also says about National Defence that the army, air force and navy have each developed their own information, command and control systems which have little interoperability. Imagine, our national defence is comprised of three forces that should normally interact through office automation and information technologies and systems, but these systems are virtually incompatible. We are told that the three forces have very limited interoperability.

(1150)

Given the situation in National Defence, one can guess what goes on elsewhere. We have a serious problem because it involves hundreds of millions, or billions of dollars. We read that: "There are plans for future information technology projects with projected costs of \$1.2 billion". Mr. Speaker, implementing these projects will cost \$1.2 billion, but they are not supported by adequate cost estimates.

In other words, we are spending \$1.2 billion to implement technology projects, new technologies, but we have no serious study on the value, efficiency and usefulness of these projects for the future of the three forces of National Defence.

Here is another example, which again concerns the Department of National Defence. The Auditor General writes: "The Department did not have an adequate system in place to assess the cost-reduction potential of information technology projects or to weigh the benefits of cost reduction against other priorities. As a result, the Department has not benefited from at least \$700 million in possible savings". Just think! We are talking about hundreds of millions, even billions. But it does not seem to matter. The government prefers to cut spending by targeting the poor and let outrageous situations like that go on.

This is incredible. I am flabbergasted. I was even more outraged last week, when the Auditor General tabled his report because, based on what the other side had been telling us over the last year, we thought that public finances had at least improved somewhat. This is not the case however.

Some measures need to be taken regarding taxation. Until the Liberal government takes concrete action, we will not stop repeating that it must end the unacceptable situation created by family trusts. The government must stop losing hundreds of millions every year by allowing very rich Canadian families—

not middle income families, not fairly rich families, but very rich families—to use family trusts to defer for up to 80 years taxes on capital gains.

These very rich families do not use family trusts as an investment tool for future generations, or to help sick or handicapped children and relatives to be financially secure: They use these trusts as a powerful tax planning device. According to some tax experts with an excellent reputation in Canada, such as Sydney Goldstein and Neil Brooks, to whom the Liberals used to listen when they formed the opposition but no longer do so now that they are in office, it is outrageous to maintain these trusts for very rich Canadian families.

They suggest that, through special studies conducted by Statistics Canada, or through data from Revenue Canada or major corporations managing the assets of these family trusts, such as Canada Trust, which is a major contributor to the Liberal Party, the government could obtain sufficient information to make an annual estimate of what family trusts set up for the benefit of very rich families really costs Quebecers and Canadian taxpayers.

During the hearings of the special committee set up to examine family trusts, as openly as possible, as the Minister of Finance put it, the Official Opposition asked Revenue Canada to provide these data. That was two months ago and we are still waiting. Our request has not even been acknowledged. If this is what is meant by transparency, we have a problem, because Liberals and the Official Opposition obviously do not have the same definition of transparency.

(1155)

Mr. Farber, from the Department of Finance, also told the finance committee that a legislative authority would be needed to collect this information using a tax slip. We have submitted such a request. And again we are still waiting for an answer. Not only did we not get an answer, but I can tell you that, even though they talk about transparency and their will to correct all fiscal inequities, we have not had any co-operation from the Liberal Party or the senior officials of both the Department of Finance and the Department of Revenue. Could it be that these senior officials have been ordered by their superiors not to say anything and not to take any step to collect data on family trusts?

We could also mention all the measures needed to correct the tax situation, including the tax conventions signed, as we said before, between Canada and countries with many tax loopholes. Despite the steps taken by the Minister of Finance in his last budget, a recently released study, carried out, I believe, by Samson & Bélair, says that, in spite of everything, all the government's attempts and all the measures included in the last budget, there are still hundreds of millions of dollars being exchanged between Canadian businesses and their foreign subsidiaries located in tax havens and losses incurred by the subsidiaries being reported in Canada for tax deduction purposes. According to the Auditor General and this Samson &

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Bélaire study, it is estimated that hundreds of millions of tax dollars are lost this way.

I have a quote here that I would like to read to my hon. colleagues in English, if they will excuse my horrible accent. It says: "The new rules have some merit", meaning the measures taken by the Minister of Finance. "They will most certainly generate ambiguity and uncertainty. Unfortunately, the 1994 proposal did not bring the changes we were all hoping to see".

In other words, the action taken by the finance minister is not enough to prevent tax treaties with countries where corporate tax rates are lower than here, in Canada, countries such as Barbados, Cyprus, Malta and Papua New Guinea, for example.

Because of these tax treaties, businesses, mostly very large corporations, do not pay their fair share of taxes here, in Canada, and we deliberately allow some of these corporations to forego their tax responsibility and to benefit from these tax loopholes, these tax havens, thanks to which they can legally save hundreds of millions of dollars in federal taxes.

We cannot afford these tax conventions any more, especially with countries that are well-known tax havens and where tax loopholes are legion. This is utterly unfair when everyone else is being asked to make sacrifices, from middle-income families to the less-privileged, everyone except these large corporations, which take advantage of the Canadian tax loopholes and the tax breaks deliberately included in the tax treaties signed by Canada and these tax havens.

There is also the whole question of corporate taxes. I tell you this should be examined carefully.

(1200)

I submit that the recent data from Statistics Canada on the trend of corporate versus individual contributions to the tax base reveal some clear facts. Remember that these data are expressed in real terms, which means that they take 1986 as the reference year. These are real data which take inflation into account. Thus, in 1950, Canadian corporations contributed \$3.2 billion to the federal and provincial treasuries. The same data, with 1986 being equal to 100, reveal that in 1992, Canadian corporations contributed \$7.4 billion. But the \$3.3 billion in subsidies to businesses I was taking about earlier must be deducted from those \$7.4 billion.

So, when those \$7.4 billion actually paid by corporations to the federal and provincial treasuries are reduced by the \$3.3 billion in subsidies, we have exactly the same amount as in 1950. The tax burden of companies did not increase in real terms but, for individuals, that burden went up from \$3.3 billion to \$87.6 billion.

So there is a problem, and I can tell you that it is probably related to the tax breaks used by very large businesses. The Ontario Tax Equity Committee pointed out in 1990 that Canada's large businesses can use about 60 tax breaks that allow them not to pay their fair share of federal taxes even though we could require them to do so. This has been going on since 1950. And I am not talking here about very small businesses or small and medium size businesses, which do their job. If you look at the data, you will see that they contribute, as good corporate citizens do, to the federal and provincial treasuries. I am not talking about businesses in my area.

Last week, I was talking to the owner of Grégoire & Fils, a business that does research and development work in the farm equipment sector in my riding. I am not talking about his business. I am not talking either about Dutilier Inc. and Lacasse, two businesses that export furniture outside the country without any grants. I am not talking about these small and medium size businesses that create hundreds and even thousands of jobs, because that is what small and medium size businesses do, they create thousands of jobs.

I am not talking about these businesses that perform their tax duties and contribute to economic growth, job creation and regional development. I am not talking either about a businessman like my friend Jean-Marc, from the south shore, who has to face very fierce competition from large multinationals in the steel equipment sector. He creates 43 jobs and pays his fair share of taxes. I am referring instead to very large companies who take advantage of measures that are legal, but are sometimes borderline measures, to prosper at the expense of a deteriorating Canadian fiscal situation, and to companies that use legal measures to avoid paying their share of taxes to federal and provincial governments.

For a year now, I have been examining the Canadian tax system more seriously and specifically than previously, and I find it is distorted. It is so distorted that last week, my friend Léo-Paul Lauzon, a well-known tax expert in Quebec, sent me a newspaper clipping he found in *La Presse*, I believe. I know I cannot show that clipping, but it was found in classified ads and says in big print: "Tax losses for sale". The ad reads: "Our client, a cosmetics distributor with significant tax losses and undervalued assets, is looking for a buyer who could use those tax losses. Confidentiality guaranteed. Please, contact so and so—I will not mention the name of the agency—number so and so". In other words, our system is so distorted that we can now sell tax losses. Tax losses are sold like shoes, eggs or chicken. They are sold to companies that want to reduce their annual income.

(1205)

Mr. Chrétien (Frontenac): Shame.

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Mr. Loubier: Is that right?

Mr. Chrétien (Frontenac): Certainly not.

Mr. Loubier: It is not, but I do not sense across the way any desire to deal with loopholes in the corporate tax system. They are not even willing to examine the corporate tax system. Every time the Official Opposition suggested such an examination, even during the election campaign, it never got an answer. We tried again recently in the finance committee, but we did not get any answer. In that regard, the Liberal government members sitting on the finance committee can rely on the complicity of the Reform members because they do not want the corporate taxation to be examined either. It is serious when you think that some people even refuse to look at the corporate taxation. We are not suggesting any cuts, but simply to look at the problem in order to perhaps confirm what has been rumoured for several years and confirm also some warnings put forward by the General Auditor of Canada as well as some analyses made by tax experts. We are now completely fed up with this situation.

It is obvious, and I stress, obvious, that we have to find ways to improve the management of public finance and we were the first to realize that the problem is very serious. While the Minister of Finance spoke only in terms of problems with public finance, we used a much stronger term. We spoke of a crisis. Indeed we recognized even more than the finance minister himself that if things keep going on as they are now, the situation will become impossible.

However, what has the Liberal government been doing for a year now to help remedy this situation? In relation to what we and others suggested the government should do to stabilize public finance, what else did it do but take on unemployed workers and welfare recipients, senior citizens and now students with the reform proposals put forward by the Minister of Human Resources Development, and middle income families with all the trial balloons sent up left and right by the Minister of Finance, his officials or his Secretary of State? What else did it do but take on poor families? Every week, I meet some of them in my riding. Families are getting poorer and poorer.

In fact, in this International Year of the Family, families are getting poorer and more desperate because they see that, in spite of all their fine speeches, the fine election campaign the Liberals conducted last year, the compassion they said they felt for the most disadvantaged, they are even more extremist, more reactionary than the Conservatives were at times. They are even more extremist than what they denounced as Conservative policies when they were in the opposition.

Mr. Chrétien (Frontenac): That is double talk.

Mr. Loubier: It is double talk, as my colleague puts it. But I would even say that it is close to something like calumny.

Speaking of poverty, I would tell you that for the last 15 years, the evolution of poverty in Quebec and Canada is a cause for concern. The poor in Quebec and Canada today do not deserve the treatment they have been subjected to this past year.

(1210)

I would like to mention briefly certain statistics on trends in poverty since 1973 to show you how badly the situation has deteriorated and the need to put in place real economic development policies, real job development policies, real labour training and regional development policies in order to stimulate Quebec's and Canada's economy. We do not need infrastructure programs which are subject to patronage and create only 45,000 part-time temporary jobs when we need close to 800,000 jobs to get back to the level of the early 1990s; we need real measures.

Since 1973, the number of poor families in Canada has increased by 41 per cent. During the same period, the number of poor people living alone jumped a significant 79 per cent. I am referring here to a study published by Mr. David Ross three weeks ago and which updates data on poverty in this country. If you want more details, and if my Liberal colleagues want to know that they are in fact deteriorating a situation which is already catastrophic for the poor families of Canada, I will gladly give you a copy of that study.

It says that the rapid growth of poverty among young families in Canada is one of the most disturbing trends in the area of family poverty. Not only are people getting poorer, but an increasing number of young people are in this situation. It is young families who are getting poorer. We had never seen that before.

Between 1981 and 1991, the poverty rate of families with parents 25 years old or less has almost doubled, increasing from 21.7 per cent to 40 per cent. This means that the number of young families living in poverty has nearly doubled. That is how we prepare young people, that is how we give them hope for the future, by making them poorer at a much higher pace than that experienced by their elders.

Another piece of information I thought could help this government become aware of the problem is that, in 1991, the number of poor dependent children under 18 years of age was close to 1.8 million. The poverty rate for single mothers is 52.1 per cent in Canada. It is interesting to know these statistics. Women who are single parents are the ones who suffer the most from inequities in terms of income and services, both in Quebec and in Canada. Compare that with Sweden, for example, where the poverty rate among single mothers is 6 per cent.

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We used to say that education was the key to a good income. Well, let me mention some important data relating to graduates. Although people have diplomas, and it is a fact there is less poverty among people who are educated and who are flexible as a result of that education, and of course an education is always enriching, but it is not as enriching, in the literal sense, as it used to be. In 1981, 13.5 per cent of graduates of an educational institution, were poor. Today, more than 30 per cent are in that category.

I wanted to mention these figures in the House because they profoundly disturbed me. I thought, and that is what we learnt at school, at college or university, that thanks to post-manufacturing economies and the new global economy, and with the development of the leisure society, modern, industrialized societies would, over time, become prosperous. People said that in the early seventies. Today, according to the update published by Mr. Ross on poverty figures in Canada, the exact opposite has occurred.

It is a sign that we will need a major turnaround in the Canadian economy. This government will have to act responsibly, not by hitting at those who have trouble making ends meet, but by doing what we strongly suggested it should do, which is to carry out a thorough reform of the tax system and cut spending of the kind we pointed out earlier and have been pointing out to the Finance Minister from the outset, and especially since he appeared before the Standing Committee on Finance. But we want this government to stop coming down on people who do not deserve that kind of treatment.

(1215)

In conclusion, I want to say that we will not be a party to the trivializing of democratic debate that was reflected in the motion presented this morning. We will not be a party to any measures that may appear in the finance committee's report, the majority report by the Liberal members of the finance committee. I have the impression, and I have been saying this for some time, that the government decided long ago what measures it would take to improve its finances and to reach the objective set by the Minister of Finance, and I am referring to a deficit that is 3 per cent of GDP in 1996-97. Furthermore, these measures are so appalling and entirely in line with the approach of the last budget of the Minister of Finance, in other words, a well-organized attack against the unemployed, senior citizens, welfare recipients and students, that the government is ashamed to put them before the House on December 2 as planned, and that on the other side of the House, they are trying to reduce the number of days provided to debate these suggestions.

Again, we will not be a party to a debate the Liberals do not want, a debate in which their promises will come back to haunt

them. We will not be a party to what is actually nothing but a masquerade, to these endless rounds of consultations, because this government consults right and left but only retains what suits its purpose.

We saw this with the last budget, when the Minister of Finance approved a suggestion to make cuts in the Unemployment Insurance Fund, although there were thousands of suggestions that said not to do that. So much for consultation.

For all the reasons I just mentioned, the official opposition will vote against the motion presented by the Liberal government, and we will do so proudly, with our heads held high, because our aim is to defend the interests of Quebecers and Canadians, as we have done since the very beginning.

[English]

The Acting Speaker (Mr. Kilger): I remind the House that the length of speeches pursuant to Standing Order 43 will now be 20-minute maximum interventions subject to 10-minute question and comment periods.

Of course sometimes there is a practice where parties or members wish to split their time. I would simply ask members to indicate to the Chair if and when that should occur. Otherwise, members will be recognized for a 20-minute intervention and 10 minutes of questions or comments.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I am interested in many of the comments which were just made by the Bloc member who sits on the finance committee. I am hesitant to dignify some of his comments with my own because of what his leader said yesterday. I wrote down the quote.

I saw his leader say on television that the Bloc are "a superficial event in the political landscape". That out of the mouth of his leader gives us an idea of the commitment of the Bloc to this whole budgetary process. When the member uses the terms barbaric measures and retrograde and he uses other words outside of the House that are not particularly helpful or constructive to the debate I think it does a disservice to something that is so desperately serious for this nation of Canada.

He did make a comment in his long and rambling speech about the fact that even the Conservatives did not apply such cutbacks. Well he is right and that is exactly why we are in the position we are right now. The Conservatives did not have the courage to cut back the tremendous debt that was left to them by the Liberals.

We thought \$180 billion left over by the Liberals from the last time they were in power was a terrible debt. The Conservatives did not have the courage to do the cutting. As a consequence this country is now faced with a debt of over one-half trillion dollars.

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(1220)

However I just cannot leave alone the comment the member made that somehow there are difficulties with numbers. I have no idea where in the world he would be able to say that the accounts receivable to national revenue have suddenly gone from \$6 billion to \$8 billion in the Auditor General's report. That is not factually accurate.

If the member has taken the time to read presumably the French version of the Auditor General's report, I am assuming he is referring to the reference made by the Auditor General to the fact that some of the accounts receivable are getting on to being two years old. As they form part of the \$6 billion his concern was that they were not collectable.

It probably falls much in line with the member's constant going on in committee about the fact that there is an average of \$42 million in each and every family trust. He just did not take the time in committee to listen and understand that the report he was referring said that the average assets in the firms reporting were \$42 million. It was simply a quantifier in order to determine the type of firms that were replying to the survey. As a consequence the Bloc has been telling us, telling us and telling us that there is an average of \$42 million in the family trusts.

It is not just the Bloc. The member for Gander—Grand Falls also feeds into some of these misconceptions that there are these tax loopholes and tax havens and tells us about all these millionaires who are collecting UI. For many Canadians they want an easy way out. Don't we all? Many Canadians are looking for some justification for not making the cutbacks. All of us as politicians have to be very careful. We must make sure what we are saying is factually accurate and that it does not feed misconceptions.

I challenge the Bloc member on his comment that direct subsidies to the business sector of \$3.3 billion somehow do not include the subsidies going to business through things like ACOA, western diversification and the funds going through to Quebec. He seems to have classified these as being direct subsidies to the business sector.

The bottom line is I look forward to debating with people who will take the time to read the numbers and if they do not clearly understand the numbers will take the time to receive advice. Then we can share our opinions based on fact instead of some of these things that are simply made up.

In the 20 minutes allotted to me to speak to this issue the people of Canada should know that we will go \$1.4 million further into debt. Every day Canada spends in the neighbourhood of about \$460 million. Of that \$460 million we have to go

to the marketplace and secure \$110 million. It works down to \$1,700 per second that we are borrowing.

Why is that important? It is important because even under the Liberal plan we will be going further into debt by \$25 billion every year. Even under that anemic plan Canada will slip a further \$100 billion into debt in the time the Liberals are in office. That is absolutely monumental. We do not know what the interest rates will be but at a 7 to 10 per cent interest rate on that \$100 billion we will be paying \$7 billion to \$10 billion extra in interest at the end of their administration.

(1225)

That number is very important when we consider that the federal government transfers \$2.2 billion to the provinces for education. Let us understand and compare that \$7 billion we are going to go further into debt to the \$2.2 billion we are presently providing for education.

Before I get into the Reform proposals I will make one more comment. Of the \$110 million we are going to go further into debt today, approximately \$45 million of that will be borrowed from foreign markets in this 24 hour period. That means one year from now because we are going \$110 million further into debt we are going to be streaming \$3 million more out of Canada to foreign capital markets.

What could we do with \$3 million? There are people in my constituency around Cranbrook who want a CAT scan machine. It will cost in the neighbourhood of \$100,000 and the funding for staff and training perhaps will take the same amount of money.

However we are prepared to let \$3 million for this one 24-hour period on interest leave the country. If we want to talk about barbaric and retrograde, we can apply those terms to what we are doing in the intergenerational transfer of debt to our children, our grandchildren and our great grandchildren.

It is easy to apply labels to certain aspects of this whole process which is unfortunate. As the committee chairman so aptly said in his presentation earlier, there is absolute commitment. I believe there is commitment from the Liberals, as I am sure there is from the Bloc and I confirm the Reform Party is committed that the people who have the least ability to look after themselves must be looked after. They must be protected.

Therefore, why is the Reform Party recommending that we go to zero instead of going to 3 per cent or approximately \$25 billion? Precisely for the reasons indicated by the chairman. We are currently in a very strong period of economic growth. It has been very clearly illustrated that the difficulty and the reason we are having problems in getting any real job recovery along with the economic recovery is that people are being taxed out of business, taxed out of existence.

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There are some differences of opinion between us and the Liberals. In making our presentation to the Commons committee it was interesting that we managed to flush out what some of those differences were. In the judgment of the Reform Party, there must be a very serious look at the whole issue of taxation and how it is done to make sure that inequities are ironed out, that there is more fairness and that any loopholes are corrected. In spite of that and as a matter of principle we believe no more tax dollars are available from Canadians.

It was interesting that the member for St. Paul's said: "Your comments on taxation are rather anemic. There is a bit of a throw away line about not objecting to the principles eliminating inequities in the existing tax system. We have heard much testimony. Did you hear nothing that piqued your interest, that led you to say yes, there is something that should be examined on the tax expenditure side for instance? Was there nothing that caught your fancy?"

(1230)

In a second intervention he said: "I am in rare agreement with the member from the Bloc then perhaps because the vision that you present is a vision that is far different than I have for this country and the role we have to each other as Canadians".

The vision of the Reform Party in terms of its responsibility to the country is to get the government off the backs of Canadians and once and for all straighten out the situation so that it is no longer grabbing, grabbing and grabbing capital from a very weak and anemic capital market. It is absolutely accurate and correct to say that taxation is simply the confiscation of working capital; that is all it is. Taxation is simply the confiscation of wealth.

If we take more wealth, more capital, out of either businesses or the hands of ordinary people they will have less to put back into generating more activity in the economy. I underscore then that we believe there should be no net increase in taxation.

We established our program on five basic principles. The first one is that the people at the top of government must be the first to make significant and visible sacrifices.

I was asked by a member of the House why we spent last Tuesday, our opposition day, on a motion to get the pensions of MPs into line with ordinary pension plans available to all other Canadians. It was really interesting, by the way, because every one in the Chamber voted against the motion to get the pensions of MPs into line with ordinary citizens, save the 41 Reform MPs who initiated the motion. That pension plan must be reformed as of a year ago.

Also there should be implementation of across the board budgetary restrictions of 15 per cent to high level government institutions. We saw this last week the appointment of people to the Senate, the appointment of the Governor General, and

therefore the traipsing out of what these people do in their public lives. People have started to take a look at that, have started to focus on that and ask themselves: "Just a second, isn't this the same government that is asking me to cut back?"

Next is eliminating excessive travel of federal officials and reducing the number of ministers of state and associate ministers. People are looking for leadership, but unfortunately for many political commentators they seem to leave it at that as though somehow it might be a solution to the problem. It is a solution to the problem only in the respect that people are looking for forceful and aggressive leadership. They are looking for us to take a step forward and to take the cutbacks necessary ourselves.

I have already indicated that funding must be maintained for high priority items. There are two high priority items in my mind. First is enforcement particularly with the departments of justice and the solicitor general. Second, every effort must be made to ensure that those who are least capable are able to be provided for. Third, there must be a cutback and elimination of the duplication of efforts among respective departments.

There is also something very interesting here. Part of the problem is that we do not seem to have an understanding on the part of many people, many reporters and many commentators in particular in the news media. We certainly do not have an understanding on the part of many people on the back benches of the Liberal Party of the aspect that there must be substantial cutbacks.

I noticed in the Ottawa *Citizen* over the weekend an article written about a program put on by CTV called "Due South". It was interesting. It asked people if they had seen the program. Some people had seen it and hated it; other people had seen it and loved it. The point is that it was done without tax dollars.

(1235)

The commentator was basically asking why we should be celebrating the great commercial success. Why should we be celebrating that we have people employed in Toronto in the film industry putting the thing together? Why should we be celebrating that it is a commercial success because it has 20 editions on the CBS network? Why should we not be celebrating the programs that are truly Canadian rather than just commercially viable programs?

I will tell that person why. In this 20 minutes we will be going \$1.4 million further into debt. That is why we must take steps to ensure that things like the film industry are privatized. We must reduce subsidies to national museums and galleries as worthy as they may be. If you haven't got it, you shouldn't be spending it. That is exactly what has been going on. There are \$450 million available there.

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I would like to make another comment about the Department of National Defence. The member of the Bloc was raising the issue of the Department of National Defence. My own personal position is: for people to risk their lives, whether it is in helicopters off Labrador, in the former Yugoslavia or on a barricade wherever it may be in Canada, do we expect them to be given the tools and the training? If they are putting their lives on the line they must be properly supported.

We combined the spending cuts that had already been put forward for the Department of National Defence, together with the \$300 million that had been recommended by the joint committee and came up with a figure of \$1 billion. I say to the House as an individual that if we want to cut more from the Department of National Defence the first thing we must do is establish our priorities, our objectives for national defence. I for one will never stand for anyone making arbitrary cuts without first determining there will be a rollback in the services the Department of National Defence will perform.

We believe a dollar in the hands of a taxpayer is more productive than in the hands of government. The finance minister said very specifically that subsidies build dependence. I do not know whether members happened to see the front page of the *Financial Times* a couple of weeks ago. It showed that for every dollar a person in British Columbia puts into UI he or she gets 70 cents or whatever out. Whereas for every dollar a person in Newfoundland puts in he or she gets something like \$3.70 out. Even within UI there is a transfer of wealth. These things must be looked at. Am I suggesting this should not be? I am simply raising the issue that at the moment there are transfers of wealth that build dependency.

We have specifically said, for example, that we should reduce the subsidy to the Canadian Broadcasting Corporation by \$365 million. It was interesting on CTV over the weekend that there was some speculation the government was also considering that. It is a simple thing to do. Mr. Speaker, you may be aware of the fact that my tax dollars, the tax dollars of Canadians and the tax dollars of CTV were used by the CBC to outbid CTV on the rights to the Olympic games. That was absolutely bizarre.

All sorts of cuts must be made, but the bottom line to the exercise is that there are no simple answers. It is up to all of us as politicians and to the news media to take on the responsibility of acquainting the people of Canada with the fact that there is no easy way. It is going to be tough but there is a light at the end of the tunnel if we are prepared to get aggressive on the debt.

(1240)

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, when I hear Reform members making comments, I

always ask myself whether they are aware that the party in power is not the Bloc Québécois but the Liberal Party of Canada. They are always directing their attacks at the Bloc Québécois; I do not know why, but I find it a little strange.

I also noted some insults that were directed at my party, at the work that each member of the Bloc Québécois is doing and the seriousness with which we take our responsibilities as the Official Opposition, and I was deeply offended. Since the beginning, we have been doing what is expected of us in Quebec, and I would tell you, even in Canada in some respects, because some of our Canadian friends from the Maritimes, and even from western Canada and Ontario, speak very favourably about the work that my colleagues are doing as members of the official Opposition in this House. The same cannot be said about the Reformers. Even in western Canada, they are starting to loose ground, but that is their problem.

With all due respect for my colleague, who is also on the finance committee, I would have a question for him. If the Reform Party is so serious in its offensive, in its suggestions for improving Canadian public finance, why does it leave aside a whole section of taxation, a whole section of grants, too? Why is corporate taxation excluded? Why does the Reform Party refuse to even discuss corporate income taxes?

Why is it so dead set against it? Is it a definite mind set? Is it dogmatic? Why does it reject the review of tax conventions signed with tax havens, when the Auditor General, who is objective, and even Samson Bélair suggest that hundreds of millions are lost because of these infamous conventions which are perfectly legal but, in my opinion, totally immoral, considering the present state of public finances?

How is it that my colleagues in the Reform Party do not want to review this aspect of taxation? Why do they refuse to budge when we mention family trusts?

Even in the subcommittee set up by the finance committee to examine family trusts, they ridiculed the review of this question, something requested by the Minister of Finance. Why do they keep such a closed mind on discussing family trusts and such an open mind on cutting unemployment insurance, the Canada Assistance Plan, federal transfer payments for post-secondary education, the budget of the Canadian Broadcasting Corporation—a stupid measure to cut 30 per cent, one third of the budget, suggested last week—, and all the measures taken at the international level?

Why is the Reform Party so opposed to a serious review of this issue? If they are really serious, they should quit being so dogmatic every time we suggest something which might impact on companies, on very rich Canadians and on certain members of their own party.

*Government Orders**[English]*

Mr. Abbott: Mr. Speaker, taxation, as I have indicated, very simply is the confiscation of wealth. If you will pardon the term said in humour, it is legal robbery. In other words what basically goes on is that the people who come to this Chamber make this grab legal by virtue of the fact that they are entitled by Canadians to do so. It does not make any difference. The taxes that are taken from individuals and the taxes that are taken from business in a Robin Hood style are then redistributed.

(1245)

There are some services, particularly in the area of protection and in the area of the environment—

Mr. Mills (Broadview—Greenwood): What about health care?

Mr. Abbott: Health care is a good example. There are some excellent examples of the intelligent use of these taxation dollars but nonetheless they are confiscated from businesses and from individuals. We believe, and I state again, a dollar in the hands of the taxpayer is more productive than in the hands of the government.

I would like to take the member up on his comment once again about family trusts. There is somehow a myth which he and his colleagues have bought into that there are countless billions of dollars there. I use that \$42 million per family trust figure as an example. When they ask for quantification to say how many dollars are in family trusts, and then turn around and say because Revenue Canada, because the Department of Finance will not give us these numbers that somehow they are trying to hide these numbers from us, the process truly is not open.

The only way that we could quantify how many dollars are in family trusts is if we in this Chamber made the determination that we were going to tax wealth. We tax income, not wealth. To accurately identify how many dollars are in family trusts, because family trusts are a part of the entire relationship between people and companies, we would have to quantify how many dollars perhaps the Speaker is worth, perhaps that I am worth, perhaps that the member is worth. Then we would be able to determine on the basis of this wealth that maybe we will tax you 1 per cent of your wealth over \$100,000, whatever the number is.

It is a completely erroneous position to take in my judgment that the finance department and the revenue department are somehow surreptitiously or overtly withholding information. The information does not exist, so how can they give it to the committee?

The member said that some of my comments were an attack on the BQ. I guess that is part of my problem because I find some of the comments to be somewhat nonsensical.

[Translation]

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, I listened to the Reform member mention the wealth in family trusts and that it would amount to taxing wealth, as if wealth was a concept that applied only to the rich, because we could not care less about the wealth of the poor. Therefore, it is not a problem to tax them, increase their burden, reduce the services provided to them.

My question is this: He knows full well that the Bloc Québécois has been asking for information on family trusts, that is to say that family trusts should declare their assets, rather than only their revenues. Why is he opposed to the finance minister saying in his next budget: This year, everybody with a family trust will have to declare the assets in the trust. How else can he justify his being opposed to this but to preserve the freedom of those who have family trusts? How could such a measure be catastrophic for these people?

(1250)

[English]

Mr. Abbott: Mr. Speaker, there are basically two aspects to family trusts as there are with anything. There is this aspect of real property, the capital gains portion on real property to which the members keep referring. The other is marketable securities or other assets of that type. I do not really understand. The information does not exist. It is that simple.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I would like to begin by picking up on some of the comments that other members have made in this debate so far, that we are dealing with a very complex issue.

I refer to a paper that was delivered at the University of Toronto last August 8 and 9 at the Institute for Policy Analysis. It was delivered by Professor Pierre Fortin from the University of Quebec. The title of this paper was “A Diversified Strategy for Deficit Control: Combining Faster Growth with Fiscal Discipline”.

I would like to read a few comments from the abstract of this paper, which I recommend to all members because it deals with the complexity of the challenge before us:

“Under current projections of economic growth and fiscal policy for the next two years, the probability that the federal government will achieve its stated goal of bringing down the fiscal deficit to 3 per cent of GDP by 1996 is almost zero. Four types of changes could improve the odds that the target be achieved: one, faster economic growth; two, a decline in interest rates; three, additional cuts in program spending; four, increases in tax rates.

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“It is possible to develop a diversified strategy that would: one, allow the deficit target to be met by 1996; two, achieve continued reduction of debt and deficit beyond that day; three, permit the economy to return to full employment by 1999; four, preserve the gains already made against inflation. That strategy would have lower interest rates, raise the average growth rate of real GDP to 5 per cent per year over the next five years. A nominal freeze on program spending would be imposed in 1995 and 1996 and would be followed by moderate real growth in 1997 to 1999. There would be no increase in the global effective tax rate”.

For the largest part the paper exposes the analytical and empirical foundations of this proposed combination of accelerated growth and fiscal discipline. I quote specifically from that paper because I realize that Professor Fortin is a respected economist in this country. I have heard he is someone who from time to time would even give our members in the Bloc Quebecois some advice. It was for that specific reason, aside from his reputation, that I tried to get into his paper.

I believe that all members in the House have really put the right emphasis on the cuts. I do not think anybody watching the debates that are going on around here would question the commitment, the focus or the debate on cuts. We cannot turn on a light around here these days without somebody saying do not do that because we have to save money. The message of working on achieving cuts has been well impregnated into the thought process of this Chamber and of this city.

The other area of tax reform in my mind has not really been put on the front burner to the level it should be, but the real issue for me has to do with faster growth. I believe that is where we as members of Parliament are falling short.

(1255)

If we are going to meet the challenge of getting our deficit and debt house in order we are going to need growth in the country. We are going to need jobs. We are going to need investment. We are going to need the entrepreneurial spirit recharged.

I believe passionately that we will not achieve the growth that we must achieve if we are going to meet these targeted numbers unless we reform the tax system. The current tax system is no longer trusted by business or by the average person in terms of the personal side. Look on the business side right now. There are 37,000 tax cases before the courts with a burden on the justice system because of the tax act challenges coming from business. Most Canadian recognize that.

There is something else that we as a government have to face. Members have touched on it this morning. We are now competing more than ever for capital around the world. We are in a

globally competitive regime for capital. In order to have capital move to our community, move to our country, we have to have a globally competitive tax regime.

We should not look at these other countries that are attracting capital for investment in their communities in a condescending way. We should realize that they are ahead of the game. They are ahead of us. They have realized that point. Today capital can move with the push of a button.

If people who have wealth, capital and are entrepreneurial achievers see that by getting a better tax break by pushing or parking some of their wealth in either the islands, Switzerland or some other part of the world, why would we not expect them to try to do that? We would not want them to just leave their money here after they had worked hard to achieve this wealth when we did not make any effort at reforming our tax system or recognizing that those wealth generators are an important factor in generating jobs and growth in this economy.

The challenge of reducing the deficit and debt is inextricably intertwined with having a tax system that will reverse capital flows. I will try to explain this.

If we have a tax environment that attracts capital from all over the world all of a sudden in our community, in our financial institutions we will have a glut of capital. When we have a glut of capital that means costs will go down. When costs go down the interest rate on serving our debt is going to put a lot less strain on the fiscal framework of our country.

More important, if we have capital in our community that is not expensive, that is readily available, the entrepreneurial spirit which needs access to that capital can go out and do what it does best, take risk and create jobs.

(1300)

When those jobs are created, once again on that side of the ledger we are going to be putting less pressure on the fiscal framework of this nation.

I believe that we have a challenge here. We have achieved the notion. I would give the Reform Party some credit for pushing this whole subject of cuts almost through the wall, but I really believe that we as a government and as a Chamber now have to put an equal amount of thinking and creativity on how to get some growth going.

One cannot get growth with the current tax system. The current tax system is a disincentive to achievers. It is a disincentive to risk takers. It is a disincentive to the entrepreneurial spirit in our country. That entrepreneurial spirit which is required for taking chances and throwing out ideas that can create jobs needs to be nurtured. We are not doing that with the system that we have today.

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The problem when one tries to reform a tax system that has looked after every little interest group in this country is that the political will becomes very fragile. As members know I have been trying, I believe in a constructive way, to reform the tax system of the country over the last five years.

I realize that this may be the last chance in the government's term to reform the tax system. If we do not take on the challenge of comprehensive tax reform in this budget, we will have committed ourselves to a pathway or a direction that will carry us for the term of this government. For me, the next 30 to 45 days is crucial if we are going to address the whole issue of comprehensive tax reform on the personal and corporate side.

As I started to say, the difficulty we are going to have in trying to achieve tax reform is that every interest group in the country has a built-in measure of support in the current tax system.

As many members know, I have been advancing this notion of the single tax system for the last few years, continuing to refine it. Many times Canadians will say: "Why is it that you are having problems in moving this debate forward?" I always say: "First of all, there is a basic tax lethargy in the country. The second thing is that when you go to eliminate the preferences in the tax system, people become very queasy. Their political will does not tend to remain strong".

In the latest proposal that our team has put forward, some of the income deductions that would be eliminated are the following: attendant care expenses; moving expenses; workers' compensation payments; employee home relocation loan deduction; the stock option and shares deduction; the capital gains deduction; the northern residents deduction; forward averaging; employer paid health preplanned premiums; child care expenses; receipt of intercorporate dividends on the major tax credits eliminated.

There is everything related to tuition, education, certain medical, labour sponsored funds, political contributions, investment tax credits, et cetera. There are a lot of preferences that have to be eliminated if we are going to have tax reform in the country.

I believe the tax system is the one instrument that the Government of Canada has that can move the whole spirit of the country. It is the one act of Parliament that touches every single Canadian. If we redesign the tax act in a simplified, fair, efficient way so that all Canadians can feel that they are part of the tax renewal movement, that will be the spark that is necessary to first of all get capital flowing into this country. By having a globally competitive tax system, capital will move here. That in turn will ignite that entrepreneurial spirit again, to take chances and invest in our communities, which is how jobs are created. At the same time it is going to give us the ability,

because of that uptake and faster growth, to make those cuts in program spending a whole lot easier because the growth will have picked up some of the pain that will be there because of these deep program cuts we are going to have to make.

(1305)

I welcome this debate today. It is a very important debate on the eve of preparing the budget. However, I caution members to consider, as Professor Fortin has stated in his paper, that we cannot just look at a system where we only have fiscal discipline. At the same time we have to create an environment where we can have faster growth. We need faster growth. You cannot spark, induce and motivate people into taking chances and getting this economy going unless you hit them with a fair and constructive tax system.

[Translation]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, we have been listening all day to speakers from both sides of the House expressing their views on how to run this country rationally. We are presented with the following alternative: on the one hand, cut services, social services naturally, and on the other hand, increase taxes. Never was sound management mentioned.

When I was mayor of Garthby township, we were required to bring down a balanced budget, because municipalities were not allowed to have deficits. When I see a government trying to play Santa Claus, wasting public funds, being generous, extremely generous and acting in such a way that the next two or three generations will have to pay for this generosity today, I cannot help but worry about the fact that we need to borrow in order to pay current debt charges.

I could give this Liberal government a number of examples of sound management. But last year, before Christmas, the Minister of Intergovernmental Affairs and member for Hull-Aylmer travelled aboard a government jet to go and deliver two ten-minute conferences on the benefits of sound government management, at a cost of \$170,000. Also, the restaurant on the 6th floor of this building lost \$2 million last year, and most of this deficit is due to the fact that senators and members forget to pay before leaving. Apparently the waiters do not run too hard after their clients either. Two million dollars.

The operation of the other place costs \$65 million each and every year. The government could manage a little better. When I hear that good taxpayers owe government \$6.6 billion are these friends of the regime? I do not know. Corporations, companies, small and medium size businesses owe \$6.6 billion. The government is forced to borrow today because it is dirt poor, yet it does not collect what is owed. A government that is unable to collect its assets does not deserve to govern the country.

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(1310)

Mr. Speaker, I think that you too were the mayor of your municipality, so you know full well what happens to voters who do not pay their property taxes. After three years, their property is sold off to pay taxes.

Mr. Mills (Broadview—Greenwood): Question.

Mr. Chrétien (Frontenac): My question is this: I know that the Liberals want to preserve family trusts and tax shelters for their friends because they need them to fatten up their election fund.

Mr. Mills (Broadview—Greenwood): Question! Question!

Mr. Chrétien (Frontenac): Why does the hon. member for Broadview—Greenwood not talk about sound management? I will always remember when we had work done in the sixth concession road in my parish—and I will close on this—, all local truckers were hired to widen the road by laying 12 inches of good gravel. Of course, the trucks were not fully loaded so some taxpayers asked me to do something about it. I told them that it was not us but the provincial government that was paying. When they heard that, they went away reassured. Today, whenever Canadian taxpayers hear that expenses will be paid at a higher level, they feel as though the money will come from the sky. Yet, you never say anything about sound management. Very often \$175,000 contracts could be carried out for \$20,000 or \$25,000.

Mr. Mills (Broadview—Greenwood): Okay.

Mr. Chrétien (Frontenac): So go ahead. Sound management is what we expect from you.

[*English*]

Mr. Mills (Broadview—Greenwood): Mr. Mayor—

The Acting Speaker (Mr. Kilger): As a former referee I have been called a lot of things but I have never been called a mayor because I have never been a mayor.

Mr. Mills (Broadview—Greenwood): I thought I would give you an opportunity, Mr. Speaker, to set the record straight.

First I say through you to my friend in the Bloc that we would never disagree with you on improving the administration of government. I tried to suggest that I think there is a very tight disciplined focus on cutting expenses and eliminating not just programs but cutting out waste and the expenses the member referred to.

I also said that the single tax system it is an airtight system so that no one can exclude paying their fair share of taxes, including the family trusts. That is included as are all incomes in the system. I have sent copies to the member. Maybe he just has not had the time to read the proposal.

I think there is a far more important point to make to the members of the Bloc here today. I get the sense from their debate

that they are not into really constructing a positive spirit for the people of Canada today. I get a sense that they are trying to take a few cheap shots.

I do not want to take any cheap shots, but I do want to say the following. I believe that one of the greatest factors in getting this economy of Canada going again is restoring confidence in our communities, confidence in our entrepreneurial sector, and confidence in investing in the country.

By having a chamber like this where there are people who are constantly talking about taking Quebec out of Canada, I would venture a guess that that is costing the economy of Canada a lot of money. I hope they can maybe forget about being the Bloc Quebecois today and start taking a day to be the Bloc Canadien.

(1315)

[*Translation*]

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, before going on to my speech as such, I cannot help answering the Liberal member who just concluded by saying that we should be a “Bloc Canadien”—what a slogan. Maybe he should take the time to think about why we are proposing sovereignty for Quebec and why we were elected and realize that it is probably in the best interest of Quebec and Canada.

I would like him to take just a few minutes to think about it and see what kind of partnership there could be in future and maybe then he would start thinking more positively about it. Now, to reassure him, I entered politics for two reasons. Of course, I wanted to help Quebec fulfil its rightful destiny as a sovereign country, but I also wanted to improve the government's finances.

It is not true that we will continue to go deeper into debt year after year, because whatever happens on the political front, we must improve the government's finances in the short term. The Minister of Finance has not done much about it in the past year. When he presents his next budget, I expect him to rise in this House and say, “We have achieved our forecast; we will end the year with a deficit of \$39.5 billion”. And then you will see his colleagues rise and give him a tremendous ovation.

They will be proud to have such a high deficit, although the deficit was \$41 billion last year and only the surplus in the unemployment insurance fund has made it possible for them to reduce the deficit this year, and by so little, \$2 billion, just from the UI fund. Those people will be happy, they will be proud, they will feel like they are in control of the nation's finances.

To give an idea of the size of the problem, let us talk about the OECD. You know, the OECD compiles statistics. It is not the Bloc Quebecois but a very reputable economic organization and I want to give you some statistics from the OECD. You know, it is not true that we can explain what is going on here by saying that it is happening throughout the world. That is not true.

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Canada's indebtedness is much greater than other countries'. I tell you that the net debt is rising much faster here.

Between 1985 and 1993, the ratio of the net debt over the GDP for the governments of OECD members, that is 15 countries including the G-7 nations, increased by 22 per cent. This is already pretty serious. However, for Canada, the increase for the same period was 77 per cent. I can just hear the Liberals say "There you go; this is what the Conservatives did". Well, let us look at another statistic. The national debt essentially increased between 1970 and 1985. If we use the same indicator again, that is the ratio of the deficit over the GDP, we went from a surplus of 0.3 per cent in 1970, to a deficit of 8.7 per cent in 1985, at the end of the Liberal government years.

This was an unprecedented high which has not been equalled since. Now that the Liberal Party is back in office, its Minister of Finance launches an unprecedented consultation exercise to say that the government will hit hard. That consultation might be something new, but the message conveyed is certainly nothing new. In the two years preceding the arrival of the current finance minister on the scene, his predecessors said the same thing, only to end up with timid measures in the budget itself.

For all sorts of reasons, people are skeptical about the minister announcing this year the cuts which he intends to make to reach his objectives. Indeed, there is such a thing as a political context and the government must show that the federal regime is good and that it benefits every Quebecer. Consequently, the Minister of Finance will once again only announce timid measures to slightly reduce the deficit.

But wait until after the referendum. This is when the major cuts will be made. Last Friday, I listened with great interest to the finance minister, who was Jean-Luc Mongrain's guest on his very popular program in Quebec. The Minister of Finance, who looked very serious and deeply concerned by the magnitude of the deficit, said: "This time, Mr. Mongrain, we have no choice and nobody will be spared". I will come back to this "nobody will be spared" later.

(1320)

Now, all of a sudden, he says that we must reduce the deficit in order to improve the employment situation. He is saying the exact opposite of what his party promised during the election campaign. I must admit that I have not followed, day in and day out, all the statements made by the Liberals, but I seem to remember what the public has remembered, and that is the slogan they used and the fact that they were always talking about "jobs, jobs, jobs". They assured us that job creation would

restore dignity. They have now found out that they must first deal with the deficit, and that will help to improve employment.

That sounds like what the Conservatives used to say. That is what the Minister of Finance used to say, and since the Minister of Finance is still at the helm, whether he is Liberal or Conservative does not change anything, the statements are all the same and Paul Martin, as Minister of Finance, is making the same old statements. Nothing has changed, except maybe for the colour of the cover page. He now tells us that, yes, these are the measures the government has to take.

The same thing goes for the monetary policy. It is amazing to see how members change their minds when they change sides in this House. The Liberals ferociously criticized the monetary policy put forward by the Conservatives, but now that they are in office, they keep quiet on this issue. They keep going in the same direction as their predecessors; all they have changed is the director, the Governor of the Bank of Canada, to replace him by someone who thinks alike.

Some experts, including Pierre Fortin, an economist at UQAM whom a Liberal member quoted extensively earlier, have told the finance committee that the government still has some leeway to toy with the short-term interest rates. The inflation rate is low, very low, in Canada, and the difference between the rates in Canada and the United States is still relatively high, compared to what it could be. Inflation is beginning to be felt a little more in the United States.

But we keep following the same restrictive monetary policy. Worse, we are now being told that both policies, the monetary policy and the fiscal policy, will be restrictive. This monetary policy, and especially the short-term interest rates, give you something to think about. But now they have gone back to their offices at the Department of Finance, and that is it.

Earlier, a Liberal member said, and this is typical, that economic growth would take care of everything. There is something fundamentally wrong about this reasoning. The figures we get from their own Department of Finance tell us that 80 per cent of the current deficit is due to structural problems. The structural unemployment rate is 8.5 per cent. This means that even with strong economic growth, the current deficit cannot be reduced by more than 20 per cent and the unemployment rate cannot be brought below the 8.5 per cent mark.

As far as structural problems are concerned, and I will get back to this later before I finish, the World Competitiveness Report provided some interesting information on Canada's competitive position and contained references to structural problems. I agree, these are complex issues which are not easy

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to explain, but the people who are running the government should understand.

Here again, we see very little change from the previous government. So what is happening as far as the next budget is concerned?

I would like to comment briefly on the prebudget consultations. I was involved from the very beginning. I went on the tour of the Western provinces, and I wonder who was talking to whom. These prebudget consultations were planned some time ago, but the groups that appeared before the committee were informed only two or three days ahead of time. They appeared at the last minute and apologized, saying they had been invited on very short notice. How come? This was supposed to be the widest ranging consultation in the history of the Department of Finance, and people hardly knew about it. They were unable to make a good presentation, because they were pressed for time.

At this time of the year, the next budget is already at an advanced stage. One wonders how significant the committee's contribution can be, when we consider that from today onward, every day is almost a whole day too late. There will be a postponement until December 7. It could have been much later, but there definitely was pressure not to go any later than December 7.

(1325)

I will now discuss the feelers put out by the Minister of Finance concerning RRSPs. It is incredible the kind of concern we are now seeing about RRSPs. All options were open, when I put the question to the minister on a number of occasions here in the House. Did he intend to tax capital accumulated in RRSPs? Reduce the maximum annual contribution? The total accumulated contributions? Not a word. The door is wide open.

One of Canada's weak points as far as its competitive position is concerned is its level of savings. In your first course in macroeconomics, you learn that one of the key variables that generate investment is savings. When you buy an RRSP, this is money you save which is then reinvested. If the Minister of Finance wants to play around with the savings of Canadians which are already very limited, we are not going in the right direction.

That is the signal he is giving people for next year. People will be concerned when it comes time to contribute to their RRSP. They will say to people who want to sell their RRSPs: "Yes, but if I put the money in, you say that it is a good vehicle, because it helps us improve our tax planning and defer paying taxes on our income until we are retired. But now, I am not so sure, because there are rumours the Minister of Finance is going to tamper with that". Even if he does not do it in the February budget, we have no guarantee he will not do so the year after. He should send a clear message to the public that he will not tamper with this vehicle and that it would be useless for him to do so. All he would be doing is siphon money out of retirement funds. At the

present time we are borrowing, but this would drive us to borrow even more in the future.

What is going to happen when these people retire if there is less money in their retirement funds? What is going to happen? It will be a disaster. It is a very strange reasoning, especially when one considers that family trusts can defer paying any capital gains tax until the death of the last beneficiary, that is to say for 80 years if we limit ourselves to normal life expectancy. We are told: "No, we are not considering actualization every 21 years, as it was done previously. No, it is out of the question, it would be bad for the economy. It would serve no purpose". Yet, the government wants to impose it on individuals, middle-income taxpayers. They are told: "We are going to tax your future income right away".

There is a great lack of consistency there. This is a very skewed reasoning which will have to be explained. Of course, the government keeps the door open by saying: "Yes, we did not do it, but wait for the next budget. This is not too serious". We could have healthy consultations if people knew where we were heading. At present, everything is open, in any direction. It is not necessarily a bad thing to open everything for review, but when we look at the papers that the minister publishes, we see very strange things. Take fiscal spending for example, tax credits for charitable donations are considered almost like wasteful fiscal spending, when they are actually very good for the economy. They actually reduce the amount the government would otherwise have to pay. Expenses are only dealt with in terms of personal income taxes, not corporate taxes.

I would like to present a few statistics illustrating the depth of the challenge facing us since cuts are so often mentioned.

Let us have a look at the distribution of the population in terms of income brackets. This is based on income tax returns. About 20 million taxpayers file a return. It is rather shocking to see that 50 per cent of the population has an annual income of \$20,000 or less; 50 per cent. If you go up to \$25,000, you find that 60 per cent of the population has an income of \$25,000 or less.

To balance the budget and bring the deficit under control, that means \$2,000 for each and every person. Twenty million taxpayers at \$2,000 equal \$40 billion. Of course we could take the economic growth into account. However, we must keep one thing in mind, the interest on the debt is increasing because we are going deeper into debt. Every year, we must pay more interest. Economic growth allows us to generate additional revenues to pay increasing interests.

Now we are told that we must bring this problem under control, so the government targets the middle of the pyramid or the bottom half, where 60 per cent of the population is.

(1330)

Cutting expenditures may affect everybody in pretty much the same way. But proportionally, it is those with an income of \$25,000 or less who are going to be hit the hardest. You can see

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right away that, if this is the way the government decides to go, it is going to be impossible, inhumane.

What is the alternative? Why not target the top of the pyramid? The middle class is not part of this picture yet, but if you want to go higher, you will find that 20 to 30 per cent of the population is in the \$25,000 to \$55,000 bracket. Right away, you can see what a huge challenge this is going to be; reduced spending alone will not be enough. We should take a look at fiscal expenditures. Now you should see how hard it is to get information. It is complex, it affects the economy, it hurts, whereas it does not hurt to attack the underprivileged, to cut benefits paid to the unemployed. They do not consume goods and services, therefore they do not contribute to the economy in the eyes of that party. Only the rich contribute to the economy. That is the myth. And the Reform Party is in total agreement. They think alike on this issue. They think that the rich drive the economy, not the middle class. This is a terrible thought.

Mr. Chrétien (Frontenac): Terrible and terribly wrong.

Mr. Brien: I hope that they will see fit to deal with the top of the pyramid and address the squandering going on at that level.

I see that I have only a few moments remaining in my speaking time. Let me briefly touch on taxation, just to say that a major confidence-building factor is missing at present. When you look at outstanding tax accounts totalling \$6.6 billion. But 82 per cent of this amount is owed by 25 per cent of the taxpayers who have tax accounts outstanding. Yet the Minister of National Revenue is pleased to tell us: "We are much more efficient; we recover a much greater number of accounts". What he does not say is that they go for the small accounts. The large ones, they do not touch them. In the private sector, we go for the big accounts, we do not deal with the small ones first. Efforts are made in both cases, but here you are less efficient; you start with small accounts and large accounts. After a while, you have all kinds of problems on your hands. I am not talking about accounts in dispute, because then you could add another \$2.5 billion. The Department of National Revenue generally wins most of these disputes. This means that, eventually, a few more billions can be expected to be recovered.

To this we can add the GST with overdue accounts in excess of \$1 billion. The total amount owed the government is close to \$9.5 billion. Why? Because people do not trust the government, because they feel that they are paying more than their fair share and are increasingly turning to the underground economy. More and more of them are rejecting and revolting against our tax system. What are they doing about this? Nothing yet. They do not even have the will to tackle the problem. They do not even talk about it. That is unacceptable.

The Bloc Québécois will include its suggestions in the report to be submitted by the finance committee. They must remember

one thing: They were elected to make decisions. They must stop hiding behind all the consultations they are holding to help them make decisions. They are paid to make decisions. The Minister of Finance was appointed by the Prime Minister to make decisions. He is not going to hide behind committees that will support his comments or tell him not to do this or that; it is up to him to decide. In any case, people will soon get fed up with these phony consultations. People are very skeptical, and with good reason, as we will see if they listened to what the people they consulted had to say about RRSPs.

I will close by addressing the issue of competitiveness. I will limit myself to four points out of many. We have our strong points, the areas where we rank in the middle, and our weaknesses. Since we want to improve, let us look at the weaknesses. Since I have only two minutes left, I will close on this. Some companies do not provide their employees with adequate training. This sounds to me like a training problem. The education system is not in line with the business world. This also sounds like a training problem. We are told of weaknesses in our education system. True, it is a provincial jurisdiction. Quite so. But here the provinces get money in the form of transfer payments. Suddenly they are told that their aid will be cut and that their students will have to go into debt. The government can no longer afford it. Students will have to go into debt. In addition to having to bear an incredible tax burden in the coming years, they will have to go into debt personally to pay for their own education. We benefited from the education system; now it is their turn to pay the bill for it and pay and pay and pay.

(1335)

They take us for a bunch of idiots. What they are trying to do is unacceptable. It amounts to several billion dollars. Besides, we have learned that they even want to touch the tax points which Quebec acquired in the past; they will find obstacles in their path. We will block their way.

Two more points. We hear that governments have trouble adapting to new economic realities. In the present context where we must adjust quickly to markets, we need flexible, responsive, efficient political entities. What we have here is a political system that is completely paralyzed and has trouble moving; it consults and consults. How many consultations has it done? The Liberals are going over the same ground as the Conservatives did in 1984, with consultations on the same subjects. Why? Because finding a consensus in Canada is very difficult.

And then they tell us that we are out-and-out demagogues when we talk about sovereignty. It is a model which they should consider seriously. If they were honest, they would tell people across Canada that it is an option worth considering. I conclude with this: People are ready to make sacrifices, to the extent that they feel it is fair and everyone is doing their share, starting with the top of the pyramid. In terms of spending, this is the top of

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the pyramid and we must cut spending. When that happens, people will really start to gain confidence.

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General, Lib.): Mr. Speaker, I also happen to have a few questions for the hon. member opposite. We hear a lot about scenarios, about the country's precarious finances, the exponential growth of the debt and the other problems of the last few years.

As you know, this exponential growth of the debt did not only occur in Canada: It was a worldwide phenomenon. I would like to know what the monetary and fiscal policy of Quebec's government would be—assuming an independent Quebec—, because all we hear is that Quebec intends to share Canada's financial system and that any monetary policy would be, if I am not mistaken, a joint policy.

In that context, what would be Quebec's contribution? How would it change the system that is currently in place? I am also intrigued by the hon. member's comments on interest rates. How are we going to deal with the confusion and the concerns of international investors if Quebec becomes independent? I am curious to hear how we could control interest rates in such a context.

According to the member, there are some experts who claim that interest rates are very low in Canada and that a lot must be done in that regard. However, what kind of guarantee can the member give regarding those interest rates, assuming that Quebec becomes independent? There is no question that, as regards finances, political confidence is always a factor. I believe that this political confidence exists in Canada, but what guarantee do we have that everything will go just fine in Quebec if it becomes independent?

How will the hon. member convince investors, considering that Quebec will have to take its share of the country's \$500 billion deficit, not to mention the deficits incurred by the province and by Hydro Quebec? It is well known that deficits in Quebec are much higher, per capita, than anywhere else in the western world.

So, how will the hon. member convince foreign investors, given that this new country would be struggling with a huge debt larger than that of any other region in Canada? I would appreciate an answer to these questions.

Mr. Brien: Mr. Speaker, it gives me great pleasure to teach the hon. member for Bonaventure—Îles-de-la-Madeleine some economic concepts.

An hon. member: He does need it.

Mr. Brien: First of all, I am very glad to see that the member is starting to reflect upon the possibility of a sovereign Quebec, of what a sovereign Quebec could achieve and could be. We should probably be thankful to his constituents who are now more than ever telling him that they think it is a desirable model and probably a forward-looking option. So now, the member is curious about the policies of the Bloc Québécois and is showing some interest.

I am really glad and I congratulate his constituents for showing him the errors of his way. The member raised four points in his question, which I want to go over, one by one. He said that the public debt is a world-wide phenomenon. It is so easy to use clichés! Since the member thinks that this is a world-wide phenomenon, let me repeat what I said at the beginning of my speech, there are two periods to consider.

(1340)

I heard one of my colleagues say that the Liberals are responsible for Canada's indebtedness. That is probably more exact. Between 1970 and 1985, we started with a surplus to end up with a very significant deficit.

At the international level, between 1985 and 1993, a period dominated by the Conservatives which the Liberals would qualify as a very difficult time, the debt level of member States of the OECD increased by 22 per cent. Meanwhile, the debt in Canada rose by 77 per cent, roughly 3.5 times more than in OECD countries. Maybe indebtedness is a world wide phenomenon, but the phenomenon in Canada is a lot bigger than anywhere else, probably due to structural problems.

He takes an interest in what the monetary policy of a sovereign Quebec would be. I am happy to see that he thinks about it and that a sovereign State of Quebec might be allowed to sit on the board of the Bank of Canada to discuss its point of view. It would be interesting to finally be able to discuss issues as an equal partner. Anyway, all I said about the monetary policy is that his party—I do not know if he was a member of Parliament at the time or if he followed the business of the House—his Minister of Finance and all Liberals criticized John Crow and the monetary policy of the Bank of Canada. But now that they are themselves in charge, they tell us the current restrictive and harsh monetary policy must be maintained.

All I noted is a blatant contradiction. All I said about the monetary policy is that whoever is asked to apply it should be forced to solve the problem of short-term interest rates. He said that interest rates are low in Canada, while, on the contrary, interest rates are high in Canada. The difference with the United States is larger. That is what has to be looked at, especially concerning short-term rates. People should not be misled on such serious concepts.

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He talked about international finance and the fact they worry about a sovereign State of Quebec that would be “crippled with debts”, in the words of the hon. member for Bonaventure—Îles-de-la-Madeleine. If Quebec can be said to be crippled with debts, how would he describe Canada’s current debt situation? Canada is, with Italy, one of the countries most heavily in debt. Actually, Italy’s foreign debt is much less serious than Canada’s or even Quebec’s.

What international financiers will look at are the results. That is what they will look at. His colleagues and himself—well maybe not himself because he will continue to live with us in Quebec, especially since we sense a very strong change in attitude on his part. As I was saying, his colleagues will have to take their responsibilities and consider an economic partnership because it is not true that Ontario will refuse to trade with Quebec. That province has a \$3 billion trade surplus with Quebec. I cannot imagine Toronto business people—who are supposed to be very rational—saying that even though they make money, they no longer wish to do business with Quebec.

The Liberals will have to explain to their constituents that it could be a very interesting free trade zone. It is a forward-looking and constructive option. Our constituents expect us to have a sense of responsibility, to stop playing politics like we would like to do sometimes.

The financial community will indeed look very carefully at what is going on in Quebec and in Canada compared to international markets.

My main concern right now is that Canada is probably ill-prepared to face what may happen over the next year. Perhaps it will be Canada’s credit rating that will suffer the most, which is not desirable. As Quebecers, we do not wish to see Canada find itself in a difficult situation because it will be our neighbour and we want it to be economically healthy. The member for Bonaventure—Îles-de-la-Madeleine certainly wants the same thing we do.

We are told that 80 per cent of the present deficit is due to structural problems. I will talk about structural problems and about reports on competitiveness that were prepared by people who are not necessarily members of the Bloc Québécois, but are world renowned specialists. They tell us that we have weaknesses in adjusting rapidly to the modern context. Problems in manpower training were also pinpointed. All Quebecers, federalists and sovereignists alike, think Quebec should have jurisdiction over manpower training, but no. Simple and basic demands like that are just ignored.

(1345)

That is why more and more Quebecers, including those in the riding of Bonaventure—Îles-de-la-Madeleine, have undertaken a positive thought process, and, within a year, will make a decision to improve their economic situation, both for them and

for future generations, in order to build a thriving Quebec, next to countries who hopefully will also prosper, Canada and the United States.

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General, Lib.): Mr. Speaker, I did not expect to be the next one to speak. I will nonetheless try to elaborate on the global picture of our financial situation. I think the Minister of Finance has already explained how critical it is. And not only must we suffer these difficult times, we must also suffer cynicism on the part of the opposition.

When I hear members of the opposition say that the only way out is independence or sovereignty, I believe the vast majority of Quebecers do not agree with that option which will not generate any advantage or improve the economic issues of common concern to all Quebecers.

I would like to speak mainly of the pre-budget consultation which will soon be underway. I believe we are about to have a new economic framework.

It is important to remember that our government has limited revenues, and that problem is experienced by the federal government, by the provinces and by countries all over the world, especially western countries. Our government has limited possibilities for direct investment. They cannot solve all the problems and we should not expect them to do so.

I believe the purpose of governmental action is to encourage partnerships. At the federal level, we are quite prepared to work in co-operation with provinces, municipalities and businesses. I think it is very important and, as the member from the other side said so well, what people want is a spirit of co-operation.

One of the strong points of Canadian federalism has always been, for 125 years, the ability to find common grounds, to find ways of reaching sectoral agreements. Of course there are areas under the federal jurisdiction and others under the Quebec jurisdiction, but we often have to work together. Instead of splitting up and thinking that Quebec will be better off once it is on its own in a North American context, I doubt very much that Quebecers will agree with such a scenario or, for that matter, the proposal of Mr. Parizeau and, of course, the Leader of the Opposition.

We were talking about the need to control the debt. I think that has a lot to do with productivity in Canada. We have to review not only our policies and how we manage the government, but also how we help the small and medium businesses to revitalize the Canadian economy.

With that as a background, we are looking for some reductions, of course, but that does not necessarily mean that we do not want to reconsider our objectives. The government global strategy is job creation. By creating jobs, we encourage people to pay taxes, to participate in the economy and that is the only way out for us.

Government Orders

When we talk about program review, we always talk about the social security reform. I think it is important to recognize that after 50 years, we have to review that program. We have to reconsider it to allow the federal government to carry on the way it should and revitalize the economy of our country.

When you take a look at the reform, I think the government and all the social and economic stakeholders, from Quebec or other parts of Canada, worry about the emergency of finding new niches, new opportunities for the Canadian industry. We were certainly able to deal—

(1350)

Mr. Chrétien (Frontenac): Certainly.

Mr. Gagnon: Unfortunately, opposition members do not want to take part in this debate. The only thing that they are interested in is independence, sovereignty, but not necessarily the well-being of their fellow citizens.

In my riding of Bonaventure, I am very concerned by the level of education, of schooling of my constituents. That is certainly a problem. There are many certainties in politics. But among other certainties is the fact that the rate of secondary level graduates is much lower in Quebec than in other Western countries. I think that there is a lot to be done at the professional training level. We have the opportunity to encourage these young people to discover new horizons. The only way that we can do that is to ensure a sort of continuity in the Canadian federation, but also to encourage the young people to complete their studies, to encourage businesses to hire them afterwards and to give a chance to these new and small businesses to find new markets not only at the Canadian level, but also at the international level.

The federal government must take into account not only the social security net, but also the new defence policy of the Government of Canada in a world where the cold war is over, where we do not have the same number of soldiers and officers any more, where our need or our strategy is no longer a military one, as regards the East European bloc. We certainly get some benefits from that. No doubt we have to revisit and reconsider the funds allocated to National Defence.

There is also our foreign policy which costs us a lot of money. Once again, we must develop a new strategy. What is the new Canadian strategy at the international level? I think the Prime Minister made a remarkable demonstration of it when he determined that in the future, the Government of Canada and above all, the Prime Minister, would have to promote our products and services worldwide.

Let us look at what happened in China, for example. We signed contracts for almost \$8, \$9 or \$10 billion. I think that this mission was very profitable to Canadians, to Canadian businesses and also to companies from Quebec. We now have

learned that 30 per cent of the contracts were awarded to Quebec businesses. The reputation of Canada was, of course, instrumental in all of this. In order to get contracts, especially in Asia and most particularly in China, you have to give small businesses support, sometimes at a fiscal level but also at the level of foreign policy, to get signatures on contracts, very important contracts.

According to Bernard Landry, it is unfortunate that these contracts were negotiated before the Prime Minister of Canada arrived in China.

We have to recognize that for these countries it is important to deal with politically stable countries, recognized in the area of international trade, countries which have acquired an enviable reputation like Canada. We must acknowledge that it is not the case of Quebec. Quebec is not an independent country, Quebec always took advantage of the fact that it was part of Canada, it always capitalized on our good reputation in the world of international trade.

I will repeat that the consultations undertaken by the Department of Finance, and naturally the committee, are meant to give information to Canadians.

(1355)

This information on the deficit is fairly well known, we have talked at length about the accumulated debt, and about the situation in the provinces and municipalities. We have to take into account the new Canadian policies regarding job development, defence, foreign affairs; all of these have one overriding goal, to revitalize the national economy.

However, once we have given this basic information, we have to itemize spending, we must tell Canadians where our money comes from, and explain why we have a deficit. You know, it is not easy to explain, but numbers are self-explanatory. That is the reason why we must appeal to Canadians from all walks of life to give their opinion and suggest solutions to the deficit problem we are facing right now.

Whether Quebec becomes independent or not, the deficit is a problem we share with all provinces. When you prioritize economic recovery, you give priority to Canada for the economic benefit of all Canadians. Obviously, we must work together. I believe that every one of us has the duty to take into account the fiscal reality of the country as well as the possibilities to find common solutions.

We are now talking about the central role of the federal government, but we still want to hear the point of view of all Canadians in every sector of the economy. I believe that when the committee starts touring the country, it will meet east-coast fishermen, people working in the forestry area, not only workers, but also businessmen.

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Of course, we must assess what our strengths are, but also our weaknesses; this is the way to reach a common position. In Ontario, we will certainly meet more industrialists, in the car and aerospace industries. There is a lot to do, in every province.

Getting advice from all the sectors in which we are strong is a priority for these consultations. I hope that the opposition will take part in them. University professors, scientists and scholars will also be able to contribute so that we can get our national economy going again. Strangely enough, when we talk about national economic recovery, this includes local and even regional economic recovery.

This past week-end, in Eastern Quebec, the Université du Québec à Rimouski granted economic regional development certificates. People, especially young people, were asked how to elaborate new economic development policies. I see my time is running out. What a pity! Twenty minutes go by so quickly—

The Speaker: I will give the floor back to the member at 3 p.m. and we will listen to him with great interest. It being 2 p.m., pursuant to Standing Order 30(5), the House will now proceed to Statements by Members pursuant to Standing Order 31.

STATEMENTS BY MEMBERS

[*English*]

WESTRAY MINE DISASTER

Mr. John Murphy (Annapolis Valley—Hants, Lib.): Mr. Speaker, today in Stellarton, Nova Scotia, the Governor General, the Right Hon. Ramon Hnatyshyn, will present the medal of bravery to the heroes of the Westray coal mine disaster.

Close to 200 draegermen and barefaced miners will receive this decoration for their unselfish acts of bravery under very hazardous circumstances. This is the first time in Canadian history that so many individuals have been awarded bravery decorations for a single incident.

I stand here today to salute those individuals for their heroic acts during this tragic time.

I urge each member of the House to take a moment and reflect on those who lost their lives in the Westray mine disaster. Let us never forget the efforts of those individuals who worked so diligently in the aftermath of this tragedy. Not only do they deserve our recognition but our deep and heartfelt thanks.

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[*Translation*]

BLOC QUEBECOIS

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, over the weekend, the general council of the Bloc Québécois adopted a comprehensive referendum action plan in harmony with all sovereigntist forces in Quebec. This action plan includes a convention to be held in April, which

will focus on Quebec sovereignty and its effects on day-to-day activities.

The Bloc Québécois is prepared to be actively involved as a major player in the referendum, because the battle ahead of us will be the battle of a lifetime. We will demonstrate that sovereignty is essential to the development of Quebec and the future of our children. We will repeat that the federalist alternative is nothing but the status quo, as the Prime Minister of Canada keeps telling us.

We, the people of Quebec, will choose sovereignty. We are ready. And we will win this decisive battle.

* * *

[*English*]

EMPLOYMENT

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, last Friday it was implied both inside the House and outside that I would preclude women with children from working in my office because I was concerned that their family responsibilities would impair their ability to do their job.

That is simply not the case. I apologize for failing to make my position clear in my comments in the standing committee. Two of my staff are married women with children and I oppose bias in hiring, particularly on marital grounds. I asked applicants during the interview stage about their family situation but this was not a factor in the hiring decision. I selected people on the basis of their qualifications and experience.

I now understand this is against the rules and I will refrain from doing so in the future. However I think it is sad that an employer cannot discuss an employee's family situation to arrange support for them during family sickness or emergency.

* * *

“UGLY FACE OF FREEDOM”

Mr. Morris Bodnar (Saskatoon—Dundurn, Lib.): Mr. Speaker, recently the American television show “60 Minutes” aired a story called the “Ugly Face of Freedom” which alleged that anti-Semitism was on the rise in Ukraine.

This story slanders Ukraine and ethnic Ukrainians everywhere. To make its case it relied on historical events and interviews with radical political groups. It offered no firm evidence to prove its case. It interviewed the editor of a daily right wing ultranationalist newspaper and allowed him to voice his demented opinions but forgot to mention the number of papers that he sells.

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From its lofty platform as media "60 Minutes" is allowed to broadcast its message across Canada and the United States. When people see this show on television how are they to know that it is not so?

I call on the CRTC to take steps to ensure that this kind of misinformation is not allowed to be broadcast across the border so that this type of harmful misinformation may never slander another group again.

* * *

THE COMFORT MAPLE

Mr. John Maloney (Erie, Lib.): Mr. Speaker, recently the oldest member of my riding underwent surgery to correct damage caused by a lightning strike some 30 years ago.

This well-known character resides in North Pelham and is an 80 foot tall sugar maple tree named the Comfort maple and is reported to be 500 years old. I am pleased to announce that restoration this summer has had excellent results and the Comfort maple is recovering well.

This summer the Comfort maple was host to a stamp launch by Canada Post for its maple tree stamp series. This event was all the more significant because members of the Comfort family of West Lincoln after which the tree is named celebrated their 100th consecutive family reunion.

The Comfort maple reminds us that we have been here for such a short time. Five hundred years ago the exploration of Canada by explorers had only just begun. Yet here stands this tree a witness to all subsequent events.

The history of the Canadian nation and this tree have run a parallel course. The maple leaf is an enduring symbol of our great nation. This magnificent tree has survived stormy times, as has our country. Both will continue to flourish and grow for many, many years to come.

We in Erie are proud of the Comfort maple. We in Erie are proud to be Canadians.

* * *

THE ECONOMY

Ms. Susan Whelan (Essex—Windsor, Lib.): Mr. Speaker, Canada's economic performance in recent months has been very encouraging.

Real growth at 6.4 per cent in the second quarter far outstrips the performance of any other G-7 country. Retail sales are up in the third quarter and up 7.8 per cent over last year. Real exports are up 5.6 per cent in the third quarter. This is a record level and the fastest growth since 1983.

Employment is up by 307,000 jobs since January, all full time jobs. Employment growth in recent months has been the most

rapid in almost six years. The unemployment rate has fallen from 11.4 per cent in January to 10 per cent in October. Over April to August the deficit is \$4.5 billion lower than in the same period in 1993-94.

It is results like these that lead the IMF to project that Canada will have the strongest growth in output and the highest rate of growth in employment in all the G-7 countries in both 1994 and 1995.

* * *

(1405)

[Translation]

CHILD CARE

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, the Minister of Human Resources Development recently released another discussion paper, this one dealing with daycare and child development. It says that the minister intends to review every funding formula on the basis of the objectives he has set for his social program reform.

Meanwhile, the government is cutting UI and welfare benefits. It is unthinkable that this government can logically make a distinction between the welfare of families and that of children. As if the poverty affecting children in Quebec and Canada could be viewed and analyzed as separate from that of their parents.

Moreover, the government is again encroaching on a provincial jurisdiction, without a hint of hesitation. Such an attitude is simply unacceptable.

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[English]

SAMARITAN'S PURSE CHRISTMAS CHILD PROGRAM

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I am pleased today to offer my congratulations to the children of Calgary for their overwhelming participation in a very special project directed by the Samaritan's Purse Christmas Child Program.

For weeks now elementary students in the city of Calgary have been filling shoe boxes with Christmas gifts to send to children in Bosnia and Rwanda. The project has involved about 200 schools, 500 teachers and many church and community organizations.

The results have been spectacular. They have put together more than 30,000 shoe boxes filled with toys, treats, school supplies, clothes and in many cases personal letters. An additional 15,000 to 20,000 boxes from locations outside of Calgary bring the total to an amazing 50,000. Other donations from Calgarians bought an aeroplane ticket to send an elementary school teacher to help deliver the shoe boxes to Bosnia.

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This is an example of a community working together at its best to help others. The children who took part so enthusiastically provided the spark that made this a truly memorable experience for all who were involved. Congratulations to them all.

* * *

ENVIRONMENT

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, it is my pleasure to inform the House today that the Deputy Prime Minister and Minister of the Environment, the hon. member for Hamilton East, has announced that she will chair a meeting of Ministers of the Environment from the G-7 nations. It will take place in Hamilton in April 1995.

The meeting will provide a forum for environment ministers from the world's most industrialized countries to discuss common priorities and to work together to solve common problems. The government is convinced that the twin goals of a healthy environment and economy must be pursued at the same time. By inviting G-7 environment ministers and representatives to come to Hamilton, we want to work toward ensuring that the most industrialized countries in the world are moving their combined gross national product of over \$20 trillion toward sustainable development for the future of all our citizens.

* * *

CHILD POVERTY

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, according to the National Council on Welfare over 1.2 million children under age 18 live in poverty. From a recent report by the Campaign 2000 coalition we learned that there are over 300,000 more poor children today than five years ago.

Furthermore at the latest Canadian Medical Association conference it was reported that poor children are twice as likely to suffer psychiatric disorders, failing grades and hyperactivity than more affluent children. Evidently poor children are more apt to drop out of school.

For social, moral and economic reasons the government has a responsibility to ensure that all Canadian children have an equal opportunity to fully participate in Canadian life.

I therefore urge the government to implement the resolution on child poverty unanimously passed by this House in 1989.

* * *

[Translation]

MRS. MARIE MALAVOY

Mr. Mark Assad (Gatineau—La Lièvre, Lib.): Mr. Speaker, the resignation of Quebec's new minister of culture, Marie Malavoy, is indeed regrettable. However, the unacceptable

justifications she gave for her illegal actions are even more regrettable.

Ms. Malavoy probably forgot that Canada welcomed her and her parents to one of the best countries in the world, if not the best, where she enjoyed all the advantages of a generous country, even becoming a faculty dean, something which immigrants cannot aspire to in France. Furthermore, did she think about the thousands of Canadians who gave their lives to help liberate her native country?

(1410)

There is an old saying that gratitude is the highest form of justice. The former minister's comments show a lack of gratitude as well as a poor sense of justice.

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UNDERGROUNDECONOMY

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, in an interview he gave to *La Presse* on Saturday, the Minister of Finance tries to surprise us with his perceptiveness as a businessman. According to the minister, the underground economy far exceeds the levels reported by his own officials.

However, once the problem has been recognized, the minister's perceptiveness starts fading. He has no information to give us on the size of the underground economy, much less a solution to propose.

With regard to the GST, the government has lost control over its revenue but the minister does not have the courage to undertake a comprehensive review of his fiscal policy. He proposes to act alone in the dark.

Same thing for the debt and the deficit. Although the minister knows that he must cut spending in the public service, he has not made a single proposal. Yet, the minister is already slashing social programs without the necessary studies in hand. History repeats itself: Ottawa has decided to cut but it is the provinces and the unemployed who will pay the price.

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[English]

WESTRAY MINE DISASTER

Mr. John Duncan (North Island—Powell River, Ref.): Mr. Speaker, the Westray mine in Nova Scotia was the scene of an explosion accident on May 9, 1992. Twenty-six men lost their lives, 11 of whom are still entombed in the mine.

During the five day rescue operation conditions were present for another explosion. Roof falls had to be crossed. Lethal carbon monoxide gas which is an after product of a coal mine explosion was heavy in the mine. Miners put aside their own safety in the hopes of finding their fellow workers.

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In an unprecedented presentation 195 individuals of the rescue crew are receiving the Governor General's Medal of Bravery in Stellarton, Nova Scotia, today. Fourteen of these individuals now live in my hometown of Campbell River, B.C., and work at the Quinsam coal mine 25 kilometres out of town.

I know my colleagues will join me in applauding these brave individuals who were involved in a tragedy which affected Canadians from coast to coast.

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CANADIAN BROADCASTING CORPORATION

Mr. Simon de Jong (Regina—Qu'Appelle, NDP): Mr. Speaker, according to press reports the government is seriously considering selling off CBC television stations.

Despite the promises made in the Liberal red book to support the CBC and the fact that the Standing Committee on Canadian Heritage is presently examining CBC financing, cabinet is debating a plan to radically change public broadcasting in Canada.

The CBC has been and is an essential instrument that allows Canadians to see and hear each other and to develop their own cultural identity. Is what the cabinet is debating the first step to privatize the CBC and to kill public broadcasting? By selling off the CBC TV stations what channel will Canadians be able to tune into to see Canadian programs?

In this age of the 500 channel universe and other rapid technological innovations, there might come the time to deliver public broadcasting through new methods like the telephone companies. However, that time is not now.

I concur with the chairman of the CRTC who stated before the Canadian heritage committee: "Give—

The Speaker: The hon. member for Ottawa Centre.

* * *

CONFERENCE ON LIFELONG LEARNING

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, the first global conference on lifelong learning will be taking place in Rome from November 30 to December 3. The object of this conference is to shed light on the importance of lifelong learning and to create an action agenda that will promote and implement learning initiatives throughout the world.

My constituent, Robbin Frazer, who was key in promoting this conference in Canada, has informed me there will be 500 participants from 50 countries, including 10 delegates from Canada.

I want to take this opportunity to pay tribute to all those attending the conference. I assure them that the government, through the ministry of human resources, is committed to improving the quality of life of its citizens and ensuring access to education and training.

I am confident the global conference on lifelong learning will be a success and that a strategy of lifelong learning will be established to lead us into the 21st century.

* * *

REFORM PARTY OF CANADA

Mrs. Jean Payne (St. John's West, Lib.): Mr. Speaker, last week when the Reform Party of Canada announced its proposed cuts to the federal budget, the most draconian cuts ever proposed in the history of Canada, the leader of the Reform Party had the nerve to claim that these cuts focused on non-social spending.

By calling for a 25 per cent reduction in the budget of CMHC, Reform Party members are calling for the federal government to break hundreds of federal-provincial contracts and agreements as well as thousands of contracts with public and private non-profits and co-operatives across Canada. They are also calling for cuts in social spending in the worst areas, affecting the poorest of the poor.

(1415)

They are kicking those most in need, the poor, the old, the young, the disabled, single mothers and aboriginals, out into the streets. The Reform Party is saying to people whose annual income is on the average less than \$12,000: "Get out of social housing and out on to the street corners".

This would have the effect of reducing the federal share of the shelter by 25 per cent.

ORAL QUESTION PERIOD*[Translation]***BOSNIA**

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the situation continues to deteriorate in Bosnia, where 55 Canadian peacekeepers are still being kept hostage. In an obvious attempt at intimidation, Serb forces launched rockets yesterday near observation posts manned by Canadian peacekeepers near Visoko. The United States, France, Russia, Germany and Great Britain are asking for an immediate cease-fire at Bihac and in all combat zones in Bosnia Hercegovina, while General Michael Rose, commander-in-chief of the 24,000 peacekeepers in Bosnia, mentioned the possibility of withdrawing the UN peacekeepers in view of the escalation of armed conflict.

Could the Prime Minister confirm that the 55 Canadian peacekeepers being kept hostage are being treated well and that negotiations with the Serb authorities for their release are still deadlocked?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the 55 Canadian soldiers are not, strictly speaking, being kept hostage. They are being kept in the positions they occupied, and they continue to do the job they were doing

Oral Questions

before in the territories concerned. I am also informed they are being treated quite acceptably.

Negotiations are continuing, to try to bring the situation back to normal. Everyone hopes there will soon be an agreement on a new cease-fire. Of course, here in Canada, we should all support our troops, who are going through a very difficult situation on their humanitarian mission to this part of the world. We hope that although our soldiers are experiencing problems at this time, and with them soldiers from other countries, things will get back to normal in a matter of days.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the mobility of the 55 Canadians have been severely curtailed, in the situation that now prevails in Bosnia-Herzegovina.

Could the Prime Minister tell the House whether the Serb authorities have reacted officially to the request by the United States, Russia, France, Germany and Great Britain for a cease-fire at Bihac?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, according to our information, the Serbs would accept an indefinite cease fire, while the Bosnian Muslims want a cease fire for a period of three months. Meanwhile, discussions are continuing to try and reach an agreement. It is encouraging, that both parties want a cease fire. We now have to wait and see whether it will be for an indeterminate period or for a specific period.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, does the Prime Minister share General Rose's views about a possible withdrawal of all peacekeepers from Bosnia, and does he agree that such a withdrawal will only lead to an escalation of the Serb offensive, with dire consequences for the civilian population and thousands of refugees who will be left without help or humanitarian aid?

[English]

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, Canadian troops and other UN troops are playing a very useful role. They have managed to protect the civilians there, giving them food and medication during the past many winters of conflict.

To withdraw them, the hon. member is quite right, might cause extremely difficult circumstances in Europe.

(1420)

At the end of next week I will be in Europe. I am going to Budapest on Sunday where all the heads of state will be. It will be a good occasion to deal with the problem. Of course the position of Canada is the same as the French and the British. We are there but if there is a lifting of the arms embargo we will get out.

In the meantime, having troops there is very useful. I would like to praise the Canadian soldiers who are doing a fantastic job. I would like to tell them they have the support of the Canadian people.

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[Translation]

FIGHT AGAINST AIDS

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, my question is for the Prime Minister. Of the G7 countries, Canada spends the least on AIDS research, while Canada is third among the G7 countries for the per capita rate of HIV infection.

Two days before he leaves for Paris to take part in an important international conference on AIDS, how can the Prime Minister justify Canada's lagging behind in the fight against this terrible illness which affects and threatens the lives of thousands of Quebecers and Canadians?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the hon. member says that Canada is not doing its share. On the contrary, I think that Canada is doing its share and that we have invested considerable amounts in research to find a solution for this global scourge. I hope that the summit organized by France and chaired by Mr. Balladur can move things forward in all countries of the world. I will be able to tell them that Canada wants to do as much as other countries to address this difficult problem.

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, how can the Prime Minister explain his sudden interest in the fight against AIDS when his government only reluctantly maintained the \$42 million budget for phase 2 of the national AIDS strategy, an amount which—may we remind you—the Liberals found clearly insufficient when they were in opposition?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, this program, like all others, is now being discussed with all departments. We have a difficult budget problem. We inherited a \$500 billion debt and the government's resources are necessarily limited. We are maintaining the program and we hope that research will advance in Canada and elsewhere in the world.

[English]

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, Canadians are appalled that some of our peacekeepers are being held hostage and were targeted in a rocket attack yesterday.

In September the Minister of National Defence informed the House that he had renewed Canada's engagement in Yugoslavia conditionally for six months. He said that the situation is under review, if the situation on the ground changes, if the safety of Canadian troops is threatened and if the usefulness of the UN mandate has been undermined.

Since the situation on the ground has changed and the safety of our troops is threatened and the ability of the UN to carry out its mandate has been undermined, will the minister reconsider Canada's participation?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I had the occasion to say earlier that the Canadian role there is very useful. There will be a discussion this weekend in Budapest where the heads of state will be meeting. It will certainly be one of the items discussed.

The Canadian position has always been that we want to maintain our troops there as long as there is no lifting of the arms embargo. We are to review our commitment every six months. The commitment we made in September will be maintained until February and we will review our position in due course.

In the meantime, I will discuss this next week, especially with the French and the British who are in the same position as we are. We have decided to have a discussion before making the final decision. I will be in a position to report more next week.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, I know there is general support for Canada's involvement in the United Nations and in NATO but we fear that the situation in Bosnia is jeopardized by the suggestions that the U.S.A. has now sided with the Bosnians while Russia is sympathetic to the Serbs and may unilaterally withdraw its peacekeeping forces.

(1425)

How is Canada responding to this move away from neutrality by our peacekeeping partners?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is not useful for anybody to encourage any side there and whoever is doing that is not rendering a service to the situation.

We have been there for three years. We have soldiers there and other countries have soldiers there as well. I think the people who do not have soldiers there should be prudent because it is the lives of Canadian soldiers and others that are at stake. They should keep that in mind.

We are there and we think we play a very useful role in terms of maintaining peace and helping the citizens to survive. I hope the people with no soldiers there will remember that we are there.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, Canadians are justifiably proud of our peacekeepers but the disregard for the blue berets in Bosnia suggests that the UN has mismanaged this mission and is tarnishing the reputation of UN peacekeepers, thereby setting a very dangerous precedent for this and future peacekeeping operations.

Oral Questions

What is the Prime Minister's government doing to prevent our continued participation in this mission from compromising our effectiveness in future peacekeeping operations?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the best way we can maintain our international reputation is to fulfil our mandate there. When I had the occasion in June to go to Sarajevo I was told that the best soldiers there are always the Canadians, that the UN always relies on Canadians in very difficult circumstances.

We are all very proud of them. The fact that they are participating will not reduce their reputation. On the contrary, they have kept their cool under extremely difficult circumstances over the weekend and they should all be congratulated. We want to tell them that we are very proud of them.

* * *

[Translation]

FIGHT AGAINST AIDS

Mr. Michel Daviault (Ahuntsic, BQ): Mr. Speaker, my question is for the Prime Minister. When Phase 2 of the Canadian strategy against AIDS was approved, it was agreed that \$1.5 million would be allocated for unplanned requirements. Consequently, after proposals are made by national partners, the minister has discretionary power regarding the use of these funds.

How can the government justify that, four months before the end of the fiscal year, researchers and organizations fighting AIDS still have no guarantee that they will get the promised \$1.5 million?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I take note of the question. When the Minister of Health is in the House, she will provide a detailed answer to the hon. member.

Mr. Michel Daviault (Ahuntsic, BQ): Mr. Speaker, that is not sure, but he can also take note of my supplementary question.

Are we to understand that the Prime Minister's government was not able to use the allocated resources because there is no master plan for the implementation of phase 2 of the national strategy on AIDS?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, my answer to the first question also applies to the supplementary question.

* * *

[English]

GOSAP ENERGY INCORPORATED

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, the Liberal pork barrel is overflowing. GOSAP Energy Incorporated, a new Calgary based consulting firm, is siphoning money out of the federal government to compete in the private sector.

Oral Questions

We have learned GOSAP is getting free office rent and grants from the Federal Business Development Bank and grants from Industry Canada and western economic diversification totalling \$118,000.

Is the Minister of Human Resources Development willing to kibosh this outrageous abuse of taxpayers' dollars?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, I would be very pleased to take the submission by the hon. member and look at his allegations. I am certainly not going to respond in the House of Commons to a 30-second charge that he has made about the value of this organization. I would certainly be prepared to take a look at the facts he has presented and assess them accordingly.

Mr. Jim Silye (Calgary Centre, Ref.): I am sure when you get the chance to do that you will agree that this is—

The Speaker: The hon. member will please address the Chair.

Mr. Silye: Mr. Speaker, I am sure when the Minister of Human Resources Development takes a look at the facts he will agree it is an outrageous waste of taxpayers' dollars.

My supplemental is for the Minister of Industry. It is on the same topic. His department also granted this company \$15,000. GOSAP's initial investment of \$24,000 has been matched by \$118,000 in federal grants notwithstanding office expenses and it does not even have the people with the expertise in place. Many small Canadian businesses can only dream of such access to capital. It is too bad one has to be a Liberal to receive such funding.

(1430)

Would the minister tell the House how he can justify such wasteful and unfair spending when faced with cuts to social programs?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, as with my colleague, the minister of human resources, we will certainly have to try to determine the facts of the case.

I can assure him that if the qualification was that the applicant was a Liberal, nobody consulted with me on whether or not in fact they were.

* * *

[Translation]

GOODS AND SERVICES TAX

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, my question is for the Minister of Finance.

In an interview published Saturday in the newspaper *La Presse*, the Minister of Finance announced clearly his intention to replace the GST by a national sales tax. He clearly implied that Ottawa would act first and negotiate with the provinces later.

Does that mean that the federal government intends to impose its vision on the provinces regarding the implementation of a national sales tax and present them with a fait accompli?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Absolutely not, Mr. Speaker. Actually I talked on Saturday about the process that I discussed with the provinces during the meeting with provincial finance ministers, where I said that since consumers and the business community were so much in favour of a harmonized tax and since some provinces, including Quebec, agreed to it, we should carry on with the process. That is certainly our intention.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, will the Minister of Finance be honest enough to tell things as they are and admit that the Minister of Finance of Quebec told him that he would reject any proposal to replace the GST and the PST with a national sales tax?

This being said, will the minister admit that by practising as he did over the weekend a domineering, cynical and dreadful kind of federalism when he proposed a national sales tax, he is heading straight for a deadlock because he is attacking the provinces head-on on their taxation jurisdiction?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Not at all, Mr. Speaker. The hon. member must know that Quebec's sales tax is the one that resembles the federal government sales tax the most. Besides, such an agreement between Quebec and Ottawa, as between Ottawa and other provinces, will not be that major a step.

Moreover, I must say that during our discussions, which were very constructive, the new government of Quebec said very clearly that it would not accept a domineering federalism. Once more, I notice that the gap between the Bloc Québécois and the PQ, since they came to power, is widening.

* * *

[English]

GUN CONTROL

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, my question is for the Minister of Justice.

On September 22 of this year the minister said in response to a question I asked him: "We read the report recently about the defects in the present registration system for restricted firearms and the need to improve the registration".

Oral Questions

Was the minister referring to the justice department report covering the review of the present handgun registration system submitted by Mr. Terence Wade, or is there more than one report outlining the defects of Canada's handgun registration system?

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the Minister of Justice will be bringing forward his proposals on gun control very soon. I think at that time the hon. member's questions will be answered.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, my supplementary question is for the same department.

The Minister of Justice has not tabled the Terence Wade report with the standing committee on justice. He has not made it available to the public and the departmental officials have refused to release the report to members of Parliament.

Is the reason the report is being concealed the fact that it contains a devastating condemnation of the current handgun registration system, which not only reveals its failure to reduce the criminal use of handguns but also exposes the uselessness of the minister's plan to expand this failed registration system to rifles and shotguns?

(1435)

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, when the minister brings forward his proposal it is his intention to have meetings with all members of the House, to answer questions and to give a full, detailed explanation of the changes that will be presented.

* * *

[Translation]

UNDERGROUNDECONOMY

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, my question is for the Minister of Finance. During an interview, the Minister of Finance clearly confirmed the importance of a flourishing underground economy and I quote: "The Minister of Finance believes what his officials have been saying all along, which is that the black market accounts for 5 per cent of the economy. Paul Martin believes that it is a lot higher than that".

The Speaker: If at all possible, we should refer to our colleagues by using the names of their ridings.

Mr. Brien: Mr. Speaker, I will try again. During an interview, the Minister of Finance clearly confirmed the importance of a flourishing underground economy and I quote: "The Minister of Finance believes what his officials have been saying all along, which is that the black market accounts for 5 per cent of the

economy. The Minister of Finance believes that it is a lot higher than that".

Does the minister recognize that the growth of the underground economy, confirmed by a drop in GST revenues during the first half of the year as compared to last year at the same time, is due to the recent increase of the tax burden and the inequities of an outdated taxation system that an increasing number of Canadians are trying to evade?

[English]

Hon. David Anderson (Minister of National Revenue, Lib.): Mr. Speaker, it is next to impossible to measure with precision something which by its nature is illegal and beyond the scope of measurement by normal government means.

However there is no question that the underground economy is serious. I have no doubt that my hon. colleague, the Minister of Finance, is quite correct in saying that we are faced with a serious problem which we will address.

I would remind the hon. member that only two months ago, because he apparently overlooked it the first time, I sent him a copy of a press release I issued a year ago in which I outlined a series of measures to deal with the underground economy. I am pleased to report today that the efforts the press release led to have resulted in something in the neighbourhood of three-quarters of a billion dollars in taxes assessed.

[Translation]

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, I have a supplementary question for the Minister of Finance who should be more concerned about differences with his colleague, the Minister of National Revenue, than between the Bloc Québécois and the Parti Québécois.

Does the minister recognize that only a comprehensive review of the tax system will be able to bring the black market phenomenon under control since, as he admits himself, the new administrative measures brought about by his colleague in charge of national revenue in order to improve tax collection will not be enough?

[English]

Hon. David Anderson (Minister of National Revenue, Lib.): Mr. Speaker, I believe the hon. member should look a little further into the reason for the level of GST payments to the government.

The fact is that we have had a substantial improvement in the economy, thanks in large part to the measures of my colleague, the Minister of Finance. The result has been more investment in productive goods which indeed are often GST exempt. As a result of that and as a result, I might add, of my department's speedy repayment of certain measures, we are now able to see that the GST level is again increasing.

*Oral Questions***TRANSPORTATION**

Mr. Réginald Bélair (Cochrane—Superior, Lib.): Mr. Speaker, my question is for the Minister of Transport.

Residents of northern Ontario and rural Canada are concerned that major transportation changes may happen in an ad hoc manner. This creates uncertainty for the future.

Could the minister tell us whether he is developing comprehensive rail, air highway and marine policies? Could he reassure the residents that there will be enough time to adjust to the possibility of the changes?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, with respect to the comprehensive review obviously that is under way. I think we have made significant progress on airports. We hope to be able to deal with the ports. Rail is something a bit different.

What has happened to railroading in the country over the last 20 years has literally been done on an ad hoc basis. That is why we are in the trouble we are with abandonment and decisions being made on a day to day basis without any real policy.

We have the Bob Nault task force out there now looking at what we can do with the commercialization of CN. We also have to deal very soon with the unsolicited bid from CP for the purchase of CN assets east of Winnipeg. In that context, with the ongoing consultations we have been conducting with shippers and interested parties we are committed to making clear a very comprehensive rail policy in 1995.

(1440)

We have not been stopped. We will deal with the CP offer. We will deal with commercialization. We will bring an end to the ad hoc decision making that has been plaguing railroads in the country for the last 20 years.

* * *

CANADIAN SPACE AGENCY

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, recently the Canadian Space Agency gave Telesat Canada \$428,000 of taxpayers' money to help stabilize the Anik E-2 satellite.

My question is for the Minister of Industry. By whose authority does the Canadian Space Agency give public money to a private consortium?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the Canadian Space Agency, as other agencies of government, has the authority to expend moneys that are voted to it by Parliament.

In the case to which my friend is referring, I understand the problems that existed last winter with the Anik E satellites were, first, ones of great importance to Canada because they represented a communications vehicle for much of the geographical territory of the country. Second, to try to remedy the problem with the satellites in orbit required efforts that really represented useful research in terms of techniques. It was successful.

The view of the space agency, as it has been presented to me, is that the technology or the techniques that were acquired through the process were ones of value to Canada and within the space agency's mandate.

Mr. Ian McClelland (Edmonton Southwest, Ref.): Mr. Speaker, what is the point in privatizing Telesat Canada and then continuing to throw public money at it? Telesat Canada is a consortium of the largest telephone companies and Spar Aerospace. They do not need individual taxpayers' money.

I have a supplementary question. Would the minister assure the House that agencies under his jurisdiction would not divert public money to private use without specific prior permission from the minister?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the question is far too sweeping in its scope. I think the member understands—

Mr. Silye: Sweeping it under the rug.

Some hon. members: Oh, oh.

Mr. Manley: Mr. Speaker, the last questioner from the Reform Party wanted ministerial involvement at \$15,000. It gets a bit ridiculous.

The member will understand that the direction of funds used in the private sector often through procurement or contracts with government is done with the least possible political interference. That is something I would have thought the Reform Party supported.

* * *

[Translation]

SOCIAL PROGRAM REFORM

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, my question is for the Minister of Finance. He was confirming what the Auditor General was saying, that Ottawa does not have any management and evaluation tools. In other words, Ottawa is governing in the dark.

In the same line of reasoning, will the Minister of Finance acknowledge that, as the Auditor General was saying, the government is about to reform social programs without the tools to properly evaluate the impacts of that reform?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Not at all, Mr. Speaker. What I said was that we must absolutely modernize the tools of government.

Oral Questions

This is why we asked Ernst & Young for a report, which was handed to us when we came to office. This report is proving very helpful.

I am very surprised that the hon. member does not understand that any modern institution must evolve with new technologies as they develop. I can tell you that, as a government, we intend to use all the technologies available to better manage the country.

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, should we infer from this that the government will proceed with its reform of social programs without evaluating its impacts, simply because the only objective of the reform is to cut into social programs to reduce the deficit?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the goal is clear. The Minister of Human Resources Development stated it repeatedly. The main goal of the reform of social programs is to update them, to deliver the goods in a more efficient way. We must recognize that the world has changed. The Minister of Human Resources Development has recognized it, and I regret that the Bloc Québécois is still living in the 1960s.

(1445)

Some hon. members: Oh, oh.

* * *

[*English*]

CANADA CUSTOMS

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the national revenue minister has consistently referred to increasing customs enforcement and yet this weekend the Ottawa *Sun* quoted a Canada Customs official, and I quote: "If the line is too long we get orders just to wave people through. We don't know how many guns or how much drugs we could be stopping".

How in the world can the minister reconcile his boast that his department has a 25 per cent increase in enforcement with that statement from a customs officer on the front line?

Hon. David Anderson (Minister of National Revenue, Lib.): Mr. Speaker, it would seem to me important for the member to compare what might have happened before if he wants to see the impact of a 25 per cent increase in enforcement activities.

I should point out to him also that if we attempted to stop every vehicle and give a complete search, tourism in this country would cease to exist as would trade with the United States.

I should point out to him that we target areas where we feel there is high non-compliance. Therefore, with a number of

sophisticated methods of achieving some sort of targeting of high non-compliance areas, we are able to be remarkably effective in the customs work that we do.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, as a result of the boasting about the 25 per cent increase, my office contacted his deputy minister's office asking for a substantiation of the revenue minister's claim. That was just on Friday, so to this point we have not yet received a reply.

Surely the minister would not be making unsubstantiated claims. Therefore, could he share with the House where all these extra customs officials are. Would the minister like to share that with the House or are they like Elvis sightings?

Hon. David Anderson (Minister of National Revenue, Lib.): Mr. Speaker, last Friday I answered a question from the hon. member but his memory appears to be defective.

I pointed out that we do in fact target different parts of the border at different times of the year, depending on demand and that we do alter the mix of customs officers that we have within a region or across the country. I also pointed out to him that for example at the Commonwealth Games we had 65 extra customs people in Victoria brought in from Yukon, Alberta and other parts of British Columbia. We therefore have a sophisticated system whereby we are able to deploy our resources for the best effect.

With respect to the 25 per cent, I will get him the figures that he has requested. I assure him that we have in fact substantially increased customs activities over the past eight months.

* * *

TRADE

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, my question is for the Minister for International Trade.

Bill C-57 seems to prohibit tariffs on supplementary agricultural imports. Without proper amendment this could jeopardize our ability to safeguard supply management as we are committed to do.

Is the minister prepared to introduce the necessary amendments to the Import and Export Permits Act and the Customs Tariffs Act to ensure that the very essence of Canada's supply management system is maintained?

Hon. Roy MacLaren (Minister for International Trade, Lib.): Mr. Speaker, the administration of our agricultural imports under the new tariff rate quota regime will include provisions for supplementary imports for various purposes.

The government intends to consult all stakeholders and determine what steps must be taken to ensure the continued viability of both primary production and processing in the sectors concerned. If necessary, changes will be proposed to the customs tariff to deal with this.

Oral Questions

Some hon. members: Hear, hear.

Some hon. members: More, more.

The Speaker: The minister's reading has improved over the years.

* * *

(1450)

[*Translation*]

SMALL BUSINESS LOANS

Mr. Yves Rocheleau (Trois-Rivières, BQ): My question is for the Minister of Industry.

According to our sources, the \$4 billion limit provided for in the Small Businesses Loans Act having been reached, the minister is about to announce an increase of funds available.

Will the minister take advantage of this announcement to fill the financing needs of small businesses by allowing these loan guarantees to be used to finance their working capital?

[*English*]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the member perhaps will know that when the supplementary estimates were tabled an increase in the ceiling on the limits under the Small Businesses Loans Act was included. We will be continuing our consultation with the groups affected by the Small Businesses Loans Act in order to endeavour to make adjustments to the program which will be acceptable to them and which will render the program more fully cost recoverable.

[*Translation*]

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, again to facilitate small business access to financing, is it the minister's intention to respect the red book's commitments and see to it that business owners no longer have to post personal bonds in order to be entitled to loans under the Small Businesses Loans Act?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, if I understand the member's suggestion we should eliminate the obligation to post personal bonds in order to get loans under this program.

[*English*]

I want him to understand that we are going to look, with the assistance of himself as well, at the mechanisms underlying this program and try to find the best possible way to make the program most effective to the largest number of small businesses.

He will understand the cost incurred in doing that is one that has to be recovered. This is clearly the principal program we have for dealing with the borrowing needs of small business. In designing the program we will have to make sure we do it in the

most effective way possible to benefit the largest possible number of small businesses.

* * *

THE BUDGET

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, if this government spent as much time figuring out how to cut spending as it does trying to devise new ways of raising and borrowing money, we could have been well on our way to balancing the budget.

This past week the Minister of Finance put out a trial balloon to look at what he called victory bonds. Canada already has 10-year bonds, 30-year bonds, 90-day treasury bills and Canada Savings Bonds, just to mention a few.

I ask the Minister of Finance, why do we need more bonds in our country?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, there is no doubt the government intends in terms of the next budget and in terms of our attack on the deficit obviously to concentrate on controlling government spending. There is no doubt that is where the priority lies.

Nobody should be under any doubt about that. The government did not float a trial balloon. I was asked a question in Toronto, a question that I have been asked in virtually every city I have gone to in the course of the last month, about the possibility of victory bonds following the very generous gesture by Mr. Carl McNeil who gave \$37,000 in his last will and testament to the Canadian government.

What I find a little surprising is that the Reform Party would not understand the desire of Canadians to come together and solve this very difficult financial dilemma we have.

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, the Reform Party recognizes that Canadians want to solve our economic problems. Would the Minister of Finance admit that solving the problem, bringing confidence back to this country, has a first priority and that first priority is an expenditure reduction that eliminates the deficit in this country?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, not only do we recognize that controlling government expenditures and reducing government expenditures are an essential part of deficit reduction, but we also recognize the absolute importance of confidence in the Canadian population, the Canadian investment community. That is why as we see job creation continuing apace we are delighted to see the numbers that came out last week showing business confidence in this country is higher than it has been for a decade.

Oral Questions

(1455)

*[Translation]***PARLIAMENTARY EMPLOYEES STAFF RELATIONS
ACT**

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, my question is for the Prime Minister.

Today Parliament Hill workers were again forced to demonstrate in demanding that the government respect the health and safety of its employees. Parts II and III of the Parliamentary Employees Staff Relations Act would bring workers on Parliament Hill under the legislation of the Canada Labour Code.

I would like to ask the Prime Minister, as I have previously asked the Deputy Prime Minister, why the government has not yet proclaimed this bill to show the respect that it should be showing for its own employees. Why will the government not proclaim these sections?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is for the Board of Internal Economy to look into the matter. It is not strictly a government problem. It is also a House of Commons problem.

* * *

MORTGAGE RENEWALS

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, my question is for the minister of financial institutions. A recent requirement as suggested by the Senate committee on banking, trade and commerce is that we require appraisals of renewals of mortgages.

Could the minister assure us that the government is not contemplating this or, if it is, that the cost of these appraisals will be borne by the financial institutions and not the borrower?

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I thank the member for his interest in this subject.

The Senate recommendation reflects a general view that managers of financial institutions require additional information and better information on those subjects. It does not state however that there should be the additional cost of appraisals necessarily in that recommendation. It is one of 42 recommendations by the Senate.

We are going to be looking at all of them very carefully and would certainly not consider implementing any of those recommendations without wide prior consultations with the members of the House and with the public generally.

AIDS

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, my question is for the Prime Minister.

The Prime Minister is utterly unable to explain why his government has not even invested all the money provided in the fight against AIDS. He is planning to go to Paris this week to boast about what his government is doing to fight AIDS.

How can the Prime Minister claim that he will make a worthwhile contribution at the international AIDS conference in Paris when it is clear that he is completely ignorant on this issue and himself admits that he cannot say whether his government has adopted a master plan to implement the Canadian AIDS Strategy?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I just said that the government has made a considerable effort in this area and that we want to do more. But what will be discussed in Paris is not the funding that one department or another has but rather what comprehensive solutions all the interested countries in the world can adopt to solve this problem eventually.

I do not suppose that the Prime Minister of France will want to ask me whether 3 or 4 per cent of our budget was spent or not. He will want to know what we want to do about it. I will not go there to discuss his budget. I think that all together, we can map out a strategy to eliminate this scourge throughout the world.

* * *

*[English]***BOSNIA**

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, media reports in Europe and Canada are saying that the American CIA has taken the side of the Bosnian Muslims in the war in the former Yugoslavia.

This U.S. position jeopardizes the UNPROFOR mission. Can the Prime Minister tell Canadians if he has communicated with the American government about these reports? What position has the Prime Minister taken with the United States?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have always made it very clear to the President of the United States and the American people that the position of Canada and other members of UNPROFOR on the ground that we do not think there should be a lifting of the arms embargo and that no one from the outside should participate in this war.

We always made it clear that if everybody on the outside were to mind their own business and let the troops there handle the search for peace the best they can, it would be much better. It is

Routine Proceedings

exactly what I always said and we said to the President very clearly in June, and it is not only the Canadian position but others, that it is unwise to lift the arms embargo at this time. It will not create peace there, it will just accelerate war.

(1500)

This indication that the embargo may be lifted has just created the situation of war again. Everybody says that if we maintain the embargo and the UN troops there peace will probably come back faster.

* * *

PRESENCE IN THE GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of His Excellency Dr. Milan Uhde, Speaker of the Chamber of Deputies of the Parliament of the Czech Republic, and five parliamentarians who are with him visiting Canada.

Some hon. members: Hear, hear.

The Speaker: I would also like to draw to your attention the presence in the gallery of the Hon. Gary Mar, Minister of Community Development in the province of Alberta.

Some hon. members: Hear, hear.

ROUTINE PROCEEDINGS

[English]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 16 petitions.

* * *

PETITIONS**JUSTICE**

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, it is a great honour to present to you today and to Parliament some 4,100 signatures from a petition that has been initiated and expanded at Brockton High School in downtown Toronto near the intersection of Bloor and Dufferin.

This petition was initiated by teachers and students there and then expanded to other schools in the Toronto Board of Education district.

The signatures are very significant because they were collected in a school where the shooting took place of two very

dedicated counsellors who were seriously injured but who are now recovering. In essence the petition making reference to illegal weapons and violent incidents is asking Parliament to strengthen existing gun laws, to implement longer and mandatory sentences for people convicted of crimes involving the use of guns, and finally that the flow of illegal weapons coming into Canada be halted.

(1505)

RIGHTS OF THE UNBORN

Mr. Rex Crawford (Kent, Lib.): Mr. Speaker, I am honoured once again pursuant to Standing Order 36 to bring you several hundred names of constituents of the riding of Kent who wish to draw to the attention of the House the following.

Whereas the majority of Canadians respect the sanctity of human life, and whereas human life at the preborn stage is not protected in Canadian society, therefore your petitioners pray that Parliament act immediately to extend protection to the unborn child by amending the Criminal Code to extend the same protection enjoyed by born human beings to unborn human beings.

SENIORS

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, this petition comes from citizens of all walks of life and all ages. They want to ensure that parliamentarians appreciate the fact that seniors have contributed and continue to contribute to the quality of life of Canadians, that there are growing numbers of seniors, that programs such as pensions and health would experience additional growing demand, that seniors need comfortable housing, social and community involvement and affordable medical care, and that when government is considering changes in programs seniors be remembered.

[Translation]

They have contributed much to the quality of life we now enjoy as Canadians.

[English]

ASSISTED SUICIDE

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, pursuant to Standing Order 36 I have three petitions to present to the House.

The first petition calls on the government to enforce the existing provisions of the Criminal Code prohibiting assisted suicide. It also asks that no changes be made to those provisions which would sanction or allow assisted suicide.

SAME SEX RELATIONSHIPS

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, the second petition calls on the government to maintain the status quo with regard to same sex relationships.

FIREARMS

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, the third petition calls on Parliament to refuse to accept the justice minister's proposed anti-firearms legislation and instead insist that he bring forward legislation to fight violent crime.

On behalf of these concerned constituents I am pleased to table these petitions in the House.

RIGHTS OF GRANDPARENTS

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, pursuant to Standing Order 36 I would like to present some petitions from constituents in my riding and throughout all of British Columbia asking that the Canadian government look closely to amend the Divorce Act to allow for standing in the courts by grandparents.

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, I too wish to present petitions in addition to the thousands that have been presented in the House in support of an amendment to legislation to ensure that grandparents have some entitlement to be represented and to have contact with their grandchildren and information about their grandchildren.

LEADER OF THE OPPOSITION

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, I am proud to present this next petition from people in my riding pointing out that the hon. Leader of the Opposition has travelled to other parts of the world to promote the separation of Quebec from Canada.

These petitioners wish to advise the House of Commons and the Leader of the Official Opposition that the majority of residents of Ottawa—Carleton wish to promote Quebec's continued participation in the Confederation of Canada and call on Parliament to inform the Leader of the Opposition that he is not representing the majority of their views.

ADVERTISING FLYERS

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, my third petition is from constituents, over 100 signatures, in support of amending legislation to allow people to refuse advertising flyers at their homes in the interests of the environment, and to return them postage paid to the sender.

FIREARMS

Mr. Paul E. Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, pursuant to Standing Order 36 I would like to present two petitions. In the first petition 189 constituents from British Columbia request that Parliament refuse to accept the justice minister's anti-firearms proposals. They insist that he

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bring forward legislation to convict and punish criminals rather than persecute the innocent.

ASSISTED SUICIDE

Mr. Paul E. Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, in the second petition petitioners from B.C.'s lower mainland pray that Parliament ensure that the present provisions of the Criminal Code of Canada prohibiting assisted suicide be enforced vigorously and that Parliament make no changes in the law which would sanction or allow the aiding or abetting of suicide or active or passive euthanasia.

(1510)

FIREARMS

Ms. Margaret Bridgman (Surrey North, Ref.): Mr. Speaker, I rise today to present two petitions on behalf of my constituents of Surrey North.

The first petition is signed by 189 residents and warns that the justice minister is proposing unfair anti-gun legislation that will do little if anything to reduce violent crime in Canada.

The petitioners feel that this legislation will simply restrict or eliminate the rights of honest law-abiding hunters and target shooters. The petitioners request that Parliament call on the justice minister to bring forward proposals that will enable the police and courts to deal quickly and firmly with perpetrators of all types of violent crime.

YOUNG OFFENDERS ACT

Ms. Margaret Bridgman (Surrey North, Ref.): Mr. Speaker, the second petition is signed by 176 residents and draws the attention of the House to the rise in youth crime, the lack of deterrents and accountability in the Young Offenders Act, the fact that the Young Offenders Act does not address the rights of victims and encourages the recruitment of youth by adult offenders, and that the present sentencing provisions of the Young Offenders Act ignore public support for tougher laws.

The petitioners therefore call on Parliament to urge the government to review the Young Offenders Act and address three principles: the deterrence of the offender, the accountability of the offender, and the rights of the victim.

SEALS

Mr. Russell MacLellan (Cape Breton—The Sydneys, Lib.): Mr. Speaker, I would like to submit three petitions on behalf of my colleague, the hon. member for Cape Breton—Highlands—Canso. They relate to the devastation of the Atlantic groundfish industry caused by the seals and the fact that the seal industry has declined because of the European attitudes toward seals.

Now that the groundfish stocks have declined, they urge the government to recognize the opportunity presented by the huge seal populations and designate herds for use as viable entrepreneurial resources.

*Government Orders***QUESTIONS ON THE ORDER PAPER**

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, Question No. 74 will be answered today.

[Text]

Question No. 74—**Mr. Leroux (Richmond—Wolfe):**

How many public interventions have been made by current federal cabinet ministers in connection with the Meech Lake accord and the Charlottetown agreement, how many have there been in favour of the Meech Lake accord, how many were against and who gave them, how many have there been in favour of the Charlottetown agreement, how many were against and who gave them?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): The Government's administrative responsibilities began on November 4, 1993. In the period since that date, constitutional reform has not been part of the government's legislative or policy agenda, nor has it been discussed with the governments of the provinces, with the exception of the bilateral amendment to the 1873 Terms of Union with Prince Edward Island respecting a fixed link between the Island and New Brunswick. The amendment was proclaimed on April 15, 1994.

[English]

The Acting Speaker (Mr. Kilger): The question enumerated by the parliamentary secretary has been answered.

Mr. Milliken: Mr. Speaker, I ask that the remaining questions be allowed to stand.

The Acting Speaker (Mr. Kilger): Shall the remaining questions stand?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[Translation]

BUDGETARY POLICY

The House resumed consideration of the motion.

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General, Lib.): Mr. Speaker, when we left off before question period, I was saying a few words on regional economic development and the importance of consulting.

I would like to expand upon the significance of the consultations that will be conducted across Canada. I think that the first point we should recognize—and I think this is a common theme for all members of this Parliament—is the urgent need for new job qualifications.

There is a second one: How to adapt to changing world conditions. The third point would be to redesign the role of the State; fourth, to put the economy back on track and, fifth, create a better, sounder economic climate.

The purpose of these consultations is obviously a thorough examination of where this Canadian federation is headed, where the government of Canada is going and how we can contribute to the development of our region, including the riding of Bonaventure—Îles-de-la-Madeleine.

The first theme, for example, is about acquiring skills. I think it is important to recognize that, in my region and in Quebec in general, many young people do not complete Secondary V, that the government has an important role to play to encourage not only young people, but also education institutions and the private sector to become partners in giving a boost to youth education, as this is the only way out.

As for the second theme, namely adapting to a changing world, it is obvious that the world is very different today from what it was between 1945 and 1960. Today, we recognize the emergence of countries such as Korea and Taiwan.

(1515)

I was not talking about Japan or China, but we are certainly living in an era of market globalization. This requires not only a lot of thinking but also a great deal of preparation. I think that if we as Canadians, especially those in the regions, want to become part of the new global market, we must equip ourselves.

Above all, the federal government wants Canadians to think up ways to make the most of these global markets.

The third theme is rethinking the role of government. Back in the days before deficits, the government could do anything. In fact, all levels of government—federal, provincial and municipal—never hesitated to take action to help the people, to tell them what to do and how to do it.

In the regions, for example, programs were introduced by the Government of Canada in co-operation with the Quebec government and the local authorities. They did not always succeed. True, a number of them failed. Unfortunately, these old formulas obviously no longer work. That is why we are seeking a new approach, or a new partnership.

When we ask the government to act at the local level, it is mostly to encourage small business to create jobs. It is no longer up to the government to do that. We have to find the financial resources, the financial levels to encourage small businesses to take themselves in hand, to consult the people around them, to set a local policy in line with the provincial policy and a Canada-wide national policy.

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I think it is important to underline the Canada-wide aspect because many of Quebec's exchanges depend on Canada as a whole. I think that Quebec is very dependent on a healthy, vibrant Canada with an ever-growing economy.

If we promote the separation of powers or if Quebec leaves the Canadian federation, it is likely that a Canada divided from East to West with its Quebec cornerstone missing will surely experience medium and long-term problems.

It is in the interest of Quebecers, and even in the interest of the opposition, that Quebec remains a vibrant part of the Canadian federation.

The opposition talks about putting the economy back on track and restoring confidence among business people. But let us not forget that this confidence can only exist if Canada remains a united country. The opposition keeps saying that the Canadian federation no longer works; but Canada is a member of the G-7. I know that we are experiencing economic difficulties, but Pierre Bourgault said not too long ago that Quebec's separation would be costly, even if it helps promote sectors others than the economy.

According to Mr. Bourgault, a staunch nationalist and the founder of the RIN, Quebecers will be worse off if they become independent. What do we propose in terms of consultations to reform the federation? After all, the Canadian federation allows administrative agreements. There are hundreds of such agreements with the provinces, including Quebec. This is what federalism is all about and let us not forget that because it is the only solution.

My time is almost up, but I would like to say a few words about the new tax measures, not only between the federation and the provinces, and I think we can redefine existing arrangements and find an adequate process at the regional level. In fact, this was done numerous times at the regional level, including in the Lower St. Lawrence region and in the Gaspé peninsula, thanks to the direct involvement of the federal government.

I should mention the Eastern Quebec Development Plan, as well as the initiatives taken by the Federal Office of Regional Development for Quebec, which is under the Minister of Finance's authority. Thanks to their specific and direct actions, small businesses were often able to get back on their feet, to expand and to gain access to markets not only in Quebec and in Canada, but also overseas, including in Europe and, recently, in Asia.

(1520)

It goes without saying that the tax measures to be proposed will be based on this comprehensive consultation exercise, which will include everyone, including urban and rural dwellers, members of the opposition, academics and business leaders, and which will ensure economic recovery for Canada. It is not

good to hear that Quebec can separate and go it alone. In fact, the contrary is true and Quebecers are aware that our federation has worked well for 125 years. We can get along and we can develop a lasting economy. I also believe that we will enter the next century united, together. Only through the Canadian federation will Quebecers make it.

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, I listened very attentively to the hon. member's comments. I was most interested when, speaking about SMEs, he said that we should promote a climate of confidence to allow SMEs to invest and create more jobs.

Here is my question. About 15 days ago, in the shadow of Parliament, a committee unknown to most of my colleagues opposed a plan by some Liberal members that would have created uncertainty about possible pharmaceutical investments. It was about the former Bill C-91. I would like to know what the member for Bonaventure—Îles-de-la-Madeleine thinks about these investments which are not being made today because of the uncertainty created by the government. This costs a lot in money, millions of dollars, and some very well-paid jobs are at stake.

Mr. Gagnon: Mr. Speaker, I believe the member opposite understands pretty well what is at stake here. The contribution of the federal government in Quebec, especially in the pharmaceutical industry, has been quite obvious.

First there was Bill C-22, then Bill C-97, and I think that there is still a commitment to maintain this policy, as stated in Bill C-91, in the pharmaceutical industry in Quebec.

There is no doubt that Montreal's economy depends a lot on these technologies. The opposition is finally recognizing that, with this federal policy, we have been able to concentrate this high-tech industry in Montreal and in the province of Quebec.

Of course, if Quebec were to become independent or to secede, these companies would most probably decide to leave Quebec and settle elsewhere. After all, the main concern of these companies is, first, to enjoy a climate of confidence, but also to have the assurance that the federal government will protect their market and maintain the criteria that are so important for the pharmaceutical companies that want to stay in Quebec to grow and prosper.

The issue of confidence should not be overlooked. Any investor would tell you how important political stability is. The industry needs to know that the country will support it, in spite of all the problems we have. As you know, we went through some tough times after the Second World War, when the debt level per capita was very high in Canada, but we came through. The people looked to the future with confidence. They saw there was a lot they could do together. However, by dividing Canada, with Quebec going its own way, we will unfortunately lose not only some tax benefits similar to those provided for in Bill

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C-91, but also the advantage of belonging to an economic partnership that has, in fact, proven itself.

(1525)

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I would ask the hon. member for Bonaventure—Îles-de-la-Madeleine, who is so concerned about the economic development in Quebec, in Canada, even throughout the world, if he is equally concerned about the economic development in the Magdalen Islands. I would like to know if he is at all concerned, for example, by what was reported today in the editorial pages of his local newspaper, that is, that the Minister of Environment appeared all confused on TV about the *Irving Whale* story, saying that both the booms and the boat needed to scoop up the oil in case of a catastrophe were also at the bottom of the water.

Is he not concerned to see that his minister does not seem to understand this issue which is so crucial for the economic future and tourism of the Magdalen Islands, a situation which could cause one of the worst ecological catastrophes in the area, and should he not see to it that the *Irving Whale* be refloated in a more competent manner than that described by the Minister of Environment? I am wondering if he is really concerned about economic development or if he is content to merely repeat day after day in the House the rhetoric and buzzwords he has memorized, along with some rather strange items.

So, I put the question to him, because I think that what is happening in the Magdalen Islands is very serious and that he should take his work seriously and not only make beautiful speeches he has learned by heart. The issue of the *Irving Whale* is a serious issue for the people of the Magdalen Islands and for all Quebecers. So, what does the hon. member answer to that, Mr. Speaker?

Mr. Gagnon: Mr. Speaker, I am glad to see that at last the opposition shows some interest in the regions, especially the Magdalen Islands. I wish to inform the hon. member that it is Patrick Gagnon, the member for Bonaventure—Îles-de-la-Madeleine, and my colleague from Malpeque who informed the media of the importance and the danger of the *Irving Whale* even before the Minister of Environment knew about it.

The environment minister, the transport minister and the Government of Canada gave their support. They recognized that it was important to raise that ship which sank about 20 years ago. You can be sure that I personally am perfectly aware of the importance of refloating that wreck. But anyway, I thank the member opposite for showing interest because we must not forget that it is no thanks to the Bloc that the operation went ahead, or that we could interest the federal government in that wreck.

We took action. I consulted with my colleague from Malpeque and the people last February and believe me, the priority of the member for Bonaventure—Îles-de-la-Madeleine is not only the economic development of the islands, but also the integrity of their environment because I think that it is shared by everybody. Despite the opposition's denials, the government takes care of its business and, unfortunately, the opposition just discovered a threat to the environment that has been there for some time.

It is unfortunate that the opposition did not co-operate with us during the consultations. All it could do was find fault and play petty politics at the expense of the Magdalen Islanders and the environmental health of the islands.

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, I will try to be brief even though there are many things I would have liked to say. First of all, with all due respect, I would like to tell the House that it is not the member for Bonaventure—Îles-de-la-Madeleine or the member from Prince Edward Island who alerted the medias. It is the veterinarian in the Magdalen Islands who made the public and the government aware of the situation.

The second thing I would like to say is why did the government not conduct a public hearing on this matter? The member took it upon himself to act in this regard and then the minister made the announcement that there were two or three projects to raise the *Irving Whale*.

(1530)

But what the public wants is for the hold of this ship to be emptied in order to prevent a disaster. The federal government's mandate with regard to regional development is to ensure that our water is clean so that tourists will continue to come and enjoy the beaches in the Magdalen Islands. That is what regional development is all about.

Mr. Gagnon: Mr. Speaker, I think my colleague and I are very sensitive to the environment in the Gaspé Peninsula and the Magdalen Islands. I must tell you something. I came here as a member of Parliament on November 1. In the first week of February, just two months later, I organized town hall meetings in the Magdalen Islands and in Prince Edward Island. I think I carried out my duty as a member of Parliament to defend and promote the interests of my constituents. Surely, I am the most directly concerned and would want to be the first to know, if something went wrong with that operation, that we will be made aware of the fact.

In conclusion, we consulted with the population. It is true that others showed us that there was a problem. But the issue had been talked about for some twenty years in Prince Edward Island. It is thanks to the co-operation from the Magdalen Islands and Prince Edward Island that we will raise the *Irving Whale*, and thanks to this Liberal government and also, ob-

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viously, thanks to the support of the responsible ministers we have here.

[*English*]

Mr. Ray Speaker (Lethbridge, Ref.): Mr. Speaker, I appreciate the opportunity to enter into this debate.

Over the last month dozens of Canadians have come before the finance committee to tell us what their priorities are for the next budget. Just about every conceivable position has been expressed as to what should and should not be done. The prebudget consultations have demonstrated one very important point: that a consensus does exist among Canadians on the need to eliminate the deficit. It is no longer a question of whether, it is a question of how and when.

Last week I and one of my colleagues did something unique. We asked to make a presentation to our own committee. In that presentation we laid out a very clear goal to eliminate the deficit over a three year period. We listed 25 specific examples of expenditure reductions or cuts that could be made in order to move toward our goal.

We did not attempt to hide the truth from Canadians in a political or any other way. We levelled with them and told them this would mean cuts of approximately \$25 billion after a revenue growth of some \$15 billion to \$16 billion to reduce our \$40 billion current deficit. That would mean that \$12 billion to \$16 billion, most likely \$15 billion, would have to come from social programs over a three year period, not all in one year but over a three year period.

We did not have to do this. We did not have to use this approach. Politically it would have been a lot easier to say nothing and then criticize the government when it released its budget. This is what most opposition or traditional parties have done over the years in their adversary role. That is the kind of game which is usually played. I am sure the members of the government who were in the last House were the best players in that type of game.

Reform members did not come to Ottawa to play games. Our country's finances are too important. They have become our number one priority in our pursuit and our objective in this House of Commons and in this term of Parliament. We came here to change the way politics are done in this country.

The proposal we made to the committee was not a superficial one. We began working on this project immediately following the government's last budget. Over a period of nine months the critics in the Reform Party have reviewed every government program in their area of responsibility. They have weighed those programs against five basic principles that were articulated in our presentation. This represents our best effort in proposing a constructive alternative to the government's fiscal agenda.

In the 10 minutes I have at this time I would like to look at the government's reaction to this presentation. In particular I want to address two specific criticisms that were levelled against us by government and other members of the finance committee. It is important to talk about these criticisms because they go right to the heart of what distinguishes the Reform Party from the governing party.

(1535)

First I would like to address the question put to me by the member for St. Paul's who simply asked where I was coming from. That was an easy question. Our proposals and recommendations are driven by our conviction that the government's plan to reduce the deficit to 3 per cent of GDP by 1997 will not be enough to control or regain the control over our debt. We recognize even in the 3 per cent program the accumulated debt at the end of three years will be far over \$600 billion.

What I think he really meant to ask was not so much where the Reform Party was coming from as where it is going. Everyone recognizes that eliminating the deficit in three years is not an end in itself. It is a means to an end. What is that end for Reform? What is our vision of Canada?

Surprisingly in comparing what the government said in its grey book to what Reform said in its presentation to the finance committee not much difference will be found in terms of their fiscal and economic analysis. In fact the government's grey book is probably closer to the Reform position than it is to the red book that the Liberals campaigned on in 1993.

However there are some very fundamental differences in terms of our perspective of Canada. Reformers argue for less government involvement in the economy, for lower taxes, and for giving greater flexibility to local and provincial governments. The Liberals we believe are afraid of these proposals. Why? Where Reformers believe in empowering people, the Liberals still believe in empowering the bureaucrats. Where Reformers place their faith in individuals, the Liberals still place their faith in government. While the Liberals do not seem to think Canadians can take care of themselves, we believe they can.

While it is important to know what Canada's political parties believe in and what their vision is, they should not distract us from the more immediate problem, one which has nothing to do with partisan affiliation or political vision: the problem of our debt. It is a major problem.

The debt is sucking the life out of this country. It is killing jobs. It is killing innovation and entrepreneurship. It is killing our social safety net and our health care system. It does not care about politics. It does not set priorities. It does not discriminate against one problem or favour another. It is an equal opportunity killer and it will kill this country unless we do something to stop it. If we do not deal with the debt before our creditors deal with us, then Canada as we know it will cease to exist.

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This brings me to the second criticism of our presentation. This one really upsets me. It was the contention that our 25 deficit cutting recommendations and the \$12 billion to \$16 billion of social program spending must be cut over the next three years. Committee members and others have said that somehow this is an abdication of our social responsibility to Canadians. Nothing could be further from the truth.

Reformers did not come to Ottawa to take away the bread from starving children. We did not come here to dismantle social programs and leave the vulnerable and the unfortunate in our society unprotected and uncared for. The debate is over how and when to eliminate the deficit. It is not about which party cares the most for Canadians. We all care. The debate is about doing what has to be done. The Reform Party is not going to apologize for telling Canadians the truth.

The truth is that social programs will have to be cut. The some \$67 billion expended in that area will have to be reduced to some \$50 billion to \$60 billion whether we like it or not. If our social safety net collapses because of the failure of the government to plan for the future and doing what has to be done now, those most vulnerable will be the first to suffer and will suffer the most.

(1540)

Members of the government say it is Reformers who have abdicated their social responsibilities to Canadians, but who has been in power for over a year and done nothing in that time to deal with the debt that is killing this country? In three years this government will have allowed our stock of debt to grow by another \$97 billion. If Canada hits the wall, whose conscience will that be on? When international creditors tell the Canadian government and I say tell, not ask, who will be responsible? When international creditors tell a future Canadian government that they will only lend it money if it slashes every program across the board by 30 to 40 per cent, then who will have abdicated their social responsibility to Canadians?

At the present time we have been given an opportunity to put our fiscal house in order. While I do not pretend in any way that this will be easy, there are promising signs. The economy is expanding and Canadians from coast to coast have been telling us they are ready for the cuts. Some will debate whether or not this is Canada's best opportunity to eliminate the debt. I believe this is the proper time to do it.

We have a very simple choice: Either we decide where and how we will cut or somebody will decide that for us. If the government allows the latter to happen, it will be no consolation for me to point out which party truly abdicated its social responsibility for Canadians.

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, does my colleague not think that if we cut government spending too quickly given that government spending makes part of overall aggregate demand on the economy that it would slow down growth and perhaps put us into a recession?

Mr. Speaker (Lethbridge): Mr. Speaker, as Reformers we do not believe that. The total gross domestic product of Canada is around \$750 billion. Out of that gross domestic product we intend to take out in terms of debt reduction or expenditure reduction some \$25 billion in total.

That is somewhat of a hiccup in the total overall scene. We do not think it will have a significant effect on any kind of economic growth. We do believe that type of action will create confidence in the economy, more growth in the economy, more job opportunities and certainly it will be better for Canada as a whole on a longer term.

Ms. Catterall: I rise on a point of order, Mr. Speaker. I do not want to interrupt questions and comments for which there is still some time remaining but I did want to inform you that the next government speakers are the member for Elgin—Norfolk and the member for Notre-Dame-de-Grâce. I would like to give notice that pursuant to Standing Order 43(2) these two members will be dividing their time.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, when I hear the hon. member for Lethbridge say that his party is dedicated to helping the most vulnerable, I find that hard to believe, considering what was said on the finance committee by him and his colleagues about the Maritimes, Quebec, Ontario or western Canada. It is nonsense. It makes no sense at all to say that we should cut \$16 billion in our social programs in the next three years, to help the most vulnerable. This is a complete distortion of reality.

They are not describing reality. They are distorting reality. When they say to the government that the only way to clean up our public finances is to cut unemployment insurance even more than the government has already done, and that it should do the same with the Canada Assistance Plan, post-secondary education and programs for senior citizens, is that what helping the most vulnerable means? Is that concern for social justice? On the other hand, when we talk about inequities in the tax system, they will not listen.

(1545)

That is the extent of their real concern for the most vulnerable members of our society. Their only concern is that the privileges of very rich Canadians and very big corporations, despite the tax inequities applying to both groups of taxpayers are concerned, should be maintained. That is the only issue of interest to them in this debate.

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[English]

Mr. Speaker (Lethbridge): Mr. Speaker, in reply to my hon. friend from the Bloc Québécois I want to say that our philosophies differ completely. There are two ways to approach the economic problems of the country, the major debt, a deficit every year of \$40 billion and a growing deficit under the 3 per cent plan of the Liberal government. One is to be fiscally responsible and try to live within our means. The other is to increase taxes.

Since coming to this assembly I have learned that the Bloc Québécois uses a socialist, NDP approach to resolve economic matters. Those members should be telling Canadians—and I hope Canadians hear this—that they want to increase taxation. They do not want to reduce expenditures in a responsible way. They believe there is some rich person out there who will fill the revenue coffers of the country so the government can spend more. We in the Reform do not believe that; we absolutely do not believe it.

We believe Canadians want more independence. They want to be free to spend their own money. They want to be able to have more capital so they can invest in their own future and their family's future. They want to be rid of government, to have less government. That is the best approach to dealing with our deficit and other economic problems.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise today to address the economic policy of the Liberal government which regrettably, like those before it, has failed to take the necessary steps to deal with the severity of our fiscal crisis, leaving Canada and Canadians on a track destined to bankruptcy.

While in opposition the Minister of Finance stated in his 1993 Tory budget response:

What is most astonishing about this budget is that while Canadian taxpayers seem willing to directly address the deficit, the Minister of Finance instead served them a rehash in a context as to make everyone dream.

He went on to say:

The Liberals propose to confront this challenge head on.

In his first budget the Minister of Finance joined the distinguished club of 20 years of finance ministers that failed to deliver what they promised in opposition.

The interest payment to service our national debt is now the largest single item in federal expenditures and is placing a major squeeze on the availability of funds for program spending. In 1981 each Canadian's share of direct federal and provincial debt was \$4,500. Today that share per capita is over \$25,000. Before a single dollar of income is redistributed, before a dime goes to social programs, before a penny is spent on any other government program, \$2,200 must be paid yearly in interest for each and every person in Canada.

The sad part is that we are borrowing the money to do this, which simply adds to the overall size of our debt and our problems. The fact is that the current spending policies of the Liberal government are an immediate threat to the national well-being of all Canadians. The Liberals have admitted that by targeting the deficit to 3 per cent of GDP per year they will add close to \$100 billion to the debt. How is that solving the problem?

By continuing with the philosophy of tax and spend the Liberals have changed nothing in the House but the seating plan, from this side to that side, and the faces of ministers. The cornerstones of our society like health care, education and the social safety net are in jeopardy because Canadians are forced to borrow \$89 million per day or \$625 million every week to finance the debt.

If the Minister of Finance truly believes this is fulfilling his promise to break the back of the deficit and attack it head on, I suggest he is incompetent. Double talk and inaction in the situation are inhuman. It is a great disservice to the country to play games with other people's money, tax money.

(1550)

Our economy and incomes have consistently grown more slowly than our debt. We are now borrowing to pay the interest on our debt. This is not a sustainable situation. We are spending our children's and grandchildren's money. We are mortgaging their future at an alarming rate. I heard a baby up in the gallery this afternoon. That baby will have to repay the money that we borrow and are spending today.

Do our children have a say in how we are spending their future earnings? Does this not bother members of the Liberal government? When they go home tonight I suggest they look at their children and their grandchildren and think about what their lives will be like with carcass-like social programs. They were lost by a government that borrowed them into extinction.

The time to act is now. The government should prioritize its spending. If health care is number one then it should make health care number one and stop cutting the share of annual transfers to the provinces. If the social safety net is number two then those programs should be restructured so that they are targeted at those who truly need them and not everybody and anyone.

It is all about common sense. Families have used it for years in their budgets and members of Parliament obviously used it to run their homes. Why is it that when they get to the House they forget about that? Why is it that they do not do it when they are in government and are ministers of the crown? Why do they not operate like they do at home when it comes to government moneys from taxpayers? Can they borrow money on their homes on which they have mortgages to make the interest payments? We both know the answer is no. The bank would repossess the house. Somebody is going to repossess our country and we

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should do something about it before somebody takes it away from us.

Let us live within our means. If the federal government only has \$126 billion in revenues, we should not be able to spend any more than that amount. What is so hard about that to understand? Why do we continue to fuel the debt by deficit spending all the time? Why do we not start on a curve where we live within our means with the money we know we can generate safely in the country from a strong economy and send the right signals and messages to investors and other countries?

Let us use Liberal ideology and take a walk into the future. Let us take a little walk through the Canada of the future under the Liberal government as though it were a house. First, the house would be mortgaged to the tune of \$650 billion. This is just in a couple of years. The welcome mat would be subsidized. As we walk in, the first thing we would notice are the third rate snowboots and snowsuits hanging by the door. This is because corners had to be cut in the family budget to meet the mortgage payments and excessive taxes levied by the government.

That is okay because we notice that everyone seems happy as they huddle around the television to watch whatever magic the high salaried executives at CBC have conjured up that particular evening with our tax dollars.

Next we walk into the kitchen and notice grocery bills stuck on the refrigerator door. We are surprised at how expensive groceries are these days, but at least the Liberals kept their promise and killed the dreaded GST. Oh, wait, what is that we notice on the bill? Is it a national value added tax of 15 per cent? Disgusted, we turn around and notice a book of home remedies on the kitchen table and realize that Liberal cutbacks in health care have truly started to hit home.

At least after years of paying into the system we think to ourselves that the parents will have their RRSPs to fall back on. But, wait, the Liberals slowly eroded those programs through taxation and on capital gains too. What about the CPP? There is not enough money in the program to cover the revenue shortfalls.

With the current spending practices of the government this type of Liberal house is not that far-fetched. I do not want to live in it and that is why I am here speaking about the problems in the country and offering some solutions on how to solve them. Nothing less than a balanced budget in three to four years is acceptable. By adopting this Reform recommendation the new type of home we would find in Canada would be a big improvement over the Liberal version.

Let me review four advantages and benefits to all Canadians of a deficit elimination program. The first one is a smaller mortgage for the country of \$580 billion versus \$650 billion. That is significant. This means we would have affordable housing where we could start making interest and principal

payments and over the term of 30 years pay off our debt. This is how we have to do it with our family homes.

Second, to balance the budget a full program of review would be required. It would allow the government to right size government operations. However it is not doing that. If it did a proper review instead of consulting special interest groups across the country, government departments would have to recommit to the good programs; decentralize some programs to eliminate duplication of services, thereby lowering costs; privatize some corporations which are better served by the private sector; and eliminate programs that on a prioritized basis we either do not need or cannot afford.

(1555)

This would enable us to determine what amount of money we need to raise as a federal government. Then we could lower the taxes. There would be savings under the process. That is the benefit to Canadians, the biggest benefit of all. We would be leaving money in the hands of the people who earn it and know how to spend it better than the people who come into the House and lose their brain power.

Increasing the wage earner's disposable income would kick-start the economy and would continue to fuel the current economic recovery rather than hurt it. Following the Reform recommendations would restore pride not only in ourselves but in our government.

This is at a time when politicians and governments are coming under the closest scrutiny by taxpayers, by editorialists and by people who know the problem is overspending. If the government does not get its spending under control the politicians in this room will lose the faith of the people which will slowly erode our political system.

Another advantage to following the Reform recommendations is that we have a solution for the province of Quebec. Our home includes Quebec. It includes the opportunity to get the best deal we can in Confederation without breaking the country apart, without tearing at the guts of the economy and without going into all the uncertainties that separation so-called provides in opportunities for Quebecers.

It is a very touchy subject. National unity is very important and I believe in the Reform economic program of deficit elimination. That is the difference between our proposal and the Liberals' so-called tough talk. It is all talk and no action. They are not solving the problems. They are just adding gasoline to the fire when trying to put it out. By increasing the debt they are hurting us. By increasing the debt they are increasing our problems.

We say we should get to a balanced budget within three years. There would be no more deficit annually. We would have a fixed debt or mortgage on the country. Then we could start addressing the amount of money spent, start creating a surplus and start making principal and interest payments on the home of which we are all so proud. We want everybody to continue to share the

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benefits, but we cannot continue to do it with borrowed money and more borrowed money and adding to the debt.

The Liberal government should listen. We have been constructive. We have given it advice on where to cut and how to cut over a three-year period, and not in one year like it accuses us. Governments members like to play politics and we like to offer constructive solutions. It is time for the Reform type of house.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I thank the hon. member for his comments. Throughout listening to him I was mystified because he talked about specifics and the need to be specific. I did not hear him give one concrete proposal on where to cut government spending.

I wonder if the hon. member would come across and be clean about it. His arguments are sound but let us talk about something specific. Let us talk about the cost of operating the civil service. We have a combination of federal and provincial government employees amounting to about 886,000 people. The Canadian Federation of Independent Business tells us that on average they are paid something like 20 per cent higher than similar private sector wage earners.

What is the member's proposal to deal with that kind of problem? Does he propose laying off civil service workers? What is his concrete proposal?

Mr. Silye: Mr. Speaker, as I said in my speech, this is what the Liberal government is doing. It is playing games. It is playing politics. All it wants to do is talk, and no action.

The member for Durham stands and asks for specifics. If he were paying attention in the House instead of having his nose buried in the red book, still trying to find out what he promised during the election, he would know that on Friday last week we filed in the standing committee a report of 25 specific cost cutting measures that would benefit the country and Parliament if the Liberal government were so wise as to listen to us, take what we suggest and implement it.

(1600)

We have been very specific. To go through that in the time allotted to me in questions and comments would be repetitive. As the Prime Minister likes to tell us, read the red book. It is there. I would like to suggest to the member for Durham, read the report of the Standing Committee on Finance on budgetary policy that has been submitted by my colleagues. He will see that we have been very specific.

On the other item, getting specific about the public service sector, is that what the government is worried about, what the

government employees in the bureaucracy are going to think of it, that it is not going to get re-elected, that it is not going to get votes? This is what we are sick and tired of in this country. That is trivial.

In addressing the public sector the amount of money is trivial compared with the overall problem of this country and the billions we waste in direct subsidies to businesses and the billions we waste on foreign aid.

In the one minute left to me, I would like to make one more comment. If we get our government spending under control we could then take a look at that abomination called the Income Tax Act and we could introduce a flat tax that would have a single rate for businesses and corporations. There is a member of the government who has made that suggestion. That government is so ignorant of the solutions for this country it will not even listen to that member. I am disappointed.

The Acting Speaker (Mr. Kilger): Clearly the member for Calgary Centre underestimated how much time he had left because I have time to give another question, this time to the hon. member for Saint-Hyacinthe—Bagot.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, there are people here who are indulging in petty politics, and I am referring to the Reform Party. The Reform Party distorts all the proposals made by the Bloc Québécois, which were about cutting the fat from government operations, the recovery by the federal government of \$8 billion worth of accounts receivable classified as bad debts, which the Auditor General mentioned last week, and cutting into the \$3.3 billion worth of subsidies to corporations. You never hear the Reform Party talk about that. Do you know why? Because they are both judge and jury. They have a vested interest.

There is a question I would like to ask them. I will read them something in English, because I think it is significant, and I will then do a proper translation. I would like to ask them whether they agree with an ad that appeared last week, which I found with the help of Léo-Paul Lauzon, the well-known tax expert. It says more or less the following in English, if you will excuse my heavy accent:

[*English*]

“Fiscal loss to sell. Our client, a cosmetic distributor, has important fiscal loss and he is looking for a buyer who is interested in using this fiscal deduction. Please call the following number”.

Do you agree with this practice?

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Is that why they will not look at the tax treatment of corporations, why they will not consider raising taxes, why they will not consider improvements so that everyone, individuals, corporations and SMEs, does their share? If their minds are closed to such suggestions, then they are doing the petty politicking, and they have no interest in the future of Canada, although they claim otherwise. They are doing the grand standing, in other words.

[English]

Mr. Silye: Mr. Speaker, we are very definitely interested in helping Canadians solve their problems. The difference between the Bloc Québécois and the Reform Party is, after having worked with the hon. member in the Department of Finance, that when it comes to cuts it does not want to touch or look at social program spending whatsoever. That is a sacred trust to the Bloc Québécois. It does not want to reduce one dollar of spending in that area. That represents 67 per cent of its overall budget. If it does not address its complete budget and only makes cuts out of the remainder of the 33 per cent, it is limited to how much it can cut. Social spending has to be addressed as the Liberal government has proposed in its grey book. It is important to discuss and it is important to do something about it.

The difference is that we are prepared to look at social program review and recommend some cuts but the Bloc is not. When it comes to taxation we say no increases in taxes. It says there is room for tax increases, go after the family trust, go after the RRSPs, go after all those wealthy people in our society and that will solve the problem. Those are the differences.

(1605)

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, let me begin by saying that I agree with my colleagues in their concern for the debt and deficit. The deficit has reached a crisis proportion. I also agree with their concern for children.

I believe that we must move urgently to balance the budget but we must not use the budget crisis to deal with other pressing problems.

I commend the government for its commitment to lower the deficit to 3 per cent of GDP within three years of taking office. Believing that this goal is achievable, I also urge the government to move to balancing the budget in as short a time as is reasonably possible thereafter.

Some people ask why is the debt a problem. Annual interest on the debt is \$44 billion; that is \$44 billion that we do not have to spend on education, industrial infrastructure, research and a host of other important programs. Just as serious for more subtle

reasons is the fact that the debt drives up interest rates for everyone.

Because of the size of our debt international lenders demand and receive a risk premium to hedge against a potential drop in the value of the Canadian dollar. This risk premium or extra cost affects the whole market for money and the cost for borrowing consequently is reflected in it. Consumers, homeowners, students and all other borrowers also pay this premium.

The size of our debt makes our nation extremely sensitive to a rise in interest rates in the United States. Canada is forced to pay a premium over American rates in order to attract foreign capital. When rates go up in the United States we have no choice but to raise them in Canada. Thus our sovereignty has been severely curtailed as we lose control over our monetary policy.

We are hampered from finding made in Canada solutions to Canadian problems. Losing control over our economic house diminishes our nation and everyone in it. All we can do is hope that international forces co-operate with our deficit reduction program.

Furthermore, as bad as our situation is now, it will be much worse if we do not act now with discipline and resolve.

Having outlined my views on the seriousness of the problem, I would now like to address the solution. The following remarks can be entitled a good way to balance the budget versus a bad way to balance the budget. Everyone agrees that government should cut waste. Cutting waste is a good way to contribute to balancing the budget. More often than not waste is designed right into programs and as such is not so readily apparent.

For example, the coast guard, Transport Canada and fisheries and oceans maintain separate fleets with overlapping duties. My own riding of Elgin—Norfolk covers approximately 100 miles of Lake Erie shoreline. One of the harbours in Port Stanley is operated well by Transport Canada. The other smaller harbours are managed by small craft harbours of fisheries and oceans. These harbours are often neglected due to shortage of funds. Regardless, we have two sets of bureaucrats managing a similar resource side by side. I would like to suggest that a single authority could manage the Lake Erie shoreline, do a better job and do it cheaper.

The military has recently been highlighted as having some waste. In the past this waste was designed in as we kept bases open only for political need rather than serving military purposes. While this is starting to change we need to go further to identify waste.

We spend large sums of money on high tech advanced equipment such as the CF-18. The CF-18 is not used in peacekeeping but would be used in the unlikely event of the breakout of world war III or as a token contribution to a gulf war like crisis.

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Canada is currently the 12th largest military spender in the world. I believe we can cut military spending and find a large peace dividend, all the while maintaining our contribution to peacekeeping and our security needs.

The reserves offer great potential for a cheaper alternative to CF-18s and other high tech expensive weapons. In my riding the Elgin regiments have contributed nine people to the army who are now currently serving in Bosnia. These young men offer skill and commitment that represent a great value for dollar as citizen soldiers. Unfortunately the reserves often appear to be under equipped and generally under resourced.

I would now like to speak for a short while on tax policy. I accept as a given the government's apparent indication that a general tax increase is not in the cards. Certainly the middle class of this country will not tolerate a general tax increase. However, I need to point out that within this country there is a great inequity of income. The top 20 per cent of income earners receive over 44 per cent of national income annually while the bottom 20 per cent have approximately 2.7 per cent of national income. It is within this context that fairness in tax policy needs to be considered. There is nothing contradictory in fair taxation and deficit reduction. An increase in taxes on the top 20 per cent of income earners in this country I believe would entirely appropriate at the current time.

(1610)

Furthermore, the government should look at tax expenditures. The government forgoes \$860 million by not taxing lottery winnings. This should be changed. The marriage credit costs over \$1 billion. The government should design it so that it benefits the lower and middle class primarily.

RRSPs have received considerable attention lately. My own view is that the annual contribution rate should be limited to \$9,000 with corresponding change to private pension plans.

The people in my riding have just come through the worst recession since the 1930s. Very few of them can even consider saving \$9,000 a year to put into an RRSP. The benefits of RRSP contributions fall most favourably on the rich, those within the highest marginal tax rates. This by itself is unfair. Without change to the current law the contribution limits are set to rise to \$15,000 annually. This limit will have little benefit to the factory worker or the farmer in Elgin—Norfolk.

Lowering the limit will raise government revenue by an estimated \$750 million to \$1 billion annually. It will also restore in small part fairness and integrity to the tax system.

As we work toward a balanced budget there may be instances when for very good reasons spending more, not less, on a program is entirely appropriate. I would like to recommend that the government treat child poverty as an urgent crisis that requires more resources, not fewer, nor even a freeze. This may

appear like a contradiction. I would like to assure the House that it is not.

The government has said that it needs to find over \$6 billion in annual cuts within the next two years to meet its target to balance the budget and another \$30 billion to \$35 billion in increased revenue or decrease in expenditures. Within this context how difficult can it be to find an extra billion dollars for hungry Canadian children?

The Department of Human Resources Development has produced a supplementary paper to its green paper that outlines as an option an enhanced child tax benefit that would raise the benefit to \$2,500 per child and be clawed back starting for incomes of \$15,000 and dropping to zero for family incomes at \$55,000. The cost of this program would be approximately \$1 billion.

I would like to remind the House with the greatest respect that all Canadians are not participating in the recovery, nor are they likely to. If the government does not play a fair role in redistributing income this recovery will drive a wider wedge between the well off and the disadvantaged. Families that cannot compete in a quickly changing, knowledge based economy will be unemployed and their children will suffer the worst of the consequences.

In absolute terms over 1.2 million Canadian children, nearly 20 per cent of the child population, live in poverty in this country today. In most cases their parents are working. Even worse, in some provinces one-quarter to one-third of all children are poor. This is an obscenity. Even in times of cutbacks the issue needs to be addressed. The consequences of child poverty need to be addressed just as the consequence of the deficit need to be addressed.

Poor children are often poorly nourished. The Canadian Institute of Child Health states that without adequate nutrition children will suffer from stunted growth, intellectual impairment and a variety of infectious diseases. They will put an extra burden on health care and on prisons as they grow up.

To sum up, I agree with my colleagues that the debt and the deficit are serious problems. So too are a host of other problems and the one I have identified most significantly is child poverty. That is why I ask everyone in this House to join with me and ask the government for an increase in the child tax benefit and for some real solutions for child poverty.

[*Translation*]

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, I would have liked to hear my colleague opposite talk a little about unemployment insurance contributions. We know very well that last year the Liberal government increased contributions from \$4.20 to \$4.30 per \$100 for employers, and from \$3 to \$3.07 for employees. This is money which is taken out of the market and that could create jobs instead of helping the unemployed.

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(1615)

Moreover, the proposed reform will cut \$5.5 billion from unemployment insurance over three years. So, contributions were increased and spending is being cut by \$5.5 billion.

Here is my question: What will happen with all that? What will happen to the unemployed? Is it just a matter of transferring people from the unemployment roll to the welfare roll, thereby putting the burden on the provinces which will have to carry those welfare costs by themselves?

[English]

Mr. Knutson: Mr. Speaker, I thank the hon. member for his question.

First I would point out that the UI program as with every government program has to be sustainable. I would suggest that a program that has grown from an expenditure of roughly \$4 billion to over \$18 billion in the space of 10 years is not sustainable. That is one of the reasons why the UI program needed to be reformed.

The other reason it needed to be reformed was that it did not do a very good job in terms of helping people get back to work. Consequently that is why the Minister of Human Resources Development announced or started his social policy review.

I think the issue of unemployment insurance needs to go hand in hand with the concept that the best social security is for someone to have a job. That is why we need to spend more money on training and that sort of thing and perhaps less on benefits.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I would like to ask the member who just gave his presentation a question.

Earlier today during statements by members one Liberal member indicated that the Reform's recommendation of \$20 billion to \$22 billion in cuts over three years is too draconian. The member following the presentation by my colleague from Lethbridge asked whether the severity or size of the cuts that the Reform is suggesting would hurt the economy.

The finance minister of the Liberal government said he is looking for \$9.5 billion in cuts over two years. That is an average of \$4.5 billion. We are recommending \$7 billion a year over three years. The difference is \$2.5 billion per year. Ours represents a 1 per cent reduction per year on the rate of the GDP.

I would ask the member if he thinks our cuts are severe. Are we really just debating over \$2.5 billion per year? If so, what about the question in reverse. Does he not think \$4.5 billion a year is too severe and too draconian from that side of the House?

Mr. Knutson: Mr. Speaker, I understand the question. I think the debate between the Reform Party and the Liberal Party is not only on the size of the cuts but where they are made. I do not want to underestimate the impact of that debate.

My understanding of the numbers is the finance minister is looking for roughly a little over \$3 billion to meet his targets for the following February and an additional over \$3 billion for a total of six. I may not have a proper understanding of that but I did not think it was nine. I thought it was slightly over six.

Whether it is \$6 billion or \$9 billion I agree that we need to make our target of 3 per cent of GDP within three years and some people are going to be hurt by that. I know the member did listen but I would like to remind him of what I said. I think some of the money should be found from a tax increase. I think it is outrageous when the top 20 per cent of income earners in this country are getting 44 per cent of the income while the bottom 20 per cent only get 2.7 per cent. It is patently outrageous. It is unfair and it is wrong.

I do not think we need a \$15,000 annual limit on RRSPs. This limit helps people with an annual marginal tax rate of 50 per cent and that is the well off.

Hon. Warren Allmand (Notre-Dame-de-Grâce, Lib.): Mr. Speaker, this debate is part of the process leading to the budget expected in February 1995 and in consequence we must presume that no specific measures have yet been decided by the government.

(1620)

In scheduling this debate the government is asking us what direction the budget should take and what have Canadians been telling us about budgetary matters. Consequently I will make my remarks in that spirit, that nothing has been specifically decided, that budget policy is still open.

It is understood of course that the government intends to pursue the principles set out in the red book, to take the two-track approach, the first track being jobs and growth and the second track being deficit or debt reduction. In this respect, Mr. Speaker, the government as you know published several policy discussion papers. As part of its jobs and growth agenda it published the famous green book "Improving Social Security in Canada". Then it published two others. One is "A New Framework for Economic Policy" known as the purple book and "Creating a Healthy Fiscal Climate" known as the grey book.

It has asked two committees to undertake consultations with Canadians, the finance committee on the last two and the human resources development committee on the other. Both will report to the House before the budget. I have to make clear that the two are very closely interrelated. One of the goals of the social

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security review is to decide whether our present social programs are affordable.

The three goals mentioned in that document for the social security review are fairness, effectiveness and affordability. It is this question of affordability which links the social security review to the economic and fiscal questions and to the budgetary review.

I want to take this opportunity to state categorically, and I am speaking on my own, that our traditional social programs are affordable. They are not the cause of the deficit. They certainly need improvement. Inadequacies must be corrected, but they should not be cut. They must be improved and in some cases expanded.

In this respect the discussion papers are sometimes ambiguous. For example this one is entitled "Improving Social Security in Canada". On the other hand it questions the affordability of those programs. As I said, our social programs are not the cause of our deficit. They are not the cause of our national debt.

Most of our social programs were started in the post-war forties, fifties and sixties and were built during that period. During that period we had one of the strongest economic growths in Canadian history. As we built our social programs during those decades, we attracted very strong capital private investment. It is the same with other advanced countries. We must take note that the countries with the strongest economies, the highest standards of living, and the highest quality of life have also the strongest and best social programs: Germany, Holland, Sweden, Canada, Japan.

The fact that they built those strong social programs did not deter economic growth and investment in their countries. Nor did they cause the economies to go into decline once those countries brought in these strong and very important social programs.

I have been listening to the Reform Party members. I believe that if we did what they suggested we would bankrupt this country. Not only would they not solve the deficit problem, they would drive the country and send it in exactly the opposite direction. We would end up a third world impoverished country. There would be a few rich people. If we did what they suggest, we would not solve the deficit. We would drive the country into almost a third world status.

The causes of our deficit have not been the social programs, but have been on the other hand the general weaknesses in our economy, high interest rates, unplanned structural change, unplanned globalization, monopolistic practices and unfair taxation—a lot of tax is not being paid that should be paid—and several others.

In the red book we said that the Conservative Party was obsessed by the deficit.

(1625)

I want to refer to some of the things we said in the red book. At page 10 we said: "Without a doubt one of the greatest failings of the Conservative government has been the tendency to focus obsessively on one problem, such as the deficit, without understanding or caring about the consequences of their policies in other areas such as lost jobs, increased poverty and dependence on social assistance. Social costs are real".

At page 85 in the red book we said: "Conservative government decisions to cut social programs were made without acknowledging the effect these cuts could have on crime rates. Access to health care, housing, jobs and training is essential if crime is to be prevented".

We said on page 20 of our red book: "The goal of deficit reduction would be to cut the deficit to 3 per cent of gross domestic product by the end of the third year in office". We said: "In doing that expenditure reductions will be achieved by cancelling unnecessary programs, streamlining processes, eliminating duplication, and doing that in partnership with provincial governments".

We gave some examples of the things we would cut. We started off in the right way. We said we would cancel the helicopters, reduce national defence spending, reduce the \$4.1 billion consulting and professional services budget, reduce grants to businesses, reduce the size and budget of cabinet ministers' offices and the Prime Minister's office. Nothing about social programs in there. On the contrary, in chapter 5 of the red book we said that they should be strengthened and improved.

At the very worst the social security review should be revenue neutral. If we really mean to improve the programs the review should not be a means of attacking the deficit. That is not what we said in the red book, that is not what we said in the campaign.

So far the government has been good in honouring the commitments to the red book. It should not forget what it said in that red book about social programs and the deficit.

It is interesting to note that not all but many of the businessmen who say we cannot afford such things as pensions, health care, day care, training, post-secondary education, unemployment insurance, a living wage for those who cannot work, day after day try to convince us to buy, to buy, to buy, more cars, more cameras, more TVs, more holidays, pet food, jewellery, camcorders, cigarettes and liquor, with more and more credit cards and no down payment. Obviously they either think we can afford those things or they do not care.

Is there not something wrong with a society where we are closing hospitals and schools, where there are more people living on the streets, where the gap between the rich and the poor

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is growing, when at the same time the business sector is pressuring or encouraging us to buy more and more goods which really are not in any way as important as the things I have just mentioned. More yo-yos and less hospital care.

Those who talk about waste in government sell us products with built-in obsolescence so that after three or four years we have to buy more and more again. That is waste. That is real waste.

The whole question about affordability must be looked at in a much broader context as to what this country can afford. Can we afford more and more consumer goods that do not really count in our lives or can we afford better hospitals, better schools, better training, better pensions, making sure people are not living on the streets and that people who want to work can work?

In conclusion, if the government wants the views of MPs and their constituents this is what I am trying to deliver today. I had a townhall meeting in Montreal just last week. What I am telling you today is what these people told me at that townhall meeting. Cut the deficit, yes, certainly cut the deficit, but do it as we said we would do it in the red book, not by cutting social programs. We do not want the status quo. We have to improve things, we have to make our social programs more effective and better, but do not cut them. Do not cut the deficit on the backs of the middle class and the poor.

(1630)

Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.): Beam me up, Scotty. Mr. Speaker, the hon. member for Notre-Dame-de-Grâce says he wants to cut the deficit all right but in doing so he is going to ignore the 63 per cent of our budgetary expenditures that are used in transfers. Then he makes this gigantic leap and says that all the cuts that would be made in those would be made on the backs of the poor. I have news for him. There is more money taken out of social programs by the middle class, including the upper middle class, than there is by the poor. He can read that in the statistics in his own reports.

I give the hon. member some credit for telling us that the programs work great as long as there is strong economic growth. That is what we have been saying all along but we cannot continue to throw money out the door with abandon when we have a weak economy.

Let us not say that these programs have never caused any economic decline in countries that have had them. Look at Sweden. Sweden has hit the wall economically. I have personal knowledge of that from people I am dealing with who are trying to get past immigration into Canada because there are no jobs in Sweden any more. Sweden is worse off than we are.

If as the hon. member suggests the deficit is not as great a problem as we Reformers suggest, I find it passing curious that the Liberals have accepted their half-hearted attempts at deficit reduction. Either we have a problem or we do not. Let us be consistent. Let us decide what we are saying here.

Finally, there is one part of his dissertation which I did find a little bit offensive. He said the government and taxation are not to blame for the deficit or government overspending. It is all those evil, ordinary little people who insist on wasting their money on consumer goods when mother government could spend it so much more wisely on their behalf.

I would like to hear the hon. member's response to my comments.

Mr. Allmand: Mr. Speaker, the hon. member has mentioned several points and I will try to deal with them all.

First, I did mention the middle class. I said not to cut the deficit on the backs of the middle class and the poor. That is what would be done if we seriously cut social programs.

Second, I did not say that the deficit was not a problem. It is a problem but deficits can be attacked in two ways. You can attack deficits by increasing revenue, by strengthening your economy and by putting people to work, or by cutting out programs.

A family that has debt problems can take their kids out of school, can sell the family car, their house and tools. They can probably reduce their debt that way, or they can go out and work harder and increase their revenue. By doing it the first way, they might end up getting rid of their debt but they would be in a serious situation of poverty.

I am suggesting that the second way be used. That is the way we said we would do it in the red book. We would do it by putting the emphasis on economic growth and jobs, by putting people back to work so that instead of collecting money from the government on unemployment insurance and welfare they are paying taxes. Yes, the deficit is a problem, but we do not attack it especially by cutting social programs.

The member referred to countries like Sweden. Since when is the cause of the recession in Sweden due to social programs? There have been social programs for a long time in Sweden, Germany and many other countries as we have had in Canada and they did not have the unemployment problems they have today. The unemployment problem they have today is due to many of the same things that I said were problems in Canada: increased interest rates, globalization, unplanned structural change, a lot of things like that, but not the social programs.

That is where Reform Party members make a serious mistake. They blame everything on the social programs. We had good social programs in Canada throughout the 1950s and 1960s and we did not have the problem we have today. The cause of the

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problem we have today is not the social programs, it is other things.

(1635)

The final point he raised is an important one. He says that I am criticizing the poor consumer because the consumer might want to buy consumer goods instead of spending money on things like health care and education.

There are certain things that are important for nations which nations can only provide for together as a people through their governments. The people decide together that they want to do that. A long time ago we decided to have free public education in Canada up to grade 12. I do not know, maybe the Reform Party would like to reject that and go back to private education.

There are certain things such as hospitalization, medicare, social welfare programs, public education, environmental programs, public highways and the justice system that can only be done by the public sector. If we ignore the public sector and simply put too much money into the private sector we have private sector spending but the country falls apart because we do not have the social capital and infrastructure needed to compete with Europe, Japan and countries in other parts of the world.

[*Translation*]

The Acting Speaker (Mr. Kilger): 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 Bourassa—Immigration; the hon. member for Chicoutimi—Railway Transportation; the hon. member for Yukon—Health Care.

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, to start with, allow me to thank my colleague from Saint-Hyacinthe for giving me the opportunity to speak today.

Of course, it will come as no surprise that I am going to deal with the financial aspect of the issue, particularly as it relates to native people. I just listened carefully to my colleague from Notre-Dame-de-Grâce, and I was pleasantly surprised. For us, it was a breath of fresh air to hear such a discourse, especially following his colleague from Bonaventure—Îles-de-la-Madeleine, whose stand was quite the opposite.

I do hope that what the member for Notre-Dame-de-Grâce suggested will have precedence in cabinet. I hope that this point of view will be adopted by the Liberal government. But judging from the various views expressed so far, sadly, my colleague from Notre-Dame-de-Grâce may well be the exception.

At any rate, I too have perused the red book. We all do, do we not, inevitably? This book is supposed to provide guidance as to the intentions of this government while it is in power. The thing about this red book that is noteworthy is that it embodied a fundamental principle from the very outset, and that is the

principle of equity. It was clearly stated in this book that this government would not forget the underprivileged, but all we hear about these days, with the forthcoming ministerial social program reform in particular, seems to indicate and lead us to anticipate the worst for the underprivileged. Yet I do hope this will not materialize.

I just mentioned the principle of equity set out in the red book. But recently, certain lead ministers have indicated in their remarks that it was more a matter of fighting the deficit. We will soon be in a deficit and debt fighting mode, hence our fear that the underprivileged will be made, unfortunately, to foot the bill. Now, I am listening to what this government is telling us and I cannot help but be reminded that this is the government that was responsible for starting this national debt spiral in the years 1976, 1977, 1978.

I reviewed the facts carefully. As a matter of fact, the Prime Minister was the Minister of Finance at the time, and when he was the Minister of Finance, in 1977—I looked up the figures—the deficit grew from \$3.3 billion in 1976 to \$7 billion in 1977, when he became the Minister of Finance. It more than doubled. And the following year, the current Prime Minister, as Minister of Finance, brought down estimates indicating that the debt would reach \$10 billion in 1978.

You can see that the debt spiral was instigated by the Liberals, who were however very quick to blame the previous Conservative government for it. But if you look at the situation since 1985, you can see that it is the debt and the interest on the national debt that have driven the deficit spiral.

(1640)

I think that the Liberals can also blame themselves for this. I wish to respond to the comments made by my colleague from Bonaventure—Îles-de-la-Madeleine. I hope that he is now listening to me on the parliamentary channel. I do not agree at all with his statement that Canada has functioned admirably for 125 years. My findings are totally different.

It started off on the wrong foot with the Act of Union. We think that things started going downhill when the Act of Union uniting Upper and Lower Canada merged Upper Canada's debts with Lower Canada's sound management. Why are we in 16th place in terms of competitiveness when we used to be among the top five?

Why are we down in last place among G-7 countries? He keeps talking about the prestigious G-7. We should not forget that we are the poor relations of the G-7. How much overlap and duplication do we have and how much is it costing us every year? Very conservative reports now estimate that overlap is costing us up to \$3 billion a year because the federal and provincial governments are continuously short-circuiting each other.

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We are told that Quebecers' debt rate, I must point this out, is much lower than that of other Canadians. Quebec government management is in much better shape than federal government management. That is recognized by everyone.

As for the consistently higher unemployment rate, the Gaspé region, among others, is a typical example. The Gaspé is probably among the Quebec regions with the highest unemployment rates. Why is the unemployment rate in Quebec always higher than the Canadian average? I say that the system does not work and that as soon as Quebec gets hold of all the tools, I can assure you that its unemployment rate will fall substantially and compare favourably with countries that are much more advanced than the one we are now a part of.

I would like to add that the First Nations are concerned, and for the reasons I just enumerated. They think that this government will really go after the poorest people and hit the poor and middle classes in this society; if Canada has a class of poor people, it is certainly the First Nations.

Not only social programs, which are a sort of safety net for them, are endangered. In a few moments, I will tell you how we must get out of this trap. It is probably not by always giving the native people more social programs and making them more dependent; it is quite the opposite, as I will explain shortly. They are concerned not only with threatened cuts in the Department of Indian Affairs but also about other departments that have specific programs for the First Nations.

Take the Department of Health, for example, which has an annual budget of about \$900 million for the First Nations. So clearly, if cuts are made in health, the First Nations will be affected and if there is a class of people in Canada who do not need to be affected by such cuts, it is certainly the First Nations.

It is the same in the Department of Industry and Commerce. This department has specific programs for the First Nations and so there is a danger that the economic development proposals of that department will make the First Nations even more deprived than they are now. Parts of other departments, such as Canadian Heritage, are concerned with Indian affairs.

In any case, we must realize that any cuts affecting the First Nations would be disastrous for them since they are considered to be Canada's Third World.

Although the government congratulates itself on having increased contributions to the First Nations by 119 per cent since 1983, the figures show that the money spent was already provided for in treaties, a point which is often made by the First Nations, and I think that they are right on that. Our predecessors signed a dozen treaties with the native people in Canada and these treaties required the government to provide some services and compensation; today, the commitments made then must be honoured by the government.

I remind you of the social contract of that time, because something incorrect is being put forward now to the effect that the government is trying to keep the First Nations under its wing.

(1645)

It has often been said that First Nations people were all lazy. However, the social contract of the time was not about that at all. It basically said that the government would take 99 per cent of the land belonging to First Nations, and relocate these people on the one per cent left. The government would also develop all the resources. You will see later, in the proposals I am making, which are also those of the First Nations, a desire for better sharing as well as for putting an end to this paternalistic attitude and this dependency.

Here are some interesting figures. Native families receive about \$7,480 yearly. Considering this annual income of \$7,480, my earlier reference to third world people was not an exaggeration.

If you take the Canadian economy as a whole, it is very difficult for a family to make ends meet on \$7,480 per year. In fact, this is unacceptable in today's society. Our society prides itself on having the best quality of life in the world, but if you take a close look at the situation of the First Nations and the poor in this country, you will notice an increasing gap between those who have money and those who do not. I believe that the First Nations are the real poor in Canada and in Quebec.

They have a very high degree of dependency, as confirmed last week by the Auditor General. Indeed, 43 per cent of natives are completely dependent on the government. The unemployment rate is seldom below 30 per cent. I visited some reserves where it was somewhere between 60 and 70 per cent. The only people who had jobs were those who were employed by band councils and were paid with money provided by the federal government. Except for these people, the others are totally relying on the government, not by choice, but because they find themselves in the ultimate situation of dependency and isolation. They cannot get out of it under the present Indian Act. I will explain later how it would be possible to do so.

Over a period of ten years, the number of native people aged 19 increased 80 per cent; it did so in a situation of dependency, in the field of education among others. This situation puts enormous pressure on the education system.

I frequently receive First Nations people in my office who tell me that they cannot pay for the education of some children on these reserves, because they simply do not have the money to do that. They do not have the money, because the population under 19 years of age is growing at such a fast pace that the budgets cannot keep up. So, we will be faced with a problem not only in the education and health sectors, but in all the activities affecting our First Nations.

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The rate of the native population growth has been increasing regularly since 1983 and has now reached 60 per cent, twice the rate of population growth for all of Canada. So, it is normal that the budgets will be getting increasingly tighter and more difficult to manage. The youth population is growing at such a breathtaking pace that young Natives cannot attend school and receive the same education that any other Canadian can enjoy.

Housing is also a problem. We addressed this issue last week during the debate on a private member's motion. Right now, we are 40,000 housing units short in all of Canada. This whole situation, as I said last week, was decried by the Auditor General, according to whom health and education related costs are staggering and sky-high, because these people live in undesirable and unhealthy conditions.

In fact, the Committee on Aboriginal Affairs, and I will come back to this issue later, stated in 1992 that 50 per cent of all housing units on reserves were practically unfit to live in. So, the housing policy needs to be reexamined. Unfortunately, it is not being reviewed. We are always told that there is the deficit and the budget is tight, but in the meantime people continue to live in crowded housing. The houses are inadequate and do not respect the Indian culture, but what is worse is that you can find up to four generations living under the same roof, as I have seen for myself. I think that is unacceptable in our society.

Budget decrease for native programs and services.

(1650)

We know that the answer, and I am getting around to it, as I promised earlier, is for aboriginal people to take responsibility for their own affairs through more self-government and jointly administered programs, for instance. Normally, the government provides special allowances for aboriginal people so they can prepare their negotiations.

However, there has been a 7 per cent decline in the amounts allocated under these programs over the past few years. We have a situation where aboriginal people have to negotiate with a party that can afford the best lawyers and the best consultants. The federal government comes to the negotiating table in a position of strength, and the First Nations who want to face this impressive federal adversary are told: "Listen, we cannot subsidize your preparations for the negotiating process. You will have to make the best of it". I think the situation is even being used as a way to get a cheaper deal in negotiations with First Nations. I think that is also unacceptable.

I discussed at length the relative decline in subsidies for aboriginal housing. Of course, health problems, especially in connection with housing, are pretty obvious. As I said earlier,

the Auditor General has been critical of the situation on many occasions. So that is not the answer.

What can we say about the participation of aboriginal people in the Canadian economy? So far, there has been a policy of exclusion. Only one statistic has gone up: welfare payments. In fact, that is something Quebec has criticized on many occasions. We represent 25 per cent of Canada's economy through our taxes and we never get the equivalent back, except in the form of welfare or unemployment insurance. We do not think that is the answer.

The answer to providing for the future of the first nations is not to tell them: "Here is unemployment insurance. Do what you can. That is all we are prepared to do". Obviously, a society based on joblessness and unemployment insurance is not a society that bodes well for the future, and I think we will have to change our approach here.

There is a better way to invest this money. But how? Probably through self-government. We have had a few examples in the Yukon. We had examples with the Sahtu Tribal Council in the Northwest Territories. Probably the first example we had in Canada was the James Bay agreement. If we look at the living conditions of the Cree in Northern Quebec today, I think there is probably not a single first nation in Canada that has reached the degree of economic development we see here, where the Cree have become quite wealthy, although I agree, they are not riding around in Mercedes.

In any case, a Mercedes would not be very useful on a Cree reserve. They would be better off with a snowmobile. In any case, compared with other first nations in Canada, these people would probably be the first to agree that the James Bay agreement was a model of its kind and that self-government gave them the tools for their economic development. This is proof that self-government is the way to go.

If I look at my Quebec counterpart, who is the Premier, since he is dealing himself with aboriginal affairs, he is also contemplating a new way of doing things: joint management. I talked about it earlier. At one point in time in the history of Canada and Quebec, we told these people: "Go live on a small piece of land, and of course it was often an unwanted piece of land, and we will pay for all the costs".

As of now, the Quebec government is thinking about a different approach, that of joint management. Therefore, in Quebec, probably with a bigger land base in mind, they will examine the possibility for these people to get part of the royalties for natural resources, among other things.

This is an example where not only native people will have a responsibility towards natural resources, but they will also have the opportunity to create their own wealth and give work to their

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own people. Putting people to work is very important because it promotes pride. The right to work is there for everyone in Canada and Quebec and it should also exist for First Nations.

There are a few solutions. For example, the Minister of Finance says that everybody will have to participate in the effort.

(1655)

I look at people of Third World countries and native people of Canada and Quebec and I say they have one thing in common, their despair. Some situations are absolutely outrageous. I said it before and gave a few examples, but I have others right here. Inadequate housing. I spoke at length about housing, but allow me to mention that overcrowding is 16 times higher for native people than for Canadians in general. The infant mortality rate is four times higher. The suicide rate among young people is six times higher. Life expectancy is eight years shorter for natives than for other Canadians.

The imprisonment rate is astronomical. In a given city where natives may represent 5 per cent of the population, you will find that as much as 25 or 30 per cent of the inmate population is aboriginal. That is an enormous problem. There are also problems of alcoholism and drug addiction. Finally, we can realize that, for the First Nations, the solution no longer lies in dependency, but that does not justify the minister in making all kinds of cuts there. It does justify maintaining the amounts going towards their safety net, such as social programs, and directing these amounts towards self-government and resource distribution.

Once again, I thank my colleague from Saint-Hyacinthe—Balogot for giving me the opportunity to speak on behalf of the aboriginal nations.

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, I noticed how you listened carefully to the description that my colleague from Saint-Jean just gave about native people. It needs no comments. With his statistics on their housing, health and education problems, he gave a very real picture of the situation. Of course, we realized then that unemployment was very high. Here again, we see that the reforms about to be introduced always go after the same people—the unemployed and the poor.

It is hard to ask a question following such a presentation. I will simply ask the hon. member for Notre-Dame-de-Grâce, who made a very impressive presentation that also struck me, to convey, besides the message he sent earlier, this message about native people to his Liberal caucus and to Cabinet. Given the presentation we just heard, I am sure that he will be able to make this reality sink in and that he will be listened to carefully by his caucus.

[English]

The Acting Speaker (Mr. Kilger): Before resuming debate I want to verify whether there are any more questions or comments to the hon. member. I must advise the House that following the intervention from the official opposition the next group of eligible speakers would be from the government side. If someone rises from the government side he or she will partake in debate. Then of course we will continue and refer to the opposite side of the House.

[Translation]

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, I thank you for giving me the floor. I cannot help it if I am also interested in the native issue. I may have been faster on my feet than the government members. People in this chamber will draw their own conclusion.

The point I would like to raise today for the benefit of the finance minister, and I would like the member for Saint-Jean to comment on this, is the appalling situation of the native people that my colleague referred to. These people have their pride.

(1700)

They said so to the committee on fisheries and oceans. They want the tools that would enable them to help themselves. My colleague for Saint-Jean pointed out their appalling situation but, on the other hand, the native people are asking us, in other committees, to give them the tools to help themselves.

I know that my colleague also met some First Nations regarding this issue. I would like to hear his comments on this. I know that it is difficult to settle this matter. Right now, I have no authority to do it, but the minister opposite does.

However, I would like my colleague for Saint-Jean to describe, first, how native people could help themselves in the fisheries area.

Second, he mentioned that the average native family income was \$7,480. I would like to hear more about this. I know that, last week, the member for Saint-Jean asked the minister a question, but the minister did not say when nor how the situation will be remedied.

The cost of food in remote areas was also mentioned. I do not know if my colleague has more information on this topic, but I would like him to ask the government some pointed questions on this subject.

Mr. Bachand: Mr. Speaker, I would like to thank my colleague for giving me this opportunity to explain how we might be able to deal with the issue of fisheries, which is typical.

I think that the problem with the Minister of Indian Affairs and Northern Development or the Minister of Fisheries and Oceans, is that they decide on programs here, in Ottawa, without ever going in the field to see how these programs are ex-

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perienced, to see the level of poverty the aboriginal people live in. Were they to do so they would find that aboriginal people often have the solution to their problems. Decisions are taken in Ottawa, but the solution is self-government. We have to give aboriginal peoples the opportunity to take matters into their own hands, to develop windows of opportunity which will pull them out of the dependency they have been kept in for 125 years.

They were always told: "Do not worry, we will give you money". That does not solve the problems. The government committed itself to some movement in this area, but I am anxious to see how they are going to switch from talk to action.

In the Far North, another very good example mentioned by my colleague, the minister said last week that he had reached his objective, he had made me 60 per cent federalist on the issue of financing in the Far North. I know, Mr. Speaker, at 2.15 p.m. it is Question Period, not Answer Period. Still, I would have liked a more accurate answer. I know that the federal government spends \$14 million in the Far North, but the grocery basket is still double what we pay here. The costs are twice what they are here, but the salaries are probably about half.

I went to Iqaluit and I made a speech on food distribution in the Far North. I took Madam the Acting Speaker shopping in the Northern Store in Iqaluit. I made a note of the prices. The pack of three one-litre bags of milk was \$12, while here it costs only \$5 or \$6 and we earn twice as much as they do.

There are solutions and they all involve self-government of aboriginal people. The Bloc Quebecois will support any government initiative in this regard. I join the hon. member for Chicoutimi in urging the hon. member for Notre-Dame-de-Grâce to promote this idea among government members. We must not alter social programs, especially not social programs geared to native people.

[English]

Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue, Lib.): Mr. Speaker, the motion we are debating today reads: "That this House take note of the opinions expressed by Canadians on the budgetary policy of the government". The reason we are having this debate is because of the foresight of the Minister of Finance who in his February 1994 budget launched the most extensive prebudget consultations in the history of the country for the 1995 budget.

(1705)

In unveiling a new economic framework for the government known as the purple book on October 17 the Minister of Finance has identified five key areas: improving skills; adjusting to change; making government more productive; providing economic leadership; and getting the nation's finances in order.

The finance minister also released a second paper known as the grey book on October 18. It outlines the current state of federal finances fulfilling a 1994 budget commitment. The finance minister has made available to all Canadians through the offices of their MPs copies of a workbook prepared by the Canadian Foundation for Economic Education. This is a national non-partisan, non-profit organization with a history of efforts to promote economic understanding among Canadians.

According to the preface of the booklet the goal of the workbook is: "to provide you with background information that might be useful as you consider the issues and options that face Canada. We have tried to clarify the government's views so that you can decide whether you agree or disagree with the government".

The workbook poses questions such as: what should be priority areas for cuts; which government services should direct users pay a larger share; how can we deal with potential effects on other levels of government; and what is the right balance between cutting spending and raising more revenues.

The finance minister will not be able to read all the responses submitted but he will read a representative sample and a summary report of all the responses. As well, all responses will be reviewed by a team of officials in the department that will pass on to the minister any that are exceptional or unique. I encourage all Canadians to take the time to work through the book.

To support the minister's efforts the House of Commons finance committee has also travelled across Canada to listen to Canadians' proposals. In my riding I held a prebudget consultation meeting in order that the views of the constituents of Essex—Windsor could be submitted to the finance committee. I will be holding a second prebudget consultation meeting on Tuesday, January 17 in Essex, Ontario at 7 p.m. in the county council chambers to allow my constituents another opportunity to participate in the prebudget consultations and to respond to the finance committee's report.

In my opinion there are basically four things that can be done to address the national debt when considering a national budget. First, total government revenues can increase as a result of economic growth. Growth in sales and in income generate more tax revenues. Second, total government expenses can decrease due to economic growth. For example if more people are working and fewer people are collecting unemployment insurance or welfare then government expenses decrease. Third, total government revenues can be increased by changes in tax policy. Tax rates can be increased and more items can be taxed. Fourth, total government expenses can be reduced by cutting government spending.

Two years ago the current finance minister, then the finance critic for the Liberal Party, addressed these four points by arguing that there are only two tracks that can be followed to

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tackle the national debt. The first track is to stimulate economic growth which increases revenues and decreases expenditures. The second track is to reduce government spending and/or increase taxes.

The minister correctly argued that to deal with the national debt government would have to address both tracks. The reason the former government's fiscal plan did not work is that it concentrated on the second track, increasing taxes and cutting programs while economic policies pushed the country into a recession which led to a reduction in economic growth. The end result was that the deficit remained relatively untouched.

In order to prepare for this debate I held a prebudget consultation session in LaSalle, Ontario. As well I have received hundreds of letters on the budget. I would like to report to the House the views expressed. I want my constituents to know I may not agree with all the suggestions but nevertheless I think it is important that they be reported. The proposals put forward by the constituents of Essex—Windsor at that meeting fall into the four categories outlined above and they do address both tracks.

To increase revenues and decrease expenditures through economic growth my constituents suggested that money needs to be spent in research and development to ensure growth in jobs and to ensure current jobs. They also suggested that eliminating RRSPs will hurt Canadian businesses as investments in stocks and mutual funds will be made offshore. This in turn will lead to slower economic growth.

(1710)

They thought that taxing health benefits may be counterproductive. If people opt out of health plans then they will be sicker when they seek treatment. This will increase the cost of health care as more people are hospitalized and hospitalized longer. They also thought that cutbacks on health care can lead to increased health care costs in the long run. For example, in funding on education and research for AIDS, every person in which AIDS is prevented by education saves \$100,000 in health care costs.

They also thought that we should be negotiating with the civil service. Federal employees account for only a small part of the government's budget. A result of the cuts has been poor morale which has not led to more efficient service. An efficient public service is also required to produce economic growth.

To tackle the national debt through changes in tax policy, constituents had a considerable number of suggestions. They suggested that RRSPs should not be eliminated as not only do they shelter income but they are responsible ways for planning for retirement. Responsible retirement planning will save the government money in the long run.

They also thought the government should eliminate the business entertainment tax deduction and that it should focus more on the underground economy as a source of revenue.

They thought that banks should pay higher taxes and that the GST problem should be fixed. They believed and were told when it was introduced that it was supposed to generate revenues to pay down the national debt. They also want the government to collect outstanding taxes. They believe that Canada's tax system should be reformed.

Most of the recommendations made dealt with the fourth option, when drawing up a budget in the face of such a large government debt: where and where not to cut. The constituents of Essex—Windsor made the following suggestions. We could reform MPs pensions, eliminate double dipping in the public service, reduce government overlap, allow legislation of whistle blowing so the waste of public resources can be reported, and eliminate the Federal Business Development Bank. A federal employee suggested looking at reducing the civil servant forced benefit package instead of reducing the number of federal employees. They want to reform Canada's social security programs.

Many of the items my constituents raised are ones this government is addressing. I would like to take a moment to address those. I started off my statement today by noting that the finance minister believes that we follow both tracks to tackle the problem of the deficit and the national debt. The minister's first budget demonstrates that belief and as a result of that the economy is growing.

Canada's economic performance in recent months has been very encouraging. I will repeat what I stated earlier today. There is real growth at 6.4 per cent in the second quarter, far outstripping the performance of any other G-7 country. Retail sales are up in the third quarter and up 7.8 per cent over last year. Real exports are up 5.6 per cent in the third quarter which is a record level and the fastest growth since 1983.

Employment is up by 307,000 jobs since January and these are all full time jobs. Employment growth in recent months has been the most rapid in almost six years. The unemployment rate has fallen from 11.4 per cent in January to 10 per cent in October. The help wanted index is up 2.1 per cent in October and stands 16.5 per cent above the pre-election level.

This economic growth pays dividends and has helped reduce the deficit. Over April to August the deficit is \$4.5 billion lower than in the same period in 1993-94. Furthermore, it is results like these that lead the IMF to project that Canada will have the strongest growth in output and the highest rate of growth in employment in all the G-7 economies in both 1994 and 1995.

Another suggestion made at my LaSalle meeting was that the business entertainment tax deduction should be eliminated. It should be noted that the government's last budget reduced this

deduction from 80 per cent to 50 per cent. It also suggested that government revenues should be increased by clamping down on the underground economy.

In terms of the underground economy it is important to note that 95 per cent of all taxes are paid voluntarily. However, enforcement activities are also expected to add \$3.8 billion to tax assessed in the fiscal year 1994–95. Revenue Canada's underground economy initiative alone will result in \$750 million in additional taxes assessed before the fiscal year is over.

(1715)

Another point raised by constituents dealt with the question of uncollected taxes. It should be noted that this money does not represent an untapped source of funds for the government to apply against the deficit.

As I told the Canadian Tax Foundation's annual meeting on November 23, 1994, these moneys will be collected with interest except where there are legitimate reasons to adjust the assessment such as additional information provided by the taxpayer or an error in the original assessment.

As I noted above, constituents suggested reducing government duplication and reforming social security as two means of addressing the deficit. The government is currently reviewing both social security and all government programs to ensure the most productive and efficient services for Canadians.

In addition to holding a consultation meeting, I also receive hundreds of letters from constituents in my riding offering their suggestions and comments. Two resounding themes were heard over and over again: first, that governments must cut spending; second, that painful measures that are implemented must be fair, equitable and not betray former trusts or commitments that governments made to Canadians.

On the first theme, there is recognition and an understanding that the debt and deficit must be reduced. Canadians understand that our total provincial and federal debt is approximately \$700 billion. Furthermore, they recognize that if we want to pay off all our debt, both federal and provincial today, we would need more than \$24,000 for every man, woman and child in Canada.

This figure is ominous, as well it should be. To further put it into perspective, they realize that interest costs on our federal debt alone are rising by \$85,000 per minute. Last year, more Canadian tax dollars were used to pay interest on the debt than were spent on any other area, more than was spent on health care, welfare or programs for seniors, far more than was spent to run the entire federal government.

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We spent \$38 billion in interest payments on the debt. In comparison, we spent and paid \$7.6 billion in UI transfers and \$19.9 billion in transfers for seniors. Furthermore, our net foreign indebtedness is 44 per cent of our gross domestic product. It is the highest of all the G-7 countries. Italy comes second at 11.6 per cent and United States foreign debt is 8.7 per cent of GDP.

The workbook released by the Canadian Foundation for Economic Education states our problems best. In 1993–94, our deficit was virtually all interest payments, \$38 billion of a \$42 billion deficit. In 1994–95, this current fiscal year, our entire deficit will be due to interest payments on a debt. If things persist we will leave the next generation and future generations an extraordinary burden, a burden that would likely guarantee they experience a lower standard of living than those who preceded them and incurred the debt. It will be like leaving a mortgage still to be paid but no house to show for it.

A resounding theme that permeated from the numerous letters I received from my constituents was a plea to reduce government spending. So grave is the problem that many in their letters wrote: "I have never written a letter to any member of Parliament before but I feel it is necessary that representatives in government realize that we have had enough taxes and ask that spending be reduced co-operatively with the provinces".

One of my constituents could not have expressed the problem clearer. He wrote: "I am pleading with you to understand that new taxes are not the solution. Please reduce government spending drastically. If I am not making enough money to live the way I want to, it is up to me to come up with more money or change my lifestyle. That is my responsibility. I expect the government to change its spending style".

Another constituent wrote: "In hard times we do not have to give money away so freely. We should not give interest groups handouts at the drop of a hat. If all this nonsense was cut off we could probably do away with the GST. That money was supposed to pay off the debt and nobody seems to know where this money goes".

The second theme was the belief that painful measures that are implemented must be fair, equitable and not betray former trusts or commitments that governments made to Canadians. Along this line I received hundreds of letters on the issue of RRSPs. The message was: "When RRSPs were introduced, the government promised us that we would be taxed in the future when we used that money. Now I am shocked that you are considering breaking this commitment we both made to our combined future".

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(1720)

Further expanding on this theme the president of the Windsor–Essex County chapter of the Canadian Association of Retired Persons, known as CARP, stated: “Historically governments have encouraged Canadians to save for their retirement by investing in RRSPs. This has not only provided a tax deferral on earned income but has also allowed these contributions to grow tax free until such time as the funds were withdrawn. Now that millions of Canadians are using this investment strategy it would be a serious breach of trust to now start taxing RRSP contributions and earned interest prior to withdrawal”.

The possible taxation of dental plans was also expressed as a matter of treating all people fairly. One constituent wrote: “Dental plans definitely assist individuals and families to visit dental offices on a regular basis for preventive dental procedures and dental treatment when required. To tax dental plan benefits would result in less net income for my family and myself because I have a dental insurance plan. I think that is unfair. I am sure that many people like myself will have to consider whether to continue their dental plan and be taxed or discontinue their dental plan and not be taxed. Without my dental plan I know my dental health will suffer but I remain unconvinced that this tax will provide the economic impact that the government is banking on. Don’t betray a trust. Don’t tax health”.

Sustainable economic growth can only be achieved through solid planning and real productivity and growth. In the purple book the minister stated that productivity growth is the foundation of economic progress and must therefore be the primary focus of economic policy. A more productive economy is the only dependable route to more and better jobs for Canadians.

Research and development can assist in this goal. Between 1974 and 1993 employment in industries which use high technology grew almost three times as fast as in those that use low technology. It is estimated that almost half of the new jobs that are likely to be created during this decade will require more than 16 years of formal education and training combined. Government must maintain research and development in all areas.

Especially in my area one area of concern that has been brought to my attention is agricultural research and development. Without the agricultural research and development in my area, for example, Essex county would not have several flourishing wineries as it does today. It is important that we continue to promote such research and development.

In conclusion, these prebudget consultations have offered my constituents a forum for expressing their opinions and concerns. In summarizing their statements today the two recurring themes

are that we need balance and we need fairness in the cuts which we make. That in my opinion is the answer. The 1995 budget must be fair for all Canadians. Only then will it be accepted.

[Translation]

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, I have listened to the hon. government member with great interest and I would like to tell her that the deficit we are currently experiencing was initially caused by the Liberals in previous years and then fed by this deficit caused by the Conservatives. So, the two old parties are equally responsible for the economic disaster we are now faced with.

The member delivered a speech fit for the Canadian Club or an audience of scholars at a university. Now I think that the House of Commons is a place where things have to be put in pragmatic and practical terms. Her speech was packed with lip service, with pious wishes as to what the government could do. However, the people do not want to know what the government could do, but rather what it will do to resolve the problem. That is what matters. Any member of this House can rise and say fine words that do not add up to much and I was very disappointed.

The people of Canada and Quebec expect from government that it take its responsibilities, but we have been denied this from day one by the government across the way.

(1725)

We will recall, Mr. Speaker, that at the time the red book came out, we were supposed to be able to find all the answers in it. As it turns out, after all these consultations and delays, this government is no further ahead than it was a year ago, the reason being that it does not know what to do. It keeps delaying and delaying and delaying. The people of Canada want answers now.

The problem is that in the 1970s, this Liberal government took steps to distribute wealth, which in itself was very commendable, but now, it is distributing the deficit. I would like my hon. colleague to tell me how the government intends to distribute the deficit, all the while ensuring that the underprivileged, the poor and the middle class will not be targeted as the ones having to pay the greatest part of this deficit.

[English]

Ms. Whelan: Mr. Speaker, I feel that first I must reply to the comments made by the hon. member with regard to my constituents.

As I stated several times in my speech today, my constituents came to a prebudget consultation meeting and hundreds of constituents wrote to me. I felt it was my duty to present their views today. Those are the views of my constituents, not my views, with regard to the majority of the speech I made today. I think it is only proper and fair that the constituents of Essex—Windsor have the same rights as constituents in other provinces. They wanted those rights and that is what I put forward today.

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With regard to the problem of the deficit and trying to put the blame on the Liberal government of the 1970s, I would like to remind the hon. member that in the late 1970s and the early 1980s we had a recession in Canada. Everyone knows that you can expect to have a higher deficit during recessionary times. However, the 1980s, during the previous Tory government, should have been a time to curtail spending and bring down the deficit. It was not. It increased spending.

To try and blame the Liberals of the 1970s I think is a very poor effort on behalf of the hon. member, when everyone knows that during economic growth, which we are experiencing now, it is the time to cut spending and get our finances under control. That is not what happened during the 1980s when the Tory government had the opportunity.

I do not believe we should blame past governments. We should be giving credit to this government and to the Minister of Finance for undertaking this effort to allow Canadians to express their opinions and to allow for this debate today and in the future. It allows us an opportunity to put forward views and ideas and allows all Canadians to have input. That is what is happening. That is what this government started and it is unprecedented.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I would like to thank the member for her speech. I wonder if she could clarify something that caught my interest in the previous question. We talked about who is responsible for deficits.

The province of Quebec has the highest provincial deficit of all provincial governments. It represents \$9,400 for every man, woman and child in that province. Of this debt, 40 per cent is owed outside the province of Quebec and outside Canada. It is owed to foreigners.

Interestingly enough, I went back and discovered that over the last seven years of the PQ administration it raised deficits in that province by 285 per cent at a time when transfer payments from the federal government actually increased to the province of Quebec. After the PQ government, I think in 1985, the deficit continued to increase but less than half the increase occurred while the current premier of Quebec was the minister of finance.

I wonder if the member could possibly give some comments on the previous speaker's dissertation about how all the debts have been created by the federal government.

Ms. Whelan: Mr. Speaker, I thank the hon. member for his intervention. I would like to expand on that.

We all know that every government, whether it be provincial or federal, has a responsibility. We know that the debt, as I stated today, of \$700 billion is both a federal and provincial number. There are a number of provinces that need to get their financial houses in order. If the finance ministers of all provinces were to follow the example of the federal Minister of Finance, we would

have a more open process across the nation. That would be wonderful.

(1730)

As I stated earlier, one problem today with our debt is the fact that over 44 per cent of it is foreign owned. With the problems developing in other provinces, as my hon. colleague pointed out, we have to get control of it both federally and provincially. The consultation process, openness in asking Canadians for their input and listening to their ideas is the way to do it.

The Acting Speaker (Mr. Kilger): I wonder if I may seek some assistance from the House. If members are splitting their time would they please indicate it to the Chair.

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, I advise the House that I am splitting the time with my colleague. I will take 10 minutes.

I am pleased to rise today to take part in this important debate on budgetary policy. I think it was Will Rogers in talking about the weather many years ago who said: "Everyone talks about it but nobody does anything about it".

We are doing a lot of talking about it today. I heard some very sensible things being said in the House and some not so sensible. I wonder what the fallout from all that will be. Will someone actually do something about it? Is the Minister of Finance listening to the words being said in the House, or does he have some staff available to sift through it all and separate the wheat from the chaff? I hope something is being done because some words of value are being spoken here today.

Government policy in this whole area, as restated last Thursday in the House by the Secretary of State for International Financial Institutions, is to bring the deficit down to 3 per cent of the GDP. This is not an acceptable policy. Many financial experts have stated it. The C. D. Howe Institute is urging the government to move faster in the area of deficit reduction. There are some signs the Minister of Finance is getting the message, but I do not know if he has it all yet.

The policy of simply taking 3 per cent of the GDP as the target is unacceptable. It would leave us with an \$25 billion deficit annually in a couple of years. It is unacceptable for another reason. In response to a question from one of my colleagues on Thursday, the same secretary of state stated that while their fiscal policy was to reduce the deficit to 3 per cent of GDP it was only an interim target. That can be good news and bad news. What will the final target be?

How does the government expect to inspire economic confidence when its fiscal policy is geared only toward an interim target? This is not acceptable to the financial markets. This is not acceptable to Canadian taxpayers. Both expect more from the government than a vague financial policy based solely on an interim target.

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I am beginning to think that not only is it an interim target; it is a moving target. The statement of the Reform Party on targets indicates that we have to target our spending. I heard statements in the House today that social spending should be preserved for those in need. I totally agree. We should target our spending to those who need it, not those who do not need it.

(1735)

Last week Reform finance critics released a paper detailing about \$10 billion worth of cuts. It was quite a worthwhile paper. I will not go over it all but I remind the House that last week the Reform proposed that people at the top of government must be the first to make visible and significant sacrifices such as reforming the pension plan of MPs.

Last week in the House a private member's bill was proposed to reform the plan and the government and other members voted against it. They did not want reform if it was going to cost them money.

Mr. Cannis: Read the red book.

Mr. Ringma: That is unacceptable. I have read the red ink book.

The Secretary of State for International Financial Institutions described the paper brought in by the Reform as containing positive suggestions. It is refreshing the hon. minister recognizes the value of some of the ideas being batted around in the House.

I remind everyone of the precarious situation of our country. We have a debt at the federal level of \$530 billion or \$540 billion. We are increasing that debt. As of this year our deficit spending looks like another \$40 billion, which works out to a rate of \$110 million each and every day we go deeper into debt. It is a serious problem. The public at large in Canada is finally starting to haul it aboard. Certainly the financial institutions have hauled it aboard. It is time the government did so.

I will touch on one small area today and perhaps two if I have time to show what we can do to wrestle with reducing spending. I am the critic for official languages. I would like to suggest that we can save in the area of \$310 million annually. This is not a big deal relative to the amount of deficit spending we are going through, but if each area can pick up \$310 million in a year and spread it across the board we can get this thing under control.

Because I am talking about savings in the area of official languages I know they are waiting across the way to jump all over me and tell me how terrible our policies are. Let me reiterate with regard to bilingualism and official languages that the Reform Party is pro-bilingualism, not anti-bilingualism. The more people have French and English the better off we are. The more multilingual people in the country the better off we are

in trade with the Pacific rim, with Europe and around the world. We are not anti-bilingualism; we are anti-waste. A lot of waste spending is incurred under the aegis of the Official Languages Act. We have to cut that out.

Another policy would be to give language and culture to the provinces and say they are theirs to take care of; if they want to spend money on them they can go ahead and decide to do so. We would leave it to the provinces. From the \$310 million I am talking about we could trim about 30 per cent or \$80 million from funding for official languages education. We could leave that to the provinces, keep the federal government out of it and save \$80 million. Education, after all, is a provincial responsibility and should be left to the provinces like culture and language.

(1740)

It should also be noted that most of the money is used to fund immersion programs. Immersion, especially French immersion of youngsters, has been touted by powerful special interest groups like Canadian Parents for French as the best means to create bilingual children. This is simply untrue. Several studies indicate that French immersion, especially at the younger ages, has been a failure.

Dr. Hector Hammerly of the linguistics department of Simon Fraser University has done extensive research in the area and has concluded that French immersion is based on a series of incorrect assumptions. Rather than producing graduates fluent in both languages, it turns out people who he says speak frenglish. They speak and write French poorly and they have difficulty in English. Dr Hammerly has discovered that core French is as effective in producing bilingual graduates as French immersion and costs less to operate.

Therefore, if we are spending money on something that does not work, surely we can afford to cut that spending.

[Translation]

I am always available to discuss any problem involving bilingualism or French immersion with anyone.

[English]

Second, we can save \$41 million by eliminating grants—

The Acting Speaker (Mr. Kilger): Order. I regret the member's time has lapsed. Possibly he will have the opportunity to conclude his remarks within the context of a question or comment from a colleague.

Mr. Ronald J. Duhamel (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, I was very interested in the quote from my colleague with respect to French immersion. I have worked for a number of years in the field of education and have known the best experts not only in Canada but throughout the world.

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It was my understanding there was a consensus that the immersion model was the best one in terms of learning a second language. I am really quite surprised with his assertion. However I recognize it is always possible to find someone who will disagree with any body of knowledge.

Is it true that those educated through the immersion mode supposedly do not speak it very well? The studies I have seen show that they do as well as their peers do. In fact they very often do better even when we throw in factors such as socioeconomic status and intelligence.

Why is it that people such as I who have French as a first language and others who have Greek, Italian or another language are able to learn English? They are able to learn their own languages and not speak frenglish. I think my English is reasonably good.

Could the hon. member somehow try to explain to me what appears to be a contradiction? Most French speaking people I know whose first language is French and most other Canadians who have another language as a first language end up speaking the English language very well. If that is the case, why should English speaking students who have English as a first language and learn French not be able to do the same? It does not make a whole lot of sense to me. I would certainly like some clarification.

Mr. Ringma: Mr. Speaker, English speaking people are able to learn French. There is no difference in brains as I understand it. I am trying to tell the hon. member for St. Boniface and anyone else who wants to listen that there are problems with French immersion training among youngsters. This problem has been brought out in a most recent issue of *Saturday Night* magazine. I would be very happy to pass a copy of it to the member. I would also be happy to give him a copy of Professor Hammerly's book. This evidence of the failure of immersion training of youngsters is being swept under the carpet because this group of parents for the French language receive a grant of \$900,000 a year from the federal government. They parlay that apparently into more. They are not at all interested in doing anything but continue touting immersion training, whatever its deficits.

(1745)

[*Translation*]

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, I listened very attentively to the comments made by my colleague from the Reform Party and I think he is right on the issue of early language training. However, that is not what I want to talk about. What bothers me a little is his proposal to transfer language and culture to the provinces.

We know full well that if Canada implemented the hon. member's proposal at this time—since I have always thought that Canada was an artificial country kept together from coast to coast by the policy of the two official languages—, we would have a problem because we in Quebec have a long tradition.

As you know, Quebec anglophones have their own elementary and secondary schools as well as their own school boards, hospitals and universities in and outside Montreal. So this is not a problem for Quebec but I think that francophones in the rest of Canada would lose all their services, which would be very dangerous. I do not know if the hon. member has thought about it, but I think that there would be no problem in Quebec but that francophones in the rest of Canada would simply lose their services. Could he comment on this?

Mr. Ringma: First of all, we must realize that Quebec already has a problem with Bill 101. I believe in Quebecers' generosity so there should not be a problem in the future because the people themselves will decide what to do and for whom and how much to spend. I assure you that the same applies elsewhere in Canada. Canadians are quite generous by nature; they care about their fellow citizens whatever their origin and will do what is needed to protect languages or anything else.

Mr. Leroux: That is not the reality.

[*English*]

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, it is truly an honour to be able to speak on such an important subject. I would like briefly to go back to my involvement and interest in the subject of debt and deficit and why I became involved really in politics.

In 1984 all of us realized that this country had a major problem and that we had to deal with it. At that point we were \$190 billion in debt and we had someone who promised to help us get out of that. Of course by 1988 we realized that those promises were not going to be kept and that even though we were promised with some more time something could be done, an awful lot of us said no way, and so the birth of the Reform Party.

Basically there were a number of test cases that came for where the Canadian public was at. We had the elite and the media saying that Charlottetown was the answer to a lot of our problems and the Canadian people sent their first message.

In 1993 we had another very sound second message sent which stated: "You had better deal with that debt and deficit or you know what is going to happen". The PCs suffered from that. To the Liberal's credit they have realized that is exactly where people are coming from. We must deal with this and we must do it right now.

However, when we look back to February 22 of this year that probably was the darkest day in this House when we found that nothing had changed and that nothing had happened. Now we are

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into the fall and winter of 1994 and we now hear that come hell or high water we are going to deal with this debt and deficit. I hope that these are not just more words because if so the third message will come from the Canadian electorate and that will be borne out on the Liberal Party.

(1750)

Three per cent of GDP by 1996 or 1997 is just not good enough. That is so minor in terms of what has to be done. People will not accept that. We have to do things to change. We have to show lower taxes so people will have the incentive to spend more money and leave their money at home. We need to downsize government dramatically. We need to help people help themselves. Certainly taxing RRSPs is not the answer to that.

We need to get government out of business. We need to stop duplication between the provinces and the federal government. We need to solve the Quebec problem, the native land claims problem. We need to show leadership in areas like the WTO and the OAS to name just a few. We need to reform the whole government starting with pensions, as we have heard so many times. We need to look at many other areas of government to reform, not the least being the Senate.

Many speakers have dealt with our zero in three plan which we have had in place for a number of years and which we have now fine tuned. Each of us as critics in our areas has been asked to specifically go after the things that affect us most.

As the foreign affairs critic I will deal just with that area and the sort of deficit reduction that we would see there. As an earlier member said, we do not have the specifics, I would like to let him know that we have a lot of specifics, certainly more than we have heard from the other side.

In talking about foreign affairs and how we would do our share as part of government to reduce, I would go back to our foreign affairs review on which we spent the last seven or eight months listening to hundreds of witnesses across the country. The strange part was that so often we spent our time dealing in an academic exercise, not dealing with any real policy and never did we talk about the kind of cost cutting that we would recommend to the minister when the time came for his call to say here are the cuts that we can make.

Instead of asking key questions like what can we afford, what should be the priorities in foreign affairs, we conducted major discussions as to whether human rights abuses should be considered as being grave, severe or serious before Canada should respond with positive measures to help.

I point out that all of the above words are synonyms and have no quantitative or qualitative differences. It was like arguing whether the movie "The Omen" was frightening, scary or horrifying. We spent our time discussing words that really were

in the area of academia interesting, but in the actual area of making a difference not very.

As a result while the final report was precisely worded it did not deal with some of the key things like how we are going to cut our debt, how we are going to reduce our spending and yet still try to get the job done.

As a result we did put forward a dissenting report on the foreign affairs review. Our number one issue that we talked about was fiscal responsibility. We pointed out that the report had asked for numerous spending increases and had asked for no cuts. Not one place did we suggest a cut.

Since we found this unacceptable we went ahead with our zero in three proposal and said how can we make cuts. Out of that we came up with \$1.3 billion worth of cuts that we feel are essential if we are going to balance that budget.

In this proposal we looked at a number of areas. The first one was operating expenses of government. In the area of foreign affairs and CIDA we have a number of administrative costs. There have been cuts in the past.

(1755)

If you talk to the bureaucrats, they will tell you that you cannot cut any further. In the tough times we are in we have to cut further. We do not have a choice. In the unreal world, in the utopia that we often hear described around this place, we would not have to make those cuts. That utopia does not exist and those cuts are necessary. We cannot go on any longer without making those cuts.

We have to cut government to government aid programs. As many members are aware, at our recent convention held here in Ottawa we passed a resolution which asked for a tough analysis of this whole area of aid. The big thing we cannot avoid is this whole aid question as being one of a slush fund for the minister or the Prime Minister whenever they travel.

I have press releases here that I got today showing again \$2 million here, \$80 million there. It is like a slush fund, like when we go to a cocktail party we simply hand out a cheque just to show what good guys we are. The Canadian people are not going to accept that anymore. They want NGOs to handle the aid program. They want NGOs who are responsible and who are prepared to raise equal funds on a one to one basis. They are not prepared for 100 per cent funding any longer. They are asking for transparency and an evaluation of the programs they get involved with. That would be the way the Reform Party would approach that area.

I am not saying we would cut foreign aid. I am saying we would target it. We would look at it and try to get the best bang for the buck. We cannot be all things to all people.

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The third area we might look at is the whole area of international grants. We give a lot of grants and in many cases there is no accountability for those. I could go on if I had more time to talk about those. Again, the Canadian people are asking us to evaluate those international programs and to be sure that the money is being spent in the best possible way. We are cutting money to our students but we should be looking at what we are getting for some of these international grants.

As well, we have to take a look at some of the institutions we belong to. The policy of the Canadian government has been that we have to belong to everything that is international. We belong to more organizations where we do not know what they do. When the Auditor General took a look at this three years ago he could not even find out what the aims of some of these organizations we belong to are, who their boards of directors are and what they hope to accomplish.

What I am saying is that in all areas of government, it does not matter what department, we are going to have to make some cuts. There is no question about that. We must recognize that and we must expect the ministers in each of those departments to come up with those kinds of cuts. That is our goal. That is what must be our goal. It is what we in this House must all agree on.

[*Translation*]

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, I really enjoyed the hon. member's speech. I think that it is very sensible. He is an opposition member and the opposition's role is to ask questions. The role of the government is to find solutions and solve problems. I think that the Liberal government facing us was not in opposition long enough to really prepare for governing, but you know that Canadians, outside Quebec and the west, decided that it would be the government so it should govern.

I would like to discuss something about my colleague's speech, his reference to the Quebec problem. Quebec does not have a problem; I think that the rest of Canada has a problem, because Quebecers will decide freely in a referendum.

(1800)

He talked to us about Charlottetown. That accord was a historic event which shows us beyond any doubt that Canadians and Quebecers voted no, but for entirely opposite reasons. So Charlottetown clearly shows the differences between Quebec and the rest of Canada.

My question for the hon. member, who made a very good speech, is this: Is it not time now to see what Quebec wants and let Quebec develop fully?

[*English*]

Mr. Mills (Red Deer): Mr. Speaker, I certainly did make reference to the Quebec problem. Maybe problem is the wrong word. I should have said concern.

Members know where we come from on that sort of issue is that basically we believe the day of two founding nations was the case back in history. Now we have 10 equal provinces. We have 12 million people in this country whose original language is not English or French. Therefore let us get on with it is the point. Let us get on and make this country Canadian.

We are Canadians. We are proud of it. We want Quebec to be part of that. We believe that grassroots Quebecers also want to be part of it but they are tired of the old line way of dealing with things. They want to deal with things now in 1994 style. That is let us deal with the problems, the jobs, the debt, the deficit, the criminal justice system. Those are the areas they want to hear about.

They do not want to hear us talking about this constitutional garble. Let us get on with it. Have the referendum. Tell the people the facts and then let us get on with it.

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, I would like the member for Red Deer to clarify something for me. During his presentation he indicated that taxing RRSPs was not the answer. Earlier today one of the members from the Reform Party indicated that RRSPs should be taxed. I am a little bit confused. Maybe he could clarify.

Mr. Ramsay: Who?

Mr. Cannis: Maybe it came from a different fax machine, I do not know. The other question I have is this.

He indicated chopping, chopping, chopping and this government is not coming forth with any proposals. Often the Minister of Finance is asked these questions. As custom has it in this House at the appropriate time the minister will come forth with those answers. Right now, as we all know, we are going through the consultation process to hear what the people are saying so that we can collect this information and come forth with the proposals. I would like clarification on the RRSPs.

Mr. Mills (Red Deer): Mr. Speaker, the less government we can have and the more we can let people be responsible for themselves, an RRSP is the way to do it. To tax something like that, one is saying: "Hey, we are not even going to let you take care of yourself". Had we stayed out of CPP back in 1965, we would have been better off if it was not going to be run like an insurance program because look what government did to it.

What we are saying is this. Encourage people to take care of themselves. The RRSPs are doing that, do not touch them. Do not raise taxes. I would be really surprised if anyone over here agreed with that.

As far as the studies in 1984 we knew we had a problem, \$190 billion in debt and we said: "Fix it". Mulroney said: "I will" and then he chickened out. In 1988 he said: "Hey, I need a little more time. I just did not have enough". By then we said: "You're lying". We had an election but people believed him. In 1993 they did not believe him any more and members saw what

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happened. That is what will happen to anybody else here who does not deal with that number one problem.

That is why we are losing our jobs. That is why it is not working.

[Translation]

Mr. Ronald J. Duhamel (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, I listened with great interest to the vast majority of speeches made today. I really appreciated them and I would like to briefly summarize the key arguments of each party.

(1805)

When Bloc members take the floor, we hear about the deficit. We are told that the debt is huge and even more than huge. But then, they tell us not to change anything because if we do we will create problems—I think we understand that—the big problem of course being Canada. This is the essence of the Bloc's message.

The notion that Quebec could be a problem was rejected by these people, but they were quick to say that Canada is the major problem. I do not think it is the case and people should be honest about this issue. The fact is that, for years, we spent a lot of money; now, we all have a big problem on our hands and we all have a responsibility to try to find solutions together.

I appreciate listening to speeches made by Reform Party members.

[English]

The main thrust is cut. It is easy. It is so simple to bring in a balanced budget. It is not difficult. I did it as a former deputy minister. You have to realize, and I think my colleagues do but they will not admit it, that whenever you cut something there are victims at the other end.

For example, when we talk about cutting aid to other countries we forget that there are potential victims there. We would like to make Canadians believe we do that out of the goodness of our hearts. Let us be honest. We get a lot in return. We also add to our own security when we do that. Let us be fair when we talk about whatever it is that we are going to do, to cut or to add or to subtract. Let us be fair. Let us share the impact.

I was really shocked, Mr. Speaker, and I think you noticed it when the colleague previous to the last, and perhaps he did not see it that way, attacked Canadian Parents For French, which is a very honourable organization. The suggestion was that because they get some assistance from government that they go on promoting immersion as opposed to believing that immersion is the appropriate model.

You will remember, Mr. Speaker, that I said that there are roughly seven million French speaking Canadians whose first language is French and there are probably 12 million others whose first language is other than French. We all learned English in an immersion setting. In fact we have learned it so well that some of us speak English better than we do our own native tongue.

I reject completely the whole hypothesis that immersion is not effective. I reject it totally. I have already made a call to look at the most recent research. If I am wrong I will come back and I will tell the member.

It is easy to come in here and make those kinds of accusations. Take one *Saturday Night* magazine article and that is it. That is not good enough. It is absolutely and totally unfair to attack a group of responsible Canadians who have been working for years to give their children the best of all possible educations and then just slough it off on one reference, one supposed expert.

[Translation]

Well, I better change gears because, frankly, it upsets me when I think about the exaggerated and insensitive comments which were made.

I want to say a word on the consultation process. As you know, before undertaking that process, about a month ago, the minister and his department had the good sense of providing us with a number of documents on economic development in Canada, in times of deficit, debt, et cetera, so that we would have a background, based on facts, to better understand the problem. As you well know, the finance committee started to travel throughout Canada to consult the people, to find out what Canadians think of this pre-budget consultation process and what they think about the cuts, the taxes, et cetera.

The Minister of Finance himself has gone to a great number of Canadian cities to attend all kinds of meetings where he listened to people who expressed their concerns and then he told all members of Parliament, not only members from his party, but all the members, to feel free to share with him their views on the budget.

I think this is an initiative that deserves to be supported. When I heard someone say that these were phoney consultations, I found that allegation insensitive and unfair. I think it is really very ill-considered to claim that the Minister of Finance has undertaken pro forma consultations.

(1810)

Frankly, people who make such statements are going too far. I am only a private member, but I have had the opportunity to talk with some of my colleagues, with businessmen and women, as well as a number of constituents not only in my riding of St. Boniface, but throughout Canada, and here is what I found out.

Government Orders

[English]

After having talked not only with my own constituents and having had a number of meetings with them, but having chatted with Canadians across the country, here are some of the things that I have found, noted and shared with the Minister of Finance.

Surprise, surprise, surprise, virtually everyone I talked to said they were taxed too much. I suppose I would probably agree with that. Interestingly enough, they wanted to see how our taxation rate compared to that of other countries and particularly those countries that are major trading partners such as the U.S., Japan and a number of other countries. They also felt that if one was a wealthy person one had the means to avoid paying one's fair share of taxes. These are impressions, opinions and views they shared with me.

They also believed, rather passionately I might add, that rich Canadians should not be allowed to pay no or few taxes. Whether or not this is totally true is not the issue. The issue is that these people believed it. They also believed the same thing of what they call rich corporations.

There was a bit of a problem when they were asked to define rich. They could not agree too quickly as to what the definition might be. However, they were really annoyed that banks supposedly, according to their perception, do not pay a sufficient amount of taxes. I think banks would probably disagree with that. In fact I have met some bankers who have, but that was the perception by Canadians.

I have more. They wanted loopholes blocked. These are Canadians from different walks of life who do not have loophole opportunities. They really feel that many of those loopholes are not there in order to assist Canada and Canadians generally but that they are there in order to assist those who have more. They felt that probably in most instances those should be closed.

There was also unanimous feeling that people earning profits on their investments in Canada can avoid paying Canadian taxes. I have been looking into that. Apparently people can make money on their investments in Canada. If they shuffle the money out they pay less tax if their money is in another country. They said: "If that is so is it really fair that they come and make their money in Canada and then take it elsewhere in order to avoid paying some of their taxes?" That is what they believed.

There were a number of cases on student loans concerning people who are supposedly very wealthy or relatively wealthy today who still owe student loans. They have not paid those loans. The people are angry because many of them had student loans. Many of them today have families with children who have student loans. They have paid off their loans and will help their children go through college or university.

They also had a lot of good, common sense. They said: "Clearly, if somebody cannot pay off a student loan why give them a hassle? Why go after them? Why not set it aside for the time being until they can get their lives financially together and then later on, if it straightens out, they can collect?" There was a strong feeling that anyone who today is relatively well off and still owes the government money on student loans should pay off that student loan and the sooner the better.

There has been a lot of discussion today about family trusts. These people with whom I spoke also mentioned it. Whether the perception is correct or not, there is a belief that there is a lot of money put away in family trusts that is not being taxed at the same rate as my own, your own or their own earnings. They felt that was wrong.

They also asked a number of interesting questions. Is it time for this country, supposedly one of the few that does not have an inheritance tax, to look and see whether or not that would be a useful measure?

(1815)

They also had the equally strong feeling that the black market economy needs to be addressed. Some of them were rather sympathetic and said it was the way the poor man and the lower middle class got around taxes. They think that wealthier Canadians have a number of mechanisms to assist them in doing that if they choose. Then perhaps it is not so bad after all. The general feeling was that once the richer paid their fair share that much of the black market economy would disappear.

Of course it would not surprise you, Mr. Speaker, that the whole question of MP pensions came up. They are pleased to know the government will be addressing that issue shortly. If for no other reasons than symbolic ones, they are aware that features of that pension plan are significantly different from what most Canadians enjoy. They want that matter addressed.

They want not just MP pensions looked at. The general feeling was that all Canadians should be able to retire with a pension that permits them to live their remaining years with some dignity. They felt that all pensions should be looked at so that we could strengthen pensions generally and where they are too generous perhaps tailor them. They really felt Canadians should be able to retire with a pension that would permit them to live in dignity. I was extremely pleased.

A final point that came out of these discussions is that the Auditor General has a great deal of credibility. They felt that those issues the Auditor General raised pointing out serious problems in terms of money not being used as appropriately as it should be need to be addressed. They would like them addressed in the budget each year.

After a number of weeks of talking with constituents and Canadians across the land those are the points that have been made to me. I might add those are the points I have shared with

Government Orders

the Minister of Finance hoping that he might be able to address some or all of them when he comes forth with his next budget.

I think the Minister of Finance is looking for that kind of input, that kind of precision, that kind of assistance. When he does come forward with the budget it will address our government's goals to reach 3 per cent of GDP in terms of the deficit by the third year of government.

[*Translation*]

I have shared with you and my colleagues some of the concerns expressed by a number of my constituents and Canadians concerning the budget to be tabled in this House in February 1995. What the Minister of Finance is looking for, I think, is the same kind of information from other members of Parliament, so that he can take their viewpoints into consideration.

These are the comments I wanted to share with you and my colleagues in the House of Commons.

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, I listened carefully, although with a little bit of difficulty, to the remarks made by my colleague opposite. He talked about the consultations that the Minister of Finance has been holding for a month now.

We could easily accept his arguments if the Minister of Finance were the only one holding consultations. Unfortunately, we have a government that is continually consulting. The 25 committees consult and so do the departments. And while all these consultations are taking place, no decision is made. I think the government is trying to muddle the issues by making Canadians believe that it is taking their opinion into consideration. After all these consultations, decisions will eventually be made, but they are constantly being delayed.

Instead of talking about what divides us, I would like to ask my colleague from St. Boniface a question about what unites us.

(1820)

The redistribution of wealth has united this country for more than 25 years. We have, in Canada and in Quebec, a unique social system and I think we should be careful not to lose it. My concern and the concern of all members of the Bloc is that the government may destroy this system, reduce it, make it less effective.

And our greatest fear is that middle and low-income Canadians will end up paying the price. My question is this: Can the member for St. Boniface assure this House that it is not only middle and low-income Canadians that will end up paying for these changes?

Mr. Duhamel: Mr. Speaker, I thank my colleague for his comments and questions. Yes, absolutely, the Prime Minister said in the House that social programs needed to be changed because they were created many years ago for conditions which are no longer the same.

He also said a few days ago that saving money was not a priority. If we can make savings at the same time, fine. I also said in my speech—and this is why I was surprised to hear my colleague say that he listened carefully to my speech, but had some difficulty with it—, that we should not take money from the most disadvantaged.

I said it many times. I even gave several examples. So why did he have so much difficulty? The other thing that I am really afraid of is that he accused the government of consulting. Does that mean that if his party ever formed the government, it would not consult? Aha! That is what is being suggested. If it were the government, the Bloc Québécois would not consult.

Of course we are consulting. We do not need to present a budget until February 1995. What should we be doing? Make decisions without consulting? That is what the Bloc would do. I find that most disturbing.

[*English*]

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, I appreciate much of what the member said.

Certainly consulting with constituents is what we have all been attempting to do for quite some time. Whether it is at a farmers' market or a town hall meeting all of us have heard the message. A lot of what he said is the same message we are hearing.

One thing really interests me when he talked about the underground economy. There is a sort of dream that if they thought it was fair they would all just rush in and start paying tax. I question whether that is true. I think the underground economy is huge and is much greater than what we have imagined.

I wonder what the member thinks about the single tax proposal or the flat tax proposal. The reason I ask that is does he not think that if we totally reformed the tax system and everybody felt they were being treated fairly that is how we would get back to people being willing to pay their taxes? It is not just by the cosmetic changes we are talking about.

Mr. Duhamel: Mr. Speaker, I appreciate my colleague's question. It is a fair one and he makes a number of good points.

If in my remarks I suggested that I thought Canadians all of a sudden would want to pay taxes as a result of some changes in the system that was not my intent. My constituents told me with respect to the black market economy that they felt there were loopholes for some individuals, perhaps wealthier Canadians and perhaps government ought to consider whether or not certain aspects of the black market economy were loopholes for poor or lower middle class or middle class Canadians.

The question was raised. I do not know the answer to the question but I certainly do not want to give the impression that people thought that would correct the problem. The problem is much more complex. It is very difficult to quantify as my colleague has mentioned, and as the Minister of Finance or the

Government Orders

Minister of National Revenue indicated today. I want to make sure we are on the same wavelength and I think we are.

With respect to the flat tax, I must confess that I have done quite a lot of reading on it. One of my colleagues has taken a great deal of interest in it. I do not know enough about taxes generally to be able to say that is the way to go. Not only have I read the material but I have read critiques of it both in favour and not in favour.

(1825)

It would bother me if the flat tax was not sensitive to those in the lower income brackets. I think it could be. We are talking about Canadians who earn \$7,000 to \$12,000 a year. Those people really should not pay any taxes. Therefore I could not support it from that perspective.

Let me say as a final comment that I am quite willing to support any type of taxation that is sensitive to the various economic realities in the country. I want it to be fair but I also want it to be perceived to be fair by Canadians because if they do not have that perception it does not matter whether it is flat or what have you it just will not work. It simply will not work.

What we have to be aware of is if we were to change the taxation system completely, and for the moment let us say it was a flat tax, there could be many potential ramifications that we had not anticipated. We have to anticipate the potential negative impacts on Canadians. I would want to make sure those were understood before going forward with the change.

[*Translation*]

Mr. François Langlois (Bellechasse, BQ): Mr. Speaker, I always appreciate what the hon. member for St. Boniface has to say in this House. I would like to ask the hon. member whether, to his dying breath—I was going to say, looking at the hon. member for Bonaventure—Îles-de-la-Madeleine, when it really comes to the crunch—he will object to any tampering by the government with RRSPs?

For the average Canadian taxpayer, it is practically the only vehicle available, one that was used by our parents and grandparents to save some money for their retirement. Today, however, that feeling of security has vanished because they are concerned government policies may cut into the savings that many have been keeping for their retirement. In view of galloping inflation, they may think this vehicle is no longer a safe one. Has the hon. member for St. Boniface met people in his constituency who have the same concerns? And how did he respond to those concerns?

Mr. Duhamel: Mr. Speaker, I appreciate the hon. member's question. Yes, that question came up several times. I am not prepared to support taxes or measures that will prevent any man,

woman or couple from retiring with the money they need to live with a certain amount of dignity.

Before making a statement, however, and this is not to evade the issue, I want to understand the larger picture, what the Minister of Finance intends to do. If you ask me today to say yes or no, I cannot do that as a responsible member, because I do not know yet—I have the impression I will probably know as soon as you do—what will be in the budget that is brought down in February.

However, I can assure the hon. member that the question was raised. Yes, my answers were similar to the one I just gave and yes, I intend to support measures that will make the system fairer, if possible, and also fairer in the perception of the general public. I do not want measures that will prevent people from retiring with enough money to live with a lot of dignity, not just a little.

[*English*]

The Acting Speaker (Mr. Kilger): The member's time has elapsed and rather than ask someone to begin an intervention with little more than a minute left would there be unanimous consent that I see the clock as being 6.30 p.m.?

Some hon. members: Agreed.

* * *

WORLD TRADE ORGANIZATION AGREEMENT IMPLEMENTATION ACT

The House resumed from November 24 consideration of Bill C-57, an act to implement the agreement establishing the World Trade Organization, as reported (with amendments) from the committee; and Motions Nos. 1, 2, 8, 9 and 10.

The Acting Speaker (Mr. Kilger): It being 6.30 p.m., pursuant to Standing Order 45 the House will now proceed to the taking of the deferred divisions at the report stage of Bill C-57, an act to implement the agreement establishing the World Trade Organization.

Call in the members.

(1850)

[*Translation*]

And the division bells having rung:

Mr. Duceppe: Mr. Speaker, I think you will find there is unanimous consent for proceeding first with Motion No. 10.

The Acting Speaker (Mr. Kilger): Agreed?

Some hon. members: Agreed.

The Acting Speaker (Mr. Kilger): The first vote will be on Motion No. 10, standing in the name of the hon. member for Verchères.

(The House divided on the motion, which was negated on the following division:)

Government Orders

(Division No. 118)

YEAS

Members

Bachand
Bergeon
Blaikie
Chrétien (Frontenac)
de Jong
Duceppe
Gagnon (Québec)
Godin
Jacob
Langlois
Lefebvre
Loubier
Ménard
Solomon
Taylor

Bellehumeur
Bernier (Gaspé)
Brien
Davialt
de Savoye
Fillion
Gauthier (Roberval)
Guimond
Landry
Lavigne (Beauharnois—Salaberry)
Leroux (Shefford)
McLaughlin
Nunez
St-Laurent
Venne—30

NAYS

Members

Adams
Anderson
Axworthy (Winnipeg South Centre)
Bakopanos
Beaumier
Benoit
Bertrand
Bodnar
Boudria
Brown (Oakville—Milton)
Bryden
Campbell
Catterall
Clancy
Cowling
Cummins
Discepola
Duhamel
Dupuy
English
Finestone
Flis
Frazier
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Gerrard
Graham
Grey (Beaver River)
Guarnieri
Hanrahan
Harper (Calgary West)
Harvard
Hermanson
Hill (MacLeod)
Hopkins
Ianno
Irwin
Karygiannis
Knutson
Lavigne (Verdun—Saint-Paul)
Loney
MacLaren (Etobicoke North)
Malhi
Manley
Massé
McClelland (Edmonton Southwest)
McKinnon
Meredith
Milliken
Mills (Red Deer)
Morrison
Murray
Pagtakhan
Peters
Phinney
Proud

Allmand
Arseneault
Baker
Barnes
Bellemare
Berger
Bethel
Bonin
Bridgman
Brushett
Bélair
Cannis
Chan
Collenette
Culbert
Dhaliwal
Dromisky
Duncan
Eggleton
Epp
Finlay
Forseth
Gaffney
Galloway
Godfrey
Gray (Windsor West)
Grose
Hanger
Harb
Hart
Hayes
Hickey
Hoepfner
Hubbard
Itody
Jennings
Kirkby
Lastewka
Lee
MacAulay
MacLellan (Cape/Cap Breton—The Sydneys)
Maloney
Martin (LaSalle—Émard)
Mayfield
McGuire
McLellan (Edmonton Northwest)
Mifflin
Mills (Broadview—Greenwood)
Mitchell
Murphy
O'Reilly
Payne
Peterson
Pickard (Essex—Kent)
Ramsay

Richardson
Rompkey
Shepherd
Solberg
Speller
Stewart (Brant)
Stinson
Telegdi
Thompson
Torsney
Volpe
Wappel
Whelan
Wood

Ringma
Serré
Silye
Speaker
Steckle
Stewart (Northumberland)
Szabo
Thalheimer
Tobin
Vanclief
Walker
Wells
White (Fraser Valley West)
Young —138

PAIRED MEMBERS

Members

Asselin
Bernier (Mégantic—Compton—Stanstead)
Bouchard
Caccia
Caron
Chamberlain
Crête
Debin
Dingwall
Dumas
Fontana
Goodale
Keyes
Laurin
Lebel
Leroux (Richmond—Wolfe)
Marchi
McTeague
Minna
Nault
Parrish
Patry
Plamondon
Robichaud
Rock
Scott (Fredericton—York—Sunbury)
Simmons
Tremblay (Rosemont)
Zed

Augustine
Bevilacqua
Bélisle
Canuel
Cauchon
Coppes
Dalphond—Gural
Deshaies
Dubé
Fewchuk
Gagliano
Guay
Lalonde
LeBlanc (Cape/Cap Breton Highlands—Canso)
Leblanc (Longueuil)
Marchand
McCormick
Mercier
Mitchell
Ouellet
Paré
Picard (Drummond)
Pomerleau
Rocheleau
Sauvageau
Sheridan
Tremblay (Rimouski—Témiscouata)
Ur

(1855)

The Acting Speaker (Mr. Kilger): I declare the motion lost.*[English]***Mr. Boudria:** Mr. Speaker, I think you would find unanimous consent that the vote taken on report stage Motion No. 10 be applied to report stage Motion Nos. 1, 2, 8 and 9.

(1900)

Mr. Allmand: Mr. Speaker, I do not wish to be registered as opposing Motion No. 9.**The Acting Speaker (Mr. Kilger):** All other votes stand as recorded on Motion No. 10. Accordingly, Motions Nos. 1, 2 and 8 are negatived.*[Editor's Note: For Motions 1, 2 and 8 see Division No. 11B.]*

(The House divided on Motion No. 9, which was negatived on the following division:)

*Government Orders**(Division No. 119)*

YEAS

Members

Bachand
Bergeon
Blaikie
Chrétien (Frontenac)
de Jong
Duceppe
Gagnon (Québec)
Godin
Jacob
Langlois
Lefebvre
Loubier
Ménard
Solomon
Taylor

Bellehumeur
Bernier (Gaspé)
Brien
Davialt
de Savoye
Fillion
Gauthier (Roberval)
Guimond
Landry
Lavigne (Beauharnois—Salaberry)
Leroux (Shefford)
McLaughlin
Nunez
St-Laurent
Venne—30

NAYS

Members

Adams
Arseneault
Baker
Barnes
Bellemare
Berger
Bethel
Bonin
Bridgman
Brushett
Bélair
Cannis
Chan
Collenette
Culbert
Dhaliwal
Dromisky
Duncan
Eggleton
Epp
Finlay
Forsyth
Gaffney
Galloway
Godfrey
Gray (Windsor West)
Grose
Hanger
Harb
Hart
Hayes
Hickey
Hoepfner
Hubbard
Iftody
Jennings
Kirkby
Lastewka
Lee
MacAulay
MacLellan (Cape/Cap Breton—The Sydneys)
Maloney
Martin (LaSalle—Émard)
Mayfield
McGuire
McLellan (Edmonton Northwest)
Mifflin
Mills (Broadview—Greenwood)
Mitchell
Murphy
O'Reilly
Payne
Peterson
Pickard (Essex—Kent)
Ramsay

Anderson
Axworthy (Winnipeg South Centre)
Bakopanos
Beaunier
Benoit
Bertrand
Bodnar
Boudria
Brown (Oakville—Milton)
Bryden
Campbell
Catterall
Clancy
Cowling
Cummins
Discepola
Duhamel
Dupuy
English
Finestone
Flis
Frazer
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Gerrard
Graham
Grey (Beaver River)
Guarnieri
Hanrahan
Harper (Calgary West)
Harvard
Hermanson
Hill (Macleod)
Hopkins
Ianno
Irwin
Karygiannis
Knutson
Lavigne (Verdun—Saint-Paul)
Loney
MacLaren (Etobicoke North)
Malhi
Manley
Massé
McClelland (Edmonton Southwest)
McKinnon
Meredith
Milliken
Mills (Red Deer)
Morrison
Murray
Pagtakhan
Peters
Phinney
Proud
Richardson

Ringma
Serré
Silye
Speaker
Steckle
Stewart (Northumberland)
Szabo
Thalheimer
Tobin
Vanclief
Walker
Wells
White (Fraser Valley West)
Young —137

Rompkey
Shepherd
Solberg
Speller
Stewart (Brant)
Stinson
Telegdi
Thompson
Torsney
Volpe
Wappel
Whelan
Wood

PAIRED MEMBERS

Members

| | |
|--------------------------------------|---|
| Asselin | Augustine |
| Bernier (Mégantic—Compton—Stanstead) | Bevilacqua |
| Bouchard | Bélisle |
| Caccia | Canuel |
| Caron | Cauchon |
| Chamberlain | Copps |
| Crête | Dalphond—Guiral |
| Debien | Deshaies |
| Dingwall | Dubé |
| Dumas | Fewchuk |
| Fontana | Gagliano |
| Goodale | Guay |
| Keyes | Lalonde |
| Laurin | LeBlanc (Cape/Cap Breton Highlands—Canso) |
| Lebel | Leblanc (Longueuil) |
| Leroux (Richmond—Wolfe) | Marchand |
| Marchi | McCormick |
| McTeague | Mercier |
| Minna | Mitchell |
| Nault | Ouellet |
| Parrish | Paré |
| Patry | Picard (Drummond) |
| Plamondon | Pomerleau |
| Robichaud | Rocheleau |
| Rock | Sauvageau |
| Scott (Fredericton—York—Sunbury) | Sheridan |
| Simmons | Tremblay (Rimouski—Témiscouata) |
| Tremblay (Rosemont) | Ur |
| Zed | |

Hon. Roy MacLaren (Minister for International Trade, Lib.) moved that the bill, as amended, be concurred in.

The Acting Speaker (Mr. Kilger): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Kilger): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Kilger): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Kilger): In my opinion the yeas have it.

Government Orders

Mr. Boudria: Mr. Speaker, I think you would find unanimous consent that the whips of each party indicate the way the members of their party will vote. For my part, the Liberal members will vote yea to that particular motion.

[*Translation*]

Mr. Duceppe: Mr. Speaker, the members of the Bloc Québécois will also support this motion.

[*English*]

Mr. Silye: Mr. Speaker, the Reform Party members present today vote yea.

Mr. Solomon: Mr. Speaker, the members of the New Democratic Party vote no on this motion.

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 120)

YEAS

Members

| | |
|---|---------------------------------|
| Adams | Allmand |
| Anderson | Arseneault |
| Axworthy (Winnipeg South Centre) | Bachand |
| Baker | Bakopanos |
| Barnes | Beaumier |
| Bellehumeur | Bellemare |
| Benoit | Berger |
| Bergeron | Bernier (Gaspé) |
| Bertrand | Bethel |
| Bodnar | Bonin |
| Boudria | Bridgman |
| Brien | Brown (Oakville—Milton) |
| Brushett | Bryden |
| Bélair | Campbell |
| Cannis | Catterall |
| Chan | Chrétien (Frontenac) |
| Clancy | Collenette |
| Cowling | Culbert |
| Cummins | Davault |
| de Savoye | Dhaliwal |
| Discepola | Dromisky |
| Duceppe | Duhamel |
| Duncan | Dupuy |
| Eggleton | English |
| Epp | Fillion |
| Finestone | Finlay |
| Flis | Forseth |
| Frazier | Gaffney |
| Gagnon (Bonaventure—Îles-de-la-Madeleine) | Gagnon (Québec) |
| Galloway | Gauthier (Roberval) |
| Gerrard | Godfrey |
| Godin | Graham |
| Gray (Windsor West) | Grey (Beaver River) |
| Grose | Guarnieri |
| Guimond | Hanger |
| Hanrahan | Harb |
| Harper (Calgary West) | Hart |
| Harvard | Hayes |
| Hermanson | Hickey |
| Hill (Macleod) | Hoepfner |
| Hopkins | Hubbard |
| Ianno | Iftody |
| Irwin | Jacob |
| Jennings | Karygiannis |
| Kirkby | Knutson |
| Landy | Langlois |
| Lastewka | Lavigne (Beauharnois—Salaberry) |
| Lavigne (Verdun—Saint-Paul) | Lee |
| Lefebvre | Leroux (Shefford) |
| Loney | Loubier |
| MacAulay | MacLaren (Etobicoke North) |
| MacLellan (Cape/Cap Breton—The Sydneys) | Malhi |
| Maloney | Manley |
| Martin (LaSalle—Émard) | Massé |
| Mayfield | McClelland (Edmonton Southwest) |

| | |
|-------------------------------|--------------------------|
| McGuire | McKinnon |
| McLellan (Edmonton Northwest) | Meredith |
| Mifflin | Milliken |
| Mills (Broadview—Greenwood) | Mills (Red Deer) |
| Mitchell | Morrison |
| Murphy | Murray |
| Ménard | Nunez |
| O'Reilly | Pagtakhan |
| Payne | Peters |
| Peterson | Phinney |
| Pickard (Essex—Kent) | Proud |
| Ramsay | Richardson |
| Ringma | Rompkey |
| Serré | Shepherd |
| Silye | Solberg |
| Speaker | Speller |
| St-Laurent | Steckle |
| Stewart (Brant) | Stewart (Northumberland) |
| Stinson | Szabo |
| Telegdi | Thalheimer |
| Thompson | Tobin |
| Torsney | Vanclief |
| Venne | Volpe |
| Walker | Wappel |
| Wells | Whelan |
| White (Fraser Valley West) | Wood |
| Young —163 | |

NAYS

Members

| | |
|------------|---------|
| Blaikie | de Jong |
| McLaughlin | Solomon |
| Taylor—5 | |

PAIRED MEMBERS

Members

| | |
|--------------------------------------|---|
| Asselin | Augustine |
| Bernier (Mégantic—Compton—Stanstead) | Bevilacqua |
| Bouchard | Bélisle |
| Caccia | Canuel |
| Caron | Cauchon |
| Chamberlain | Copps |
| Crête | Dalphond—Guiral |
| Debien | Deshaies |
| Dingwall | Dubé |
| Dumas | Fewchuk |
| Fontana | Gagliano |
| Goodale | Guay |
| Keys | Lalonde |
| Laurin | LeBlanc (Cape/Cap Breton Highlands—Canso) |
| Lebel | Leblanc (Longueuil) |
| Leroux (Richmond—Wolfe) | Marchand |
| Marchi | McCormick |
| McTeague | Mercier |
| Minna | Mitchell |
| Nault | Ouellet |
| Parrish | Paré |
| Patry | Picard (Drummond) |
| Plamondon | Pomerleau |
| Robichaud | Rocheleau |
| Rock | Sauvageau |
| Scott (Fredericton—York—Sunbury) | Sheridan |
| Simmons | Tremblay (Rimouski—Témiscouata) |
| Tremblay (Rosemont) | Ur |
| Zed | |

The Acting Speaker (Mr. Kilger): Colleagues, for those of us who must continue with the proceedings on the adjournment motion, I would ask those of you not involved to please retire

from the Chamber so that we might continue with the proceedings.

ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

IMMIGRATION

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, on November 16, I asked a question of the Minister of Citizenship and Immigration about the system of patronage created by the previous government in the IRB and maintained by this government in its appointments to the board.

Indeed, there are very serious internal problems within the board between members appointed by the Conservatives and others appointed by the Liberals. That patronage had been denounced in the report commissioned by the minister himself and written by Professor James Hathaway of York University in Toronto. Unexpected and unexplained resignations and suspensions have occurred recently in that quasi-judiciary body.

For instance, we can mention the cases of Michael Schelew, deputy chairman, who is actually under a judiciary investigation; Greg Fyffe, executive director, who resigned under unexplained circumstances. Board member Singh Bal had to resign following a review of appointments by the Standing Committee on Immigration and Citizenship because he came to Canada illegally.

(1905)

For all those reasons, the Bloc Quebecois has asked and will continue to ask for a thorough investigation on the general operations of the board.

I take this opportunity to once more draw to the attention of the government the genocide in Rwanda and the tragic situation of its people. Unfortunately war has not ended in that country. Thousands upon thousands of people are murdered or forced to leave their country and Canada does very little to help those refugees.

As opposition critic for citizenship and immigration, I receive complaints just about every day regarding the unjustified refusal to grant visas as well as the red tape to which Rwandans in Nairobi, Kenya, are being subjected. The government must be more open, more generous with Rwandan refugees.

Finally, I would like to say a couple of words about proposition 187, adopted by referendum in California, on November 8, during the American elections. If enacted, this proposal will deny illegal immigrants and their family, especially their children, access to health care, education and social services. The

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victims of this attack against fundamental human rights are, for the most part, Hispanics from Mexico and Central America.

I recently travelled to Costa Rica where I witnessed the unanimous condemnation of this proposal by the different governments of this region. The Secretary General of the OAS also criticized this measure. In the United States, President Clinton, the Conference of Catholic Bishops, and agencies fighting racial discrimination denounced this measure.

I join the thousands of Hispanics living in the United States who are protesting this proposition, and assure them of my support.

[*English*]

Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, while I thank the hon. member for his intervention, I have to say that I am at a bit of a loss as it bears little or no relation to the question that he asked at the time. However, I will be happy to respond.

I certainly agree with the hon. member, as would just about everybody on this side of the House, with regard to his comments relating to the situation in California. I would like to assure the hon. member that he need not fear any such situation ever taking place in this country, at least not while this government is in charge of policy.

With regard to the situation in Rwanda, as the minister has told the member on several occasions, the situation is extremely difficult and complicated. The immigration service overseas is doing the very best it can given the chaotic situation. It would be unwise of us, not to say criminal, to put Canadian personnel at risk. It would not help the situation of refugees if we put Canadian personnel in a situation in which they would be unsafe.

We are dealing with the matter as expeditiously and as quickly as we can under the auspices of the UNHCR and we will continue to do so. We thank the member for his interest. We suggest to him that if he knows of specific situations in which things are going wrong through some difficulty with the department he should let us know.

[*Translation*]

RAILWAY TRANSPORTATION

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, last week, last Tuesday to be more precise, I asked the Minister of Transport, following the two train tragedies, if he had instructed VIA Rail officials to immediately correct the shortcomings with respect to emergency measures and first aid for passengers in case of a train accident.

The minister did answer my question, confirming that he had asked VIA Rail to take all necessary measures on a provisional basis to try and correct the shortcomings, thereby ensuring to the extent possible the safety of passengers and employees. That is where the problem lies. The minister said: "to the extent possible".

Adjournment Debate

(1910)

Does the minister realize that what is possible is determined by his office? Indeed, the emergency measures and all first-aid kits met DOT standards. It is up to the minister to upgrade these standards.

I am not satisfied with the minister's answer when he says that the measures required, the applicable measures will be determined on the basis of the investigation. The Minister of Transport knows full well what safety measures are required. It is those he has implemented in other means of transportation.

The minister must have the same measures apply to rail transportation, starting immediately. The minister may be hiding behind the fact that trains are the safest means of transportation. He even told me that it was an unprecedented situation.

However, that is no reason not to review safety standards in case of accident. We should not wait for another accident to happen before taking action. It is up to the Minister of Transport to act, and he must act now by upgrading safety standards. We must not forget that the statements of accident victims show that VIA Rail is not prepared and equipped for emergencies, as evidenced by the fact that the passengers could not open the doors, that they had to break the windows to get out, that first-aid kits only contained bandage rolls.

The facts are obvious. Safety standards are clearly inadequate and must be upgraded without delay, especially since even VIA Rail employees feel that they lack the training and the equipment needed to respond effectively to such an emergency. It is a very serious situation when the employees themselves feel they are poorly trained to deal with a situation like this.

I reiterate my question to the minister: Does the minister intend to upgrade safety standards? The minister must be aware that more people could have been hurt or killed in this accident and that we must do all we can to avoid this kind of tragedy in the future.

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General, Lib.): Mr. Speaker, I would like to take this opportunity to respond to the comments of the hon. member for Chicoutimi with respect to the railway accidents at Brighton and Rimouski.

I would like to start by saying I probably travel more by train than any other member in this House and, incidentally, my father was on the train going to the Gaspé when it jumped the tracks, so what the hon. member said touched a personal chord.

I have nothing to add to what was said by the Department of Transport last week. Emergency exits, first aid kits and emergency evacuation procedures are all matters of concern. I may remind hon. members that the Minister of Transport, the government, VIA Rail and Transport Canada see these elements as a priority and intend to ensure there is a thorough investigation.

However, the Transportation Safety Board, as the minister pointed out, is the body that was created by Parliament to investigate transportation accidents, which it is doing in this particular case. If the investigation reveals any irregularities with respect to the ability to intervene, it will be in a position to advise Transport Canada immediately.

The police forces concerned, both the VIA Rail contingent and the public police forces, are either conducting their own investigations or pooling their efforts, as well as stepping up the application of regulations and their own readiness. Furthermore, VIA Rail has already started a preliminary review of the accident and internal procedures.

In concluding, I would like to quote what was said by the minister: "We are going to do everything we can at VIA Rail, at Transport Canada, and at the police forces. Every possible avenue will be explored to make sure that the people who travel in Canada on VIA Rail trains can do so in safety and security".

[English]

HEALTH CARE

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, on September 20, I asked the Prime Minister a question that I think is extremely important if we are to have a federal health care system in this country. The question related to the private clinics in Alberta and what action the right hon. Prime Minister was prepared to take on this contravention of the Canada Health Act. At the time the Prime Minister responded that he was committed to maintaining a system where medicare was free and portable for everybody.

(1915)

Clearly what we see in Alberta is a two-tier health care system in operation. It is not hypothetical but in operation. There is no doubt that private clinics are part of the two-tier system. Certainly any research that has been done indicates that it would be a contravention of the Canada Health Act. Yet the federal government has refused to act.

At the same time we see the premier of Alberta cutting back general health care by some 20 per cent from the province's health care budget by 1997, as he has projected. While it is clear that many ordinary Albertans will have difficulty getting health care, at the same time the two-tier system is allowed to flourish.

If one looks at the current situation in Alberta, one example is that the number of hospital beds in Edmonton has been reduced by 20 per cent. These cuts have had very tragic consequences for many Albertans. Now we hear many stories coming from Alberta about the devastating effects of some of the cuts. If the transfer payment system continues as it is, federal transfers will be phased out for all provinces by the year 2015. That indeed would be the end of a truly national system.

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On the one hand in private clinics patients are being charged a fee on top of what the clinic charges the government health insurance plan. Clearly it is a case of government health care plans paying and the consumer paying on top of that.

It is clearly a violation of the Canada Health Act. It is one that must be dealt with immediately and effectively if the federal government is to fulfil its commitment to have a Canada health care system and preserve the five important components of the system. Of course it will not be done if the federal government does not continue its contribution through the equalized program funding.

In answer to my question on September 20 the right hon. Prime Minister concluded by saying: "I hope that Mr. Klein will respect the laws of Canada".

I would like to raise the question again. Hoping that this breach of the Canada Health Act will be dealt with is not good enough. I repeat my question: What is the government prepared to do?

Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I thank the leader of the New Democratic Party for keeping to the question that she had originally asked. It is refreshing.

The government believes it is very doubtful that a private system offering health services as consumer goods for profit would benefit the health of Canadians.

At the September 1994 conference of health ministers all ministers present, with the exception of Alberta, reached an agreement to regulate private clinics. It is clear that all provinces, with the exception of Alberta, are ready to take steps to end charges for medically necessary care at private clinics.

The imposition of facility fees is not a direction in which these provinces and the federal government see our health care system moving. Our health care system is evolving. Alternatives for health care may involve care clinics instead of an institutionalized setting. This can be beneficial. However, if it is accompanied by charges for medically necessary care, it will not be consistent with what has been the history of our publicly funded system.

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 38 the motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24.

(The House adjourned at 7.20 p.m.)

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