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Thursday, March 2, 1995

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Thursday, March 2, 1995

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

SUPPLEMENTARY ESTIMATES (D), 1994-95

A message from His Excellency the Governor General transmitting supplementary estimates (D) for the financial year ending March 31, 1995, was presented by the President of the Treasury Board and read by the Speaker to the House.

REFERENCE TO STANDING COMMITTEES

Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Madam Speaker, pursuant to Standing Order 81(5) and 81(6), I wish to introduce a motion concerning the referral of the estimates to the standing committees of the House.

There is a lengthy list associated with the motion. If it is agreeable to the House I would ask that the list be printed in *Hansard* as if it had been read.

The Acting Speaker (Mrs. Maheu): Is that agreed?

Some hon. members: Agreed.

Mr. Eggleton: Madam Speaker, I wish to move:

That supplementary estimates (D) for the fiscal year ending March 31, 1995, laid upon the table this day, be referred to several standing committees of the House in accordance with the detailed allocation that is attached.

The Speaker: Is that agreed?

Some hon. members: Agreed.

[*Editor's Note: List referred to above is as follows:*]

To the Standing Committee on Aboriginal Affairs and Indian Affairs and Northern Development

Indian Affairs and Northern Development, Votes 1d, 6d, 7d, 8d, 10d, 15d, L21d, L25d, 35d, 36d, 40d, 45d and 50d.

To the Standing Committee on Agriculture and Agri-Food

Agriculture and Agri-Food, Votes 1d, 5d, 6d, 10d and 15d.

To the Standing Committee on Canadian Heritage

Canadian Heritage, Votes 1d, 5d, 10d, 15d, 30d, 35d, 40d, 50d, L61d, 75d, 85d, 100d, 115d, 121d, 125d, 145d and 150d.

To the Standing Committee on Citizenship and Immigration

Citizenship and Immigration, Votes 5d and 10d.

To the Standing Committee on Environment and Sustainable Development

Environment, Votes 1d and 10d.
Privy Council, Vote 28d.

To the Standing Committee on Finance

Finance, Votes 1d, L5d, 27d, 30d and 40d.
National Revenue, Votes 1d, 5d, 10d, 15d and 20d.

To the Standing Committee on Fisheries and Oceans

Fisheries and Oceans, Votes 10d and 15d.

To the Standing Committee on Foreign Affairs and International Trade

Foreign Affairs, Votes 1d, 2d, 5d, 10d, 20d, 25d and 26d.

To the Standing Committee on Government Operations

Governor General, Vote 1d.
Public Works and Government Services, Votes 15d, 20d, 21d, 22d, 23d, 24d and 25d.
Treasury Board, Vote 6d.

To the Standing Committee on Health

Health, Votes 5d, 10d and 20d.

To the Standing Committee on Human Resources Development

Human Resources Development, Votes 1d, 5d, 10d, 15d, 20d, 30d, 35d, 40d and 45d.

To the Standing Committee on Human Rights and Status of Disabled Persons

Justice, Vote 15d.

To the Standing Committee on Industry

Atlantic Canada Opportunities Agency, Vote 1d.
Finance, Vote 45d.
Industry, Votes 1d, 45d, 60d, 70d, 75d, 80d, 85d and 95d.

To the Standing Committee on Justice and Legal Affairs

Justice, Votes 1d, 10d, 20d, 25d, 35d and 45d.
Solicitor General, Votes 1d, 15d, 20d, 25d, 35d, 40d and 45d.

To the Standing Committee on National Defence and Veterans Affairs

National Defence, Vote 1d.
Veterans Affairs, Votes 10d and 15d.

To the Standing Committee on Natural Resources

Natural Resources, Votes 1d, 2d, 3d, 10d, 30d and 40d.

To the Standing Committee on Procedure and House Affairs

Parliament, Vote 5d.
Privy Council, Vote 20d.

To the Standing Committee on Transport

Privy Council, Vote 15d.
Transport, Votes 1d, 10d, 38d, 40d and 45d.

To the Standing Joint Committee on the Library of Parliament

Parliament, Vote 10d.

To the Standing Joint Committee on Official Languages

Privy Council, Vote 25d.

Routine Proceedings

(Motion agreed to.)

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PETITIONS

MINING

Mr. Morris Bodnar (Saskatoon—Dundurn, Lib.): Madam Speaker, I have three petitions today.

The first with 184 signators is a petition of the mining industry calling on Parliament to take action that will help the mining industry to grow and thus improve employment in this sector, promote exploration, rebuild Canada's mineral reserves, sustain mining communities and keep mining in Canada.

HUMAN RIGHTS

Mr. Morris Bodnar (Saskatoon—Dundurn, Lib.): Madam Speaker, the next petition has 32 signators.

The petitioners request that Parliament not amend the human rights code, the Canadian Human Rights Act or the charter of rights and freedoms in any way that would tend to indicate societal approval of same sex relationships or of homosexuality.

CANADIAN WHEAT BOARD

Mr. Morris Bodnar (Saskatoon—Dundurn, Lib.): Madam Speaker, the third petition has 37 signators. They request that Parliament continue to give the Canadian Wheat Board monopoly powers in marketing wheat and barley for export.

YOUNG OFFENDERS ACT

Mr. Jim Silye (Calgary Centre, Ref.): Madam Speaker, I am pleased to rise to present a petition on behalf of 213 Calgaryans which I understand is one of several that has been presented to equal 64,000 names.

It calls on the government to toughen the Young Offenders Act. Many Canadians share the view that the act is not meeting its main objective of deterring young people from committing crimes.

ASSISTED SUICIDE

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Madam Speaker, pursuant to Standing Order 36, I have a petition to table asking that Parliament not revoke section 241 of the Criminal Code and to continue to forbid assisted suicide and euthanasia.

The petition is signed by 223 signatories, bringing the total signatures thus far to 23,186.

YOUNG OFFENDERS ACT

Mr. Leon E. Benoit (Vegreville, Ref.): Madam Speaker, pursuant to Standing Order 36, I have the honour on behalf of the constituents of Vegreville and Alberta to table petitions in the House.

The petitioners request that Parliament amend the Criminal Code and the Young Offenders Act to deter young people from committing crime and making the Young Offenders Act tough enough to provide real justice. I understand several petitions are being presented totalling approximately 64,000 signatures.

(1010)

I would also like to recognize Caroline Balisky of Concerned Citizens for her work in compiling these petitions.

BILL C-41

Hon. Audrey McLaughlin (Yukon, NDP): Madam Speaker, I am presenting a petition today on behalf of 62 petitioners from the Yukon.

They call for the deletion of section 718.2 in Bill C-41. The petitioners feel this section gives undue attention and unequal treatment on the basis of sexual orientation.

I would also add respectfully, that I personally do not agree with this petition. In fact, the Yukon Human Rights Code gives more rights to people.

ASSISTED SUICIDE

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Madam Speaker, I have three petitions to present.

The first is signed by constituents of Capilano—Howe Sound requesting that the House ensure the enforcement of the present provisions of the Criminal Code prohibiting doctor assisted suicide and that Parliament make no changes in support of euthanasia.

BILL C-41

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Madam Speaker, the second petition asks the House to exclude the phrase sexual orientation from Bill C-41.

INCOME TAX

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Madam Speaker, the third petition is a very thick set of papers. The petitioners urge strongly that the House reduce spending rather than increase taxes.

YOUNG OFFENDERS ACT

Mr. Dale Johnston (Wetaskiwin, Ref.): Madam Speaker, pursuant to Standing Order 31, it is my pleasure to present a petition of some 55 pages.

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It states that since Canadians from coast to coast are calling for changes to the Young Offenders Act, the petitioners want the act changed to become serious enough to deter young people from committing crimes and tough enough to provide real justice.

Therefore, they request and pray that Parliament will amend the Criminal Code of Canada and the Young Offenders Act of 1992 to comply with this petition.

Mr. Cliff Breitzkreuz (Yellowhead, Ref.): Madam Speaker, I rise to present a petition on behalf of almost 2,500 Alberta residents, the majority of whom are from Yellowhead.

The petitioners request that Parliament amend the Young Offenders Act so that it is tough enough to provide real justice to deter young people from committing crimes.

This petition is one of several from Alberta totalling approximately 64,000 names.

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QUESTIONS ON THE ORDER PAPER

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

The Acting Speaker (Mrs. Maheu): Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1995-96

Hon. Sergio Marchi (for the Minister of Finance) moved that Bill C-73, an act to provide borrowing authority for the fiscal year beginning on April 1, 1995, be read the second time and referred to a committee.

He said: Madam Speaker, it is a pleasure to take part in this historic budget debate, specifically Bill C-73, which will give borrowing authority and put into effect the measures announced by the government and the Minister of Finance on Monday evening.

I start by paying tribute to my colleague and friend, the Minister of Finance, whose budget is cradled in that wellspring of traditional Canadian thought and liberalism, compassion and integrity. His statement reflects both those important values and principles. It is a clear example of the difference between management and leadership. A manager only imitates, while a leader initiates.

(1015)

Everyone in this country has a part to play in this economic plan, in this blueprint. We are all making sacrifices. Those who work in the public service across our country; the farmers who work the land; those who fish the seas; business people who run our shops and factories; and Canadian families every day of the week across this country, all of them are making sacrifices. That is an important principle of the fairness and equity which provides a sturdy foundation to the budget put before this Chamber by the Liberal government.

Newcomers to the Canadian family will also contribute their share to this process of nation building in the form of a landing fee, not a head tax. The landing fee will be put toward the services that help them integrate into Canadian society.

This fee is not a barrier at our borders but simply a fee that is fair and just. It is not meant to control or regulate those who come to Canada. Rather it is an effort to secure the value and tradition of settlement integration programs in Canada. It is uniquely Canadian and very much different from how things are done in the United States for instance where there is no settlement, no integration and no language training.

I ask what cost a society pays for not having a system up front that not only welcomes newcomers but integrates them into the Canadian family and then sees them flourish and move upward. Newcomers can be business people, business leaders, members of Parliament, social workers, professors, Canadians like all of us. That is the difference and it is unique to this country. This government feels it is worth the price of preserving a system that not only works for the newcomers but works for this country.

How we deliver those services will be the subject of ongoing discussions with our partners in the provinces, the municipalities and the non-governmental organizations who help deliver those settlement services. And yes, there will be discussions with those who need and would make use of those services.

It is within the context of fairness and the necessity for compassion, integrity and the need to do things better and still show fiscal responsibility that this government moves forward. Today, the government is announcing a plan to streamline Canada's process for identifying refugees who need this country's protection. In doing so, the refugee determination system will become fairer, faster and more cost effective. Canada needs these changes.

The immigration and refugee discussion is one of the more controversial and difficult public policy issues faced in this Chamber and across the country. We all hear it. We discuss it in our riding offices, in the coffee shops or on the steps of our places of worship.

This planet is awash with people on the move. Yes, I know that in the dry environment of statistics it is very easy to pluck numbers from tables, charts and graphs. However, when the United Nations catalogues the movement of more than 125 million people in one year and notes that of these, 23 million

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happen to be refugees, the human mind balks and stutters at the numbers. The more staggering the figure, the more difficulty we have in comprehending it.

Let me put it into perspective. We are talking about five metropolitan Torontos, ten Vancouvers. Even more simply, more than three times the entire population of Canada is on the move worldwide every year. Of course, these are not just numbers; they are men, women and children. The vast majority of refugees indeed are women and young children.

(1020)

Refugees are the unfortunate but horribly logical consequence of a world wrestling with overpopulation, underdevelopment and politics coming from the end of a machete or out of the barrel of a gun.

There are those within the sound of my voice who by utterance, deed or innuendo have tried to make refugee a dirty word. This government and I believe the Canadian people will have none of that. Why? Because it touches on our national soul, our very sense of ourselves as a nation and as a people. So we ask ourselves: Who is that refugee? Who is that stranger among us?

Make no mistake. Canada has greeted refugees just two steps ahead of the death squads. They are people like the brave women who testified against war criminals and war atrocities in the Balkans. Otto Jelinek who served with honour in the cabinet of previous governments was a refugee. I look across the aisle at the critic from Her Majesty's loyal opposition, a refugee from Chile.

Refugees seek Canada for protection, not for charity. Canada has a record in which we can all take pride. At the same time let us not sound too altruistic because there has been a major benefit to Canada as well. We should never forget that this is very much a win-win situation. Canada is good to immigrants and refugees seeking a home, but those newcomers and eventual Canadian citizens of all persuasions are equally loyal and fiercely defend this country from sea to sea.

Yes, we want to continue to be humanitarian but we also refuse to be taken for granted. Our focus was, is and will be on resettlement. We reject outright the standards of some nations where ethnic backgrounds and ethnic backgrounds alone allow access to citizenship. That would never be the Canadian way.

Today, if we take a breath and look at the world around us, there can be some cause for worry and concern. We are vulnerable to the pressures from outside our control which can overwhelm and swamp our immigration and refugee processing systems with very little advanced warning or notice.

Canada is not alone. At this moment, western Europe is pulsating with people on the move. The figures are mind boggling. In 1993 for instance, Germany received 425,000 refugees seeking a roof over their heads. Last year the Nether-

lands took in 55,000 refugees. The U.S. has millions of illegal residents and has a backlog of 425,000 refugee claimants.

The world needs to work together. Quite frankly, it needs to work together in a better and more interconnected way so that we can come to grips with this massive migration, not exclusively to one country or a few countries, but all over the globe.

(1025)

That is one reason Canada is working diligently to reach an agreement with the United States and other nations. It would stop or discourage so-called asylum shopping while maintaining and ensuring protection for those in need.

Just last week we moved closer to that reality. Our Prime Minister and the President of the United States announced an accord to improve border management. Within six months, we are to pursue negotiations on a memorandum of understanding between our two countries built on the integrity of our system and protection for those who deserve it.

An integral part of our refugee policy and program is the Immigration and Refugee Board. Since its creation in 1989 the board has evolved and matured. Its goals are to identify those in need of Canada's protection as convention refugees and to adjudicate as well all immigration appeals and inquiries.

The board's challenge has been to do that fairly and effectively in the face of changing world conditions. The IRB decision making process operates at arm's length from government. We intend to maintain it just that way.

There has been criticism directed at the board. There is no attempt on my part here today to minimize or downplay the worries or concerns of our fellow citizens.

[Translation]

This government has made changes and adjustments to Canada's refugee policy. We recently improved the adjustment assistance program.

You also probably know that at one time refugee claimants were not allowed to work while awaiting processing. Our government changed that last year in order to alleviate the burden on social services.

In addition, we are working with a number of municipalities to prevent duplication of services and multiple claims. This House recently gave third reading to Bill C-44, which will provide us with the means to address the case of criminals who, while few in number, have the potential to undermine our Canadian system.

[English]

Canadians must have faith in their system. This government has listened to their concerns and we have moved quickly, but those changes are not enough.

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First, the report by Professor James Hathaway signalled a commitment to change, to improvements. In response a number of administrative and management changes will be announced tomorrow by the chairperson of the IRB as she is responsible and justifiably so, for the day to day management and operations of the IRB.

Because of the importance of this entire issue it might be an opportune time for the Standing Committee on Citizenship and Immigration to invite the chair of the IRB to meet with them. They could not only explore and discuss some of the changes and adaptations that she and the IRB will be announcing tomorrow, but they could also look into the workings of the board in the fulsome of time and study.

Second, there are a number of policy and legislative changes that the government will make to the Immigration and Refugee Board. This is a straightforward matter of getting government right. There has been agency and program review and the IRB is part of that. Part of my job is to detail the policy and legislative changes to the IRB which we believe are needed to make it run more effectively and make better use of the taxpayers' dollars, while maintaining the integrity of the Canadian borders.

(1030)

The government realized there was concern over methods of appointments to the board and to some extent over the quality and consistency of the decisions. We also knew that the in Canada refugee determination system had to be streamlined to keep pace with both fiscal restraint and world developments. It is our belief there is a remedy at hand which involves both policy and legislative changes.

In this regard the government has decided to reduce the panel size for refugee hearings from two board members to one. The reduction in the refugee division members from 175 to approximately 112 will lead to an annual savings of almost \$6 million. Consistent with the strategic plan that I announced in November in the House, the savings will be targeted to helping refugees.

The appointment process for panel members has been cause for some concern. Again the government recognizes this point and as a result we have decided to establish an independent advisory committee to examine the qualification of all candidates for the Immigration and Refugee Board. The advisory committee will ensure that only qualified candidates are recommended to the government for appointment. The committee will be responsible for ensuring that a balance is met between the board's objective standards and an increasing public demand for more political accountability.

We want the top candidates for the job. It is mandatory that the best people are named to the board, because the reduction in panel size requires unquestioned and unflinching competence

from every board member. This new process will be applicable to new appointments in the future.

I am also pleased to announce that Gordon Fairweather has agreed to be the chairperson of the advisory committee. As a former Conservative member of Parliament, chair of the Immigration and Refugee Board and international human rights advocate, we believe he is ideally suited for the job.

Today the government is also filling two vacant and key positions at the Immigration and Refugee Board, that of deputy chair and executive director. The new deputy chair will be Mr. John Frecker, while the duties of the executive director will be assumed by Mr. Jean-Guy Fleury.

As I mentioned earlier, there are savings in the new procedure. Our target date for full implementation is January 1996. We expect to realize annual savings of \$5.7 million by 1997. In the estimates before the House and its committees, the IRB has also put on the table savings of some \$6 million in addition to the savings I have announced today.

The board is not only part of the program and budget review process. It is also sensitive that it too must become a partner in putting the finances of the country first and the integrity of the system on the same level playing field. Most of the money will be utilized for settlement of refugees from abroad. We can see that this is not a project merely to camouflage cost savings so government can pocket the money.

I have a real sense that although they mean well some would build walls and allow only hand-picked refugees into our country. It is our obligation under the Geneva convention not to send back legitimate refugees. This is a country and this is a government which live up to their obligations. We are good citizens of the world and world leaders. It is not me as minister bragging that we are world leaders; it is people around the globe and the United Nations High Commissioner for Refugees telling us.

(1035)

Three days ago I met with Mr. Chefeke, director of the UNHCR bureau for all the Americas, and apprised him of the government's plans. I am pleased to confirm that he is very supportive of the changes we are bringing forward this morning. Canada and the UNHCR have long been partners and friends. It has always been thus and it will continue to be that way.

In closing, let me hearken back to the Governor General's installation message when he asked us to give good news a chance. His Excellency noted that we were all immigrants to this land; it was just that some came sooner than others. He paid special tribute to the refugees of recent years and special tribute to the communities that opened their arms and their hearts and adopted the refugees. He told us how they came with their hands

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empty, forlorn of everything except their hopes, and how through effort and hard work they flourished.

More of these people will come. We have the will and we have the way.

[*Translation*]

Mr. Bellehumeur: I rise on a point of order, Madam Speaker, because the minister used his speech—I did not interrupt out of politeness—on Bill C-73, an act to provide borrowing authority for the fiscal year beginning on April 1, 1995, to make announcements—

The Acting Speaker (Mrs. Maheu): Order.

Mr. Bellehumeur: Madam Speaker, at least let me finish.

The Acting Speaker (Mrs. Maheu): Order. I just want to advise the hon. member that, speaking on a bill dealing with such matters as borrowing authority, the government can raise just about any issue directly or indirectly related to public finances.

The hon. member for Kindersley—Lloydminster has the floor.

[*English*]

Mr. Hermanson: Madam Speaker, I rise on a point of order. The Standing Orders have some descriptions of Statements by Ministers. What we have just heard more aptly fits the description of a ministerial statement under citations 348 and 349.

The Acting Speaker (Mrs. Maheu): As I stated earlier, on a bill such as Bill C-73 respecting the borrowing authority, the government may discuss any of its dossier.

Mr. Boudria: Madam Speaker, I wish to respond very briefly to the point of order.

The Chair is quite correct. The government does not attempt by a point of order to censor opposition or any criticism toward a government borrowing bill either to increase or decrease expenditures, alter them, initiate a government program, cancel one and so on, or advocate any such change. Similarly when a government member, a member of the ministry or another member, speaks on the borrowing bill he or she has exactly the same latitude as an opposition member would have.

You are quite correct, Madam Speaker, in the way you have assessed it. It is definitely the way such bills have been handled in the past.

[*Translation*]

The Acting Speaker (Mrs. Maheu): Before giving the floor to the hon. member, I would remind the House that a bill respecting borrowing authority is indeed a continuation of our budget debate.

[*English*]

Unless the hon. member for Kindersley—Lloydminster is seeking the floor on another point of order I will continue with debate.

(1040)

Mr. Hermanson: Madam Speaker, I am agreeing with your position. What I am asking is for unanimous consent of the House to allow a 10-minute question and comment period in light of the fact that this was more along the lines of a ministerial statement where there is a chance for the opposition parties to respond.

I believe the government would be open enough to allow a question and comment period. I am just asking for unanimous consent.

The Acting Speaker (Mrs. Maheu): The House has heard the request by the hon. member for Kindersley—Lloydminster. Do we have unanimous consent?

Some hon. members: Agreed.

Some hon. members: No.

[*Translation*]

Mr. Duceppe: I am entitled to have the floor to ask questions.

The Acting Speaker (Mrs. Maheu): Order. The Chair has ruled on this point of order. Is the hon. Opposition Whip rising on a separate point of order?

Mr. Duceppe: Madam Speaker, just a comment. I think that you are quite right: the minister was in order. It is just that what he did lacks class. Thank you.

The Acting Speaker (Mrs. Maheu): I am sorry, but this is not a point of order.

Mr. René Laurin (Joliette, BQ): Madam Speaker, I apologize for the frog in my throat this morning.

The Acting Speaker (Mrs. Maheu): Order. The hon. member for Joliette has the floor.

Mr. Laurin: Madam Speaker, thank you for your support. My voice being as it is this morning, I will have to ask my hon. colleagues to please be as quiet as possible if they want to be able to hear me.

When the budget is tabled at about this time every year, it always raises either fears or hopes in the population, some interest groups, the financial community and all walks of life depending on what is perceived as an improvement in our personal circumstances and whether individuals or organizations consider the latest budget will increase their tax burden or make their lives more difficult.

And each year, since Parliament was established I guess, the opposition has raised numerous questions during this budget preparation period to try to provide guidance to the government and point out where we would not want the budget to hit our most disadvantaged taxpayers. So, representations have been made for as long as there has been governments.

In the past 30 years however, this budget preparation period has become, in Canada and most provinces, but even more so in Quebec, a much greater source of anxiety because expectations are high. There is always a chance the federal government will use the budget to decentralize powers to the provinces and to give them the tax points that go with these powers, so that the provinces can better set their priorities, be it in education, occupational training, public health or social programs.

Finally, this whole period lets us hope for a better future. Unfortunately, budgets rarely come up to everyone's expectations and this one is no exception. Indeed, while some members of our society, some groups were reportedly pleased with the budget measures, others felt short-changed.

(1045)

In any case, if I had to sum up the level of satisfaction derived from the budget, I, for one, would say first of all that the federal budget cuts in the wrong places. It launches a full-scale attack against the most disadvantaged and slashes social programs, unemployment insurance and the public service. It hardly touches the wealthiest, for example by sparing tax shelters and profits made by banks and large corporations. It does not cut deeply enough in places where fat remains, such as National Defence, business subsidies and duplication.

Second, it is easy to see that there is nothing at all for employment development in this budget. There are no recovery measures or job training. On the contrary, they are using the infrastructure program put in place last year by the same Liberal government to backtrack and reduce municipal subsidies.

In summary, it could be said that this budget is generally unfair, especially for Quebecers, in particular in the agricultural sector, in the area of national defence, and in terms of deficit decentralization and its impact on Quebec's economy.

In the few minutes available to me, I will elaborate on each of these points to try to explain how we arrived at this conclusion.

I said that the government picks on the most disadvantaged, as shown by its handling of social programs. The federal government contributes to social programs by transferring money to the provinces. Between 1994-95 and 1997-98, transfers for social assistance, health care and post-secondary education will

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go down from \$17.3 billion to \$10.3 billion. This 40 per cent cut will have a devastating impact on the most disadvantaged.

Next year, Quebec will lose \$350 million, and cuts in transfers for post-secondary education could raise tuition fees by over 60 per cent and threaten free college education in Quebec, since the bill is always picked up by the taxpayer. In the short term, these increases would restrict access and lead to low education levels among the poorest, who cannot afford such exorbitant tuition fees.

As far as unemployment insurance is concerned, again this year, the government is cutting UI by 10 per cent. New legislation in the fall will once again slash UI by tightening eligibility requirements and reducing insurable amounts.

These drastic measures will hit those members of society who have trouble finding jobs and may well have to turn to provincially-funded social assistance if they no longer qualify for UI.

(1050)

This is another form of offloading, since the government takes a UI beneficiary and sends him to the welfare roll. Of course, this means that the person comes under another jurisdiction, since unemployment insurance is a federal program, while social assistance is a provincial one.

Using a logic which I would call perverse, the Liberal government tells us that it considers the unemployed to be cheaters. However, Quebecers refuse to endorse such a view. Even more revolting is the fact that, while cuts are being made to the UI fund, that program shows a surplus of \$2 billion and it is estimated that, by 1996, that surplus will exceed \$5 billion. Yet, instead of taking that money to help the unemployed find jobs, the federal government uses that surplus to reduce its deficit. Again, this confirms that the government wants to reduce the deficit at the expense of the poor.

As regards the public service, the government intends to abolish 45,000 positions over the next three years. These cuts should be made in a fair manner, based on a prorated distribution between the various groups and also according to the number of federal public servants in each province.

The decision to go all out and cut 40,000 to 45,000 jobs is particularly illogical considering that the government continues to contract out work at an almost unacceptable level, to the tune of \$7.7 billion annually, according to PSAC estimates.

In other words, what the government saves by reducing the number of public servants, it spends by contracting out work. As you know, contracting out work is a good way to reward friends of the party, something which is called patronage.

We agree that the government should cut the fat, but this streamlining exercise must not be done exclusively on the backs of public servants. There is fat in many areas, not just in the public service. I already mentioned the transportation services

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used by members of this House and of the other place. Why have two services? Both houses could use the same service and save money in the process. I do not want to discuss every public account, but this is a striking example. I could mention many others.

Managers should also be let go, not just members of their staff. The cuts should be spread fairly between management and the employees. This is essential if the Liberal government is going to ensure fairness, as it claims to want to do.

According to the daily *Le Droit*, 114 managerial positions, out of 12,642, will be cut. This represents 0.9 per cent of all the cuts. By comparison, 2,508 clerical positions out of 40,145 will also be eliminated, which amounts to 6.2 per cent of the cuts. We can see clearly that the proposed cuts will affect seven times more clerical employees than managers, once again penalizing low income workers.

(1055)

Cuts affecting the wealthy are also by far too timid. First, tax shelters. Nothing has been done about thousands of businesses that do not pay taxes. About 60,000 businesses that have shown a profit for the past few years are not paying taxes on those profits. This is not a matter of tax evasion or trying to manipulate the tax people. Under the current provisions of the act, these companies can take advantage of certain tax loopholes and make a profit without having to pay taxes on those profits.

The government has done nothing to change the 16 tax treaties signed with countries considered to be tax havens. The preferential treatment given by the Liberals to the wealthiest in this country is particularly obvious in the case of the notorious family trusts. The government has deferred taxing capital gains in family trusts until 1999. The Minister of Finance has refused to act on recommendations by the Bloc Quebecois to do something immediately about tax loopholes that deprive the federal government of hundreds of millions of dollars in tax revenue each year, mainly from Canada's wealthiest families.

I think we should recall certain statements made by members of this House when they were in the opposition. In 1992-93, the hon. member for Glengarry—Prescott—Russell had the following to say about family trusts: "The 21-year rule is the Robin Hood in reverse rule. It is designed specifically to give help to those who least need it. Why does one want to give an additional tax break to billionaires?" This is still the hon. member for Glengarry—Prescott—Russell: "It is kind of like having two goalies in the net. In case the puck misses the first one the rich have this extra large hockey stick which can deflect anything right at the back of the first one—It is simply bad and we should not renew those provisions at all". This was said on March 29, 1993. I am pleased to see the hon. member for Glengarry—Pres-

cott—Russell is here to listen, and I hope he recognizes this quote.

Madam Speaker, there is a member of this House who occasionally sits in your chair, the hon. member for Edmonton Southeast, for whom I have every respect and who had the following to say on the same topic: "We should perhaps call it the comfort bill for family trust holders in Forest Hill Village, Rosedale, Upper Westmount, Park Lake Circle and perhaps parts of Shaughnessy in Vancouver. There is no reason why those very few Canadians who are fortunate enough to have family trusts should have preferential treatment. There is no reason to extend what was a more than generous deadline". This was said the same day, on March 29, 1993.

(1100)

Another hon. member of the government, who, on May 4, 1993 was a member of the opposition, the hon. member for Broadview—Greenwood, whom I also greatly admire, said the following: "When that kind of unfairness— is out there it affects people's spirits and it affects their attitudes in terms of the workplace. When one multiplies that right across the country, it has a devastating effect on productivity, profitability and everything else. The exemption period has been extended indefinitely, depriving us of billions of dollars in tax revenues. I find it really disgusting that we adopted this bill. I am just talking about fairness, not confiscation, about taxpayers who do their fair share". This is what the hon. member for Broadview—Greenwood said on May 10, 1993.

I could go on, but there is another statement, which was made by the hon. member for Gatineau—La Lièvre. I do not want to leave him out, and I want to identify him as well. He said, on April 2, 1993, and I quote: "This government is allowing them to keep accumulating wealth at the expense of the middle class and the poor of this country. What happened yesterday in the House is a disgrace, and the day will come when people will have to answer for certain social injustices". I will quote one last member of this House, who today is a minister—the hon. member for Ottawa South. He said, on March 30, 1993, with regard to family trusts, and I quote: "The answer that was proposed— is to say 21 years is a long enough trust and every 21 years, whether the property is disposed of or not, it will be deemed to have been sold even if it has not and capital gains tax will have to be paid. I do not think we can have any idea how much tax this money could have generated under such an arrangement, but I would think it would be a tidy sum, to say the least".

These people are still around today. They sit in this House. I wonder how it is, only a year or two after making such statements, that they are unable to act on them and acknowledge what they said at the time.

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Despite all these statements, the Minister of Finance is refusing to act on the recommendations of the Bloc Quebecois and take immediate action to close these loopholes, which are depriving the government of hundreds of millions of dollars in revenue every year primarily from the major wealthy Canadian families, and I believe I have identified them fairly clearly.

However, to calm widespread taxpayer indignation at the huge bank profits, the Minister of Finance is going to levy a small token tax on banks, a small additional and temporary tax. Accordingly, while billions are cut each year in unemployment insurance—the figure mentioned earlier was something like \$5 billion next year—the banks are going to have to pay an additional \$60 million this year and \$40 million more in 1996–97. Do you think it is going to hurt the banks to be taxed this amount? One hundred million dollars over two years: \$60 million the first year and \$40 million the second.

I would remind you that the six largest financial institutions in Canada made over \$4.28 billion in profits in 1994. The Royal Bank alone made over \$1.2 billion in profits.

(1105)

It is ridiculous to say that everyone is affected by this budget. The government is taking just \$100 million from a potential tax source of \$4 to \$5 billion and suggesting that this amount is equal to what is being asked of other elements in society. How utterly ridiculous. We could even say this increase is hypocritical, since it may well be passed on to consumers, which banks and large corporations usually do, because such increases are always reflected in the price of these companies' final product.

So in the end, the consumer has to foot the bill. Large corporations are facing a 12.5 per cent tax increase under this budget, which will generate additional revenues of only \$460 million over the next three years. This is very small compared to the \$1.5 billion to be gained from the increased tax on gasoline. In this case too, the government is trying to show people, through this measure taken by the finance minister, that everyone has to do his bit.

Everyone doing his bit apparently means in this case that some have to make drastic sacrifices while only minimal ones are expected of others. If this is supposed to be a just society, I think we are on the wrong track. Compared to a 12.5 per cent tax hike for major corporations, a very slight tax on the price of gasoline will bring in three times as much or \$1.5 billion.

The government boasts that it is not increasing taxes. And yet only a third of new revenues or \$900 million which the government intends to collect will come from corporations. The remaining amount of \$2.8 billion will come out of taxpayers' pockets. Where is the fair budget we were promised? What happened to the minister's promises that he would above all tax

the rich? That being said, Madam Speaker, I would like to quote a few figures comparing personal taxes and corporate taxes.

From 1980 to 1994, personal taxes increased by 70 per cent, a rate indexed for inflation. The source of this information should be reliable and I hope it will not be disputed; it comes from the Finance department. Only the governments in Scandinavian countries and Belgium draw a higher proportion of their revenues directly from their citizens. What has happened to corporate taxes during this period? Let us look at the period extending from 1955 to 1992. In 1955, 25 per cent of federal revenues were drawn from companies. In 1975, corporate taxes accounted for 17 per cent of federal revenues and in 1992, they made up 7 per cent of federal revenues.

So we can see that corporate tax rates are in a free fall. In 1980, the tax rate was 46 per cent for big corporations and 25 per cent for small business. From 1988 to 1995, corporations were taxed at a rate of 28 per cent and small businesses at 12 per cent. It is very clear that the trend has been reversed and that from now on individuals and not corporations will pay more tax to the government.

(1110)

The latest profits make the following corporations members of the billionaires' club: the Royal Bank, with \$1.2 billion, Bell Canada, with almost the same amount—\$1.178 billion, and General Motors of Canada, with \$1.3 billion. How much tax did they pay? It would be very interesting to see their tax bill, if Taxation would only give it. It would reveal what the government is planning when it talks about a just society.

To elaborate on what I said earlier, the federal government did not trim enough of the fat. I alluded to this earlier when I said that the public service is not the only place where fat could be trimmed—National Defence is another potential target. Its budget will be cut by \$1.9 billion over three years. A cut of \$4.8 billion over the same time frame is what the Bloc Quebecois has been suggesting for two years now as an alternative to cutting social programs.

Close more bases and cut defence spending more. The Auditor General mentioned that the number of bases could be reduced to 12 without compromising the army's ability to function. In addition, it apparently costs over \$125 million just to relocate members of the armed forces within Canada. This was said at the defence committee and echoed at the public accounts committee: between \$125 and \$130 million per year, not to transport troops to peacekeeping missions, but just to relocate transferred employees. Even with the army doing the transporting, it costs \$125 million. That is fat if I ever saw it, Madam Speaker.

Housing for families of members and officers of the armed forces is a losing venture, it loses \$30 million per year. Since 1978, the cumulative loss in this area is \$2.3 billion. All the while, some officers pay only token amounts for rent, amounts

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that are considerably lower than what renting a comparable house would cost on the market.

The Bloc Québécois is happy to see that Minister Martin has cut business subsidies. He is on the right track in that regard. Congratulations! But the Bloc Québécois believes his 60 per cent cut does not go nearly far enough.

Even the Conseil du patronat agrees that these subsidies should be dropped altogether. Here is an additional \$1.6 billion that could be cut over the next three years. Even business agrees with the Conseil du patronat that these subsidies should be cut, because more often than not, they amount to a means of giving friends of the government a competitive edge.

The money such a move would save could be used to fund social housing, in order to avoid the planned cuts of \$307 million over the next three years.

We also talked about the billions of dollars wasted by duplication between the federal and provincial governments. The Liberal government's budget does absolutely nothing to eliminate or even reduce this costly duplication. The federal government is not withdrawing from areas of provincial jurisdiction. It has not abolished the departments where duplication occurs: health, human resources development, natural resources, and we could name others.

It is also not withdrawing from other areas of provincial jurisdiction, such as forestry, mining, tourism, housing, recreation and municipal affairs.

(1115)

The second point I made was that there is absolutely nothing in this budget for employment. In order to return to the pre-recession level of employment, more than 800,000 jobs would have to be created in Canada. During the last election campaign, the Liberal Party proclaimed loudly that job creation was their number one priority.

And yet, the budget before us contains no measures, either general or specific, to encourage job creation. There is no sign of any overall plan being implemented or even proposed. Nor does the government seem to have any intention whatsoever of taking action in the medium term to help the unemployed find jobs. Even the unemployment insurance surpluses that are supposed to contribute towards job creation will be used to bring down the deficit.

This budget is proof to us that the Minister of Finance has scrapped the red book and given up on doing anything about the present rate of unemployment. The budget forecasts unemployment rates of 9.5 per cent for 1995 and 9.4 per cent for 1996. The Liberal government's vision is cruelly insensitive to the millions of unemployed Canadians. I hope that in this area the

federal government's forecasts are more accurate than its forecasts in recent years with respect to the rate of growth, because if it has made the same mistakes, we will be facing unemployment rates of 10.5, 11 or 12 per cent and not 9.5.

As regards job training, this is an area of jurisdiction over which Quebec has been requesting exclusive control for a number of years now, even under a Liberal government. In the present budget, the federal government creates additional duplication, instead of reducing it. It has announced the creation of a human resources investment fund. For the time being we are told that this should encourage solid and sustainable job creation, but we do not have many details yet. It is essential, however, that a provincial job training plan be put in place.

As long as the federal government continues to hang on to responsibility in this area, thus duplicating what is being done by the government of Quebec, many resources and precious time will be lost forever, with disastrous consequences for the job situation in Quebec.

Through its failure to act and its stubborn refusal again in this budget to let Quebec look after its own job training, the federal government is adversely affecting Quebec's economic development.

I would like to touch briefly on the infrastructure program. This \$2 billion program, which was announced with great fanfare during the 1993 election, was supposed to create 45,000 temporary jobs over three years. We can only assume the program has gone very well, because the government has decided to terminate it ahead of schedule. This was the only concrete measure that would have helped the government keep its job creation promise, and even that was not followed through on. In fact, the budget cuts the \$200 million that remained in this program.

The provincial and municipal governments have been told that they will not get the remaining \$200 million federal subsidy that they were counting on, regardless of what they might have hoped and expected. So, \$200 million for the federal government, \$200 million for the provincial government, \$200 million for each of the provinces.

(1120)

This means a \$600 million shortfall in Quebec's economy in terms of infrastructure projects. That is a pretty penny. This government apparently committed to creating jobs is actually pulling out of these projects, thus depriving several municipalities of funding they had been promised. The Minister of Finance would have easily won the lemon award for unkept election promises.

I will comment briefly on this budget which is unfair for the people of Quebec in particular. With respect to agriculture, the

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Martin budget is plainly appalling, depriving farmers of \$560 million in Crow's Nest subsidies. In Quebec however—

Madam Speaker, you are signalling that my time is up, while I thought I had five minutes remaining. I will therefore keep my other comments for another time.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Madam Speaker, I rise today to not only address the government's borrowing bill, C-73, but to also make a few comments about the budget.

The single biggest problem facing Canada today is the national debt of over \$550 billion and the interest costs to service that debt. It is all too easy to think of this debt as a government problem, but it is not. The debt does not cost governments, it costs Canadian taxpayers. We pay for the debt directly every day in interest payments paid from taxes.

Whatever the party or Prime Minister or finance minister, the Government of Canada has not had a single balanced budget in 25 years. As a result, every Parliament has to pass bills like C-73, borrowing bills, to give it the ability to borrow money to service this debt.

For these two decades our governments have been living beyond their means, creating a delusion that we can live indefinitely on borrowed money.

How do they get away with it? How do they get taxpayers to fall in line when the cornerstones of our society like health care are in jeopardy because we are forced to borrow \$89 million every day and \$625 million every week to finance the debt? The answer in a word is sophistry, using clever but misleading arguments to justify actions.

One thing I noticed in my first year as MP was that an experienced cabinet minister could spin even the most unsound logic into what seemed to be publicly accepted government policy. The finance minister is no exception. He is an extremely clever man politically, and I often wonder what he is really doing with the Canadian taxpayer.

As a businessman and a taxpayer, I finally realized that we are all being hoodwinked. By waxing eloquent about breaking the back of the deficit and floating frightening trial balloons of higher income taxes, the finance minister has finessed many Canadians into believing that it is okay to go into debt, but just not as much as we have been in the past.

I would like to walk through the budget to demonstrate the art of sophistry at work, necessitating this borrowing bill we are debating today. Sophistry is defined as false reasoning or clever but misleading arguments. So much of what is served up in the 1995-96 budget is both politically clever but economically misleading. Is this truly a sound budget as the finance minister claims, or an unsound budget based on false reasoning?

If these walls could talk about the history of deficit fighting in this House, what would they say? They would tell of a former finance minister, now a Prime Minister, who in 1978 said significant reductions in the deficit can be expected. The deficit then was \$13 billion. He is back at work now and the deficit is \$39 billion. Seventeen years later he is saying the same thing, singing the same tune. When will he learn that times have changed?

(1125)

These walls would also tell us about Liberal finance minister Allan MacEachen, who in 1982 said the government cannot responsibly add to the deficit. The deficit then was \$28.7 billion. Today the Liberals continue to add to that deficit.

These walls would also tell us of Michael Wilson, who in 1990 said: "We will reduce the deficit to \$28.5 billion next year. We will cut it in half to \$14 billion in three years. We will reduce it even further to \$10 billion the year after that". Does that sound like the current finance minister? Is that not what he sounded like the other day when he presented his budget? That deficit grew to \$32 billion.

Finally, if these walls could talk they would tell us of our current Minister of Finance, who one year ago promised to break the back of the deficit and attack it head on. He had a projected deficit of \$42 billion and the actual deficit that he will announce will probably be around \$38 billion.

Deficit has been the focus since 1975. Meanwhile the real problems, the debt and the interest cost to service that debt, keep growing. Adding to the debt and therefore increasing interests costs, regardless of interest rates, regardless of the growth in the economy, will eventually erode program spending, reducing the amount of money for social programs and job creation initiatives.

That is what is wrong with the current direction in which this government is going. 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. Each Canadian's share of direct federal and provincial debt has risen from \$4,500 in 1981 to over \$25,000 today.

Here we have our clever finance minister talking about the deficit and the fact that he will spend less. He is misleading the Canadian taxpayer with the argument that by lowering the deficit through instalments he is solving our economic problem of the debt. He is not solving the problem. We have to get to a zero deficit. We have to stop adding to the debt. We should have a balanced budget as our immediate target, not somewhere down the road, that floating two-year revolving door.

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In their reaction to the clever minister's budget the chartered accountants of Canada have stated: "The government has failed to set firm targets for the reduction of the deficit after 1997. Achieving a \$25 billion deficit in 1997, which may well be the high point in the current economic cycle, is not sufficient. We must seize the opportunity now to break the deficit cycle and not risk facing unsustainable levels of deficit in the next economic downturn. We need a longer term plan to bring government spending under control".

Reformers have done this. We set out a clear spending reduction plan in our taxpayers' budget which would reduce the deficit to zero in three years. As our leader has pointed out, the biggest spending decision that the finance minister has made by not cutting program spending more quickly is to increase spending on interest charges from \$39 billion when they first were elected to \$51 billion when they are defeated in 1997 or 1998.

When the Liberals came into power in 1994 their total government spending was projected to be \$158 billion. By 1997 their total projected spending will be \$158.6 billion, despite all these spending cuts. On the spending side they will be right back where they started. They have failed to take the necessary steps to deal with the severity of our fiscal crisis and are leading Canada on a track destined for bankruptcy. Where is the benefit for people who have been hit with public service cuts, program cuts and cuts to transfer payments? The only purpose of these cuts, it appears, is to service the ever increasing debt. It is all going to interest.

The debt is the problem. The deficit is simply a contributing factor. It is politically clever but misleading to tell people that by slowing the digging we will fill the whole.

Another clear example in the budget of the finance minister practising the art of sophistry or false reason or clever but misleading arguments is evident when he states that the Liberals are not raising personal income taxes. Of course not. That would have knocked him way down in the polls and the minister knows that. The challenge was therefore to squeeze more money out of the taxpayer without waking them up to that fact. The minister succeeded.

I will give the House four examples. The tax rates of large corporations were raised by 12.5 per cent and corporate surtaxes increased by 1 per cent, from 3 per cent to 4 per cent. These increases will be passed on to consumers and will ultimately fall on the middle class, the very heart and soul of the support of the Liberal party, in the form of higher prices.

(1130)

The Liberals placed a temporary capital tax on large deposit taking institutions. A temporary tax, there is an oxymoron. It is

like a prominent backbencher. In 1917 income tax was originally supposed to be temporary.

Taxing banks means higher costs to Canadians for banking transactions. Watch how quickly service charges change in the next year.

A third example is the Liberals have raised gasoline taxes by 1.5 cents which will cost the average Canadian and so too will higher taxes on cigarettes which the minister sneaked in through a ways and means motion a few weeks ago.

The Liberals have eliminated the public utilities income tax transfers to the provinces which means if your utilities are provided by a private company you will see your rates jump by as much as 25 per cent because they no longer get the same treatment as fat cat government owned utilities.

This is another clever technique used by the finance minister to punish Alberta MPs. Let us punish the city of Calgary for voting six Reformers. Let us reward Edmonton for electing four Liberals. This blatant partisan political endeavour will only come back to haunt the Liberal Party. This was a selective tax grab against Alberta. The Minister of National Resources yesterday did not even have the courage to answer one of my colleague's questions about her support for the PUITTA transfers to the provinces. Eventually those provinces that are considering privatizing their utilities will not do it now because of the extra costs.

Clearly this budget is nothing more than a tax on the consumer. It is a consumer budget. It raises about \$1.5 billion that consumers are going to have to pay, not on their personal income tax which they are all happy with, but through hidden taxes, through consumer taxes. It is a form of a GST.

Automobiles do not pay taxes. The people who buy them do. Once again the Minister of Finance is practising the art of sophistry by using a clever but misleading argument to make taxpayers think that he is doing them a favour by not raising their individual tax burden when he is by \$1.5 billion.

Another example of sophistry can be found in the finance minister's use of soft targets in his budget projections. The real test of spending cuts from one year to the next is if we spend less than the year before. This government for the second time in a row will be spending more than it did the year before. It is up to \$163.9 billion from last year's projected \$163.5.

If the Liberals were truly going to spend less they would be below that \$163 billion figure. Once again the minister does not sell it that way. He talks about spending cuts, lowering the deficit and that reaching his target of 3 per cent of GDP will solve all our problems. Meeting the 3 per cent target depends on the continuation for another three years of recovery in the business cycle. That is very unlikely to occur. That is why it is called a cycle.

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The Liberals continue to delude taxpayers that things will turn around. They believe strongly in overly optimistic economic growth projections. Their hopes for gradual improvement lead them to delay, to defer, to minimize the need for tough and immediate action.

They think gradually they will work this through. It appears as though gradualism has become a Liberal policy. Change should not be introduced too suddenly. To avoid any shocks to the system reforms of any kind should be introduced gradually.

In an article I was recently reading the writer suggested that we use a gradual approach to introduce new traffic laws from driving on the right side of the road to the left side. Do it gradually, buses and trucks this year, cars next year. Gradualism is not going to work.

All that Liberal rhetoric about rolling two year targets does is side track us from the real problem of the debt. Once again gradualism sounds appealing but it is misleading. Interest costs continue to rise. At the end of the Liberal term they will have added another \$10 billion to the interest costs of this nation. This is what they are doing. This is where their spending cuts are going. Everybody is sacrificing in this country just to pay the darn interest costs on the debt instead of getting the deficit to zero so that interest costs will not rise.

Why is it on the question of fiscal common sense finance ministers continually react by saying they will balance the budget tomorrow, they will get at it first thing next year, they will aim for a balanced budget but in the meantime they have to tackle the deficit? How would members react to someone who had cancer and planned to wait to seek treatment until he felt better? This is yet another example of a clever but misleading argument by the Minister of Finance.

The Minister of Finance has said that small business is the engine of our economy. It creates 85 per cent of the jobs in Canada. Yet in his budget he tried to take credit for the 400,000 jobs that have been created in this past year in Canada when all the government can take credit for are the 60,000 jobs it created through its infrastructure program which has simply added to the debt.

(1135)

It is absolutely amazing how many times we heard that the infrastructure program was a huge success, creating years of employment. It was not just short term. Now we see in the budget that funding for the program will be reduced.

If the infrastructure program was such a success, then why has it been cut? Was it not living up to its potential? Through pork barrel programs like infrastructure, the Liberals are being politically clever but, as their budget demonstrates, economically misleading.

Another example of sophistry at work can be found in the finance minister's criticisms of the Reform Party's policy on old age security. The finance minister said the Reform Party's taxpayer's budget would hammer seniors at the low end of the income scale, which simply is not the case.

During the election campaign the Conservatives accused us that this would effect seniors who made \$17,000 a year. Now the finance minister has the gall and the nerve and audacity to stand in this House and tell Canadians that we will hurt and harm seniors who make \$11,000 a year. That is pathetic.

Mr. Mills (Broadview—Greenwood): Where are the cuts coming from?

Mr. Silye: I will get to that. I will show exactly why the finance minister should retract what he said at some point in the future.

These scare tactics are clever but they are misleading. In our taxpayer's budget Reformers propose that key changes to OAS would include basing the program on family income. Guess what?—that is what the Liberals are going to do as well. We say who it is going to effect. We say at what level it will effect but the Liberals do not have the courage to say what they are going to do on social programs.

In the two-year projections, the money on social programs stays at the same level of \$39 billion. The transfers to provinces go down by about \$2 billion without any of the tax points going over there, but they do not come clean. That is the problem. It is a budget of broken promises and it is a budget of slight of hand.

Our budget would protect those currently receiving guaranteed income supplements and not paying benefits to high income families. That is what our policy would be on the OAS. This is what the Liberals have suggested in their budget.

Let me now give a definite example. Members have been waiting for me to get to this. I am sure this is the part that is very interesting. They want to know where we get our figures. We get our figures from the government's own numbers. It is a document it produced. It is a book. I think it is coloured. It means this government is good on colours. It has the red book, the grey book, the green book, the mauve book, the white.

This is from "Creating a Healthy Fiscal Climate", page 70, annex table 26, distribution of net federal elderly benefits by household income, 1994.

Eight hundred thousand households receive less than \$15,000 in income. The benefits they receive which include the OAS, the spousal portion and the GIS, are \$7 billion. That would be untouched by our taxpayers' budget.

Where does the finance minister get his \$11,000 figure? The next level up is \$15,000 to \$20,000 for 390,000 households; \$2.6

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billion goes there. That is nobody who receives a household income of \$20,000. Even if you divide that in two, you are at 11.

Twenty thousand to twenty-five thousand dollars is the next level: 380,000 households, \$3 billion goes there. Twenty-five thousand to thirty thousand dollars: 250,000 households; \$1.7 billion goes there. Thirty thousand to forty thousand dollars household income: 280,000 households; \$1.8 billion goes there.

Even if you took the \$40,000 you would end up with \$20,000. Where does the finance minister get his \$11,000 number? He says if \$11,000 is what we would do, I challenge the finance minister if he wants to restore and retain his credibility, because he has said this publicly, to confirm that his numbers are right in this.

If these numbers are right then there is no way that taking \$3 billion out of OAS, a \$20 billion envelope, and reducing it to \$17 billion we going to harm one single senior who makes less than \$20,000 in income. Our target is about \$40,000.

I insist that if the finance minister catches wind of what I have said here today—I see that the parliamentary secretary to the finance minister is present—we deserve a correction on that. We deserve a clarification.

We are playing with peoples' lives. We do not want to scare people. We want to get to a zero deficit. We want to cut more than the Liberal government. We would cut faster than the Liberal government and you can take all the credit you want about ours being slash and burn, but we know that our projections and the way we want to do it is the right way, it is the correct way, and is the way it should be done.

(1140)

For the government to accuse wrongly, neither party should do that. Both parties and all members of Parliament should try to be accurate. They have a responsibility to be accurate when they are talking about numbers and how they affect lives. We can disagree on philosophy but we should not disagree on numbers. I think I have said enough on that.

Let us turn to income security for members of Parliament. Has the finance minister made any sacrifices there? The answer is no. Canadians have to sacrifice but not MPs. They are not paid enough so the MP pension makes up for that. The old time politicians will benefit from the original plan to the new two tiered plan that will make millionaires out of many of them while future politicians will be asked to accept the reformed plan.

It is outstanding to sit in this House and listen to the Prime Minister compare his salary with professional hockey players' every time we ask him a question about pensions. Why does he compare his pension with the pension of a hockey player? Why

does he not compare his pension to those pensions out there in the private sector?

What we are saying is that the compensation package has an imbalance. The compensation package for MPs is out of whack. The compensation package has to be revisited and the whole thing has to be looked at. The MP gold plated pension plan is too generous. The \$64,000 a year is too low. However, this government is too heartless and lacks the courage to address the problem head on. It wants to protect all the old cronies from the past and will not address what should be addressed in the proper fashion.

There is no way that any member of this House should receive any more than matching contributions to what a member puts into a pension plan, one for one. I do not care if it is 5 per cent, 6 per cent or 8 per cent, it should only be one for one.

To boot, the Prime Minister has said he cannot reform the MP pension plan retroactively because there is a rule in democracy that we do not pass retroactive legislation.

Considering the fact the Liberals applied retroactive legislation to the Pearson contract, the EH-101 helicopter contract, the public service contracts and to Canadian taxpayers working overseas, why is it that these same Liberal politicians are not subject to the same rules as those Canadians? How can the Prime Minister contradict himself this way? It is a clever thing to say but it is a misleading point to make when the facts betray what he is saying. It is a double standard. It might be sophistry.

Once again the Liberals are leading the taxpayers to believe that they are actually reforming the system when all they are doing is making it less gold plated for the young MPs but still very generous. I cannot believe the number of rookie Liberal MPs who have been coerced and have just sat there. They are the strongest number in caucus and they sit there and let these veterans push them around. They sit there and are forced to go back to their constituents, most in Ontario, and say sorry, but they had to take this two tiered pension, they cannot sacrifice because the Prime Minister and cabinet will not let them. I cannot believe that.

The rookie Liberal MPs have an opportunity to set an example. The rookies have an opportunity to crack the whip and to show them in caucus what it is all about to be an MP: real integrity, real honesty and real leadership, not the old style partisan, pork barrelled system that has been going on for the last 25 years.

What has changed? We have a Prime Minister who is still going out to \$1,000 parties that 99.999 per cent of Canadians are not even invited to. We still make blatant partisan appointments, not the Liberals who deserve to be there but blatant ones that should not be made. The Liberals are still spending \$40 billion more a year than they bring in. They fail to recognize the real problem.

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The finance minister talks of downsizing and reducing the cost of government when the fact is that in Ottawa Canadians still have a big government and a high spending government. Reformers believe that government governs best that governs least and the best government is smaller government.

Why is it that in the state of California 52 congressmen, 2 senators, 1 governor and 1 president represent at a federal level 29 million people?

(1145)

Let us say that Canada is pretty close to 29 million people for the sake of argument. We have for the same 29 million people 295 MPs, 104 senators and one Governor General representing the taxpayers. Are we not as competent as congressmen? They can represent 500,000 people while we can only represent 100,000 people? Do we not have the intelligence? Do we not have the technology to have representation by population with a higher population base? I think we can.

Talk about downsizing the public service by 45,000 people over three years. Why do we not downsize the House of Commons? What are we doing instead? We are not going to downsize the House of Commons. While the government lays off 45,000 civil servants it is going to bring in six more MPs. There will be six more MPs in the next federal election.

Once again the Liberals want to increase the size of government. Make it big. Keep the backbenchers happy. Let a small cabinet control things. They refuse to consider more effective approaches to accommodate shifting, growing populations.

Reformers believe the House should have 265 members. Taking into account the floating nature of the population we cannot cap it because of all of the deals that have been made since Confederation. We would then have a reasonable House. We would have members of Parliament that represent more people. We would have members of Parliament that would really have some value and some input into what is going on rather than this huge size. Except for the 20 people that sit around the Prime Minister, the rest of us are just here for window dressing.

We believe the House should be reduced to a fixed number. If the size is continually expanded to match population increases, the House will reach unmanageable proportions with unsustainable overhead costs. The answer to population growth is not to increase the numbers of representatives but to periodically redraw constituency boundaries—redistricting; to redistribute seats according to population shifts—reapportionment; and introduce an elected, effective and equal Senate for regional control.

The time has come to bring back financial responsibility to government, not to make government bigger. Politicians have to be accountable to the people of Canada, to be trusted to handle

their money. More faces will not improve the system. I heard a little comment about Alberta?

Mr. Calder: How many seats do you have from Alberta?

Mr. Silye: We have 27 seats from Alberta.

An hon. member: That is 26.

Mr. Silye: For instance, the city of Calgary has six MPs. I would cut two out of the city of Calgary. We only need four MPs from the city of Calgary.

Mr. Calder: Which two would the hon. member cut?

Mr. Silye: Mine and—if you have a personal problem and have to go somewhere, I think it should be respected.

The government is selling a lean, mean government but is increasing its size at a future cost to millions of taxpayers. It is sophistry, clever but misleading.

Despite the hype, the Liberal budget is not a great budget. It does not go deep enough, fast enough or is it compassionate. Liberals have not come clean with the Canadian public. They are trying to retain their popularity and are playing games with numbers.

The budget is merely acceptable compared to what we have seen in the past. It does not stop the digging fast enough. As Alberta treasurer Jim Dinning said the other day about the budget, it is like getting excited over a student that always comes home with Fs on his report card and one day brings home a C minus.

Will we consider the budget as our soft targets? Number one, soft targets. The Liberals are headed in the right direction. They have to make some cuts. They have addressed some cuts, but they have not made enough cuts.

No balanced budget is in sight. That is the target they have to set but will not set. This is why the leader of the Reform Party is going to be the next Prime Minister of Canada. Canadians are going to recognize that is where we should be and that is what will be in the best interest of saving the country.

The Canada social transfer that the government sneaked in is another example of sophistry. It is going to confuse the provinces. The Bloc Quebecois, rightly so, is screaming loudly and justifiably about how it will affect Quebec. The Liberals cannot answer. They will not answer.

The fourth problem is that the fiscal House is just not in order. The combined spending cuts in the budget and revenue increases will amount to \$29 billion over the next two years. That sounds great. However, at the end of their term overall spending will have increased even higher than where they started. After four years of Liberal government overall spending will be up by about one-half billion to one billion dollars. Despite the cuts, it is not a balanced budget. Despite the cuts, the debt will grow. Despite the cuts we will be no further ahead as a nation. All that

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pain just to pay the interest on the debt. Why can the Liberals not get it through their heads that we have to get to a zero deficit?

(1150)

I propose that Parliament reject the budget for its failure to eliminate the deficit quickly and decisively within the life of this Parliament by asking further generations to bear the cost of our fiscal responsibilities.

I propose that the finance minister reintroduce a new budget in the fall that reflects Reform's suggestions to balance the budget over a three-year period.

We are continuing the cycle of treading water. Eventually our arms are going to get tired. We are going to sink, sink as fast as the *Titanic* when we hit the wall. Hit the wall we will if we do not eliminate the deficit. No country can allow its debt to continue to grow as we are in Canada and expect to survive.

That is why we presented our taxpayers' budget, a budget that gives Canadians real hope. It gives the Liberal government a plan to adopt. It shows them the vision Liberals lack.

An hon. member: Have you been at a golf club?

Mr. Silye: I have a problem with the comment about the tan I have. My wife was rushed off to hospital in sunny California. It was an emergency. That is why I have a tan. I do not appreciate it when members keep referring to that when I am trying to give a serious address on the budget. If they just make jokes about the tan, that is fine. But once they know what it is about I would appreciate a little more respect.

Our taxpayers' budget gives Canadians hope. It shows them a vision and defines a real problem, that of the debt and the interest costs to service that debt. It offers a solution of how to get to a zero deficit so that we can manage the country's finances. We have to get our fiscal house in order so we can start looking at the debt and at ways and means of reducing it. Our children and our grandchildren should not have to continue to carry this heavy, heavy load.

I repeat one more time. Our taxpayer's budget gives the Liberal government an opportunity to adopt that approach, to get to zero within the life of its term. Because if it does not, we will get elected and we will do it.

The debt and the rising interest costs to service that debt is the problem. I have tried to point it out. I have offered solutions. Our party has pointed it out. Our party has offered solutions. Despite all the wisecracks from the finance minister, despite all the rhetoric about how the Reform Party this and the Reform Party that, the Liberals are taking some of our agenda. Why not take all of it? Stop the digging.

[*Translation*]

Mr. David Walker (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I welcome this opportunity to speak on second reading of Bill C-73, the borrowing authority bill.

Before I speak directly to the provisions of the bill, I would like to put this legislation in its proper context. The amount of borrowing authority requested in the bill is directly connected to the financial requirements set out in the budget. The information required to deal with the financial aspects of the bill is set out in the budget.

It is very important that this bill be passed as quickly as possible. If borrowing authority is not in place early in the new fiscal year, there will be severe constraints placed on the government's financing program. All remaining borrowing authority granted by the Borrowing Authority Act, 1994-95, will be cancelled at the end of this fiscal year except for a \$3 billion non-lapsing amount.

Once this amount is depleted, the government would be limited to using section 47 of the Financial Administration Act which restricts borrowing to short-term funds.

(1155)

In such a situation, no bonds could be issued except to fund maturing issues, of which there are two in the first quarter of 1995-96. Any delay in the passage of this important bill beyond the end of the current fiscal year, therefore, could be costly to the government and to Canadian taxpayers, and would expose the government to the additional interest rate risk implied by increased short-term funding.

Given the government's large financing program, delaying bond financing will also be potentially disruptive of the capital markets which could result in higher debt servicing charges. Therefore, it is critical that borrowing authority be secured as soon as possible.

The budget has been a topic of much discussion both in this House and elsewhere this week. And well it should be. As has been pointed out by my colleague the Minister of Finance, the budget he presented last Monday is an "historic response" to an "historic challenge".

The challenge is brought very much to our attention as we debate this bill. This country's economic future is put at risk by the \$500 billion debt we have accumulated—a \$500 billion debt that leaves us all too vulnerable to the harsh impact of interest rates.

And yes, we recognize that this legislation seeks to borrow even more money, adding to that debt. But in asking hon. members to support this legislation, I draw their attention to the fundamental reform of government spending set out in the budget and the commitment of this government to meet its deficit targets.

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The ultimate goal of this government is a balanced budget. There should be no doubt that we will achieve it.

But we are not going to achieve this goal through the magic of long range projections as was attempted in the past. Nor will we achieve our goals by projecting overly optimistic increases in economic growth and cheerful interest rate forecasts.

[*English*]

Our approach has paid off in success in not just meeting the targets for 1994–95 but in fact doing better. Last year in our first budget we projected a deficit of \$39.7 billion. We now estimate that the deficit will come in at about \$37.9 billion, some \$1.8 billion under target.

The underlying deficit, that is without the one time charges incurred in restructuring government, is \$4.4 billion below target. Revenues of \$1.2 billion are above the conservative estimates in program spending, a full \$3 billion under our projections.

These positive effects on the deficit were only partly offset by the \$1 billion in higher than expected interest rates, so the \$2.4 billion contingency fund did not have to be touched.

I would like to go directly to some of the aspects of this legislation because in my short time I want to make sure that my colleagues understand exactly what the nature of this borrowing bill is.

(1200)

With the measures we are taking in the budget announced on Monday there is no question we will achieve the target of \$32.7 billion in the upcoming fiscal year and \$24.3 billion or 3 per cent of GDP in 1996–97.

We are backing up our very prudent economic assumptions with a substantial contingency reserve, which next year will be \$2.5 billion and the following year will be \$3 billion. Looking ahead, our contingency reserve will do more than just protect our target. If it is not needed it will not be spent. It will go toward reducing the deficit even further.

This underscores one of the basic strengths of our planning assumptions. If interest rates and growth do better than our forecast—and remember that we have taken a very conservative forecast—and if we simply compare it to the private sector average, in 1996–97 the deficit could drop below \$19 billion. That is \$5.5 billion less than what was projected in the budget.

By that time our financial requirements, the new money we borrow from markets, will fall to \$13.7 billion, a drop of more than \$11 billion from the amount asked for in Bill C–73. That is substantial progress of which every Canadian should be proud. It will be just 1.7 per cent of GDP, down from 3.5 per cent of GDP in 1994–95 and a full 5 per cent in 1992–93. Based on the national budgets for 1996–97, Canada is projected to do better

than the United States, Germany, Japan and every other major industrial nation.

The details of Bill C–73 contain three basic elements: authority to cover financial requirements for 1995–96, exchange fund account profits, and a non-lapsing amount. In total we are requesting authority to borrow \$28.9 billion for the 1995–96 fiscal year.

First, there is a provision for \$24.9 billion of authority to cover anticipated borrowing requirements to meet the net financial requirements set out in the budget.

Second, there is a provision to cover \$1 billion of exchange fund account earnings, which gives rise to additional Canadian dollar borrowing requirements. These earnings, although reported as budgetary revenues, are retained in the exchange fund account. They are not available to finance ongoing operations of the government.

Third, there is the usual \$3 billion non-lapsing amount, the same amount requested in borrowing authority in the past seven years. The non-lapsing amount can either be used during the course of the year to manage contingencies such as unexpected foreign exchange requirements or it can be carried forward to the next fiscal year.

There are some minor technical provisions in the bill that more clearly link fiscal year borrowing authority with fiscal year borrowing requirements. One provision provides that in 1995–96 the borrowing authority may only be used after the new fiscal year begins. Another provision stipulates that for the purpose of calculating borrowing authority usage the effective date is April 1.

Until the bill is passed the government may continue to use the \$3 billion non-lapsing amount provided for in last year's Borrowing Authority Act. Any portion of the non-lapsing amount that is used will be deducted from the basic amount of borrowing authority being sought today. This prevents the non-lapsing amount from effectively adding to the borrowing authority next year. Also the bill will cancel all borrowing authority remaining from fiscal 1994–95 once it is passed.

As background information I would like to review the government's debt operation for the current fiscal year up to the end of January. So far this fiscal year in the domestic debt program the government has issued about \$21.4 billion in marketable bonds, \$1.5 billion in Canada savings bonds, and \$1.4 billion in real return bonds. There are also net redemptions of \$7.8 billion of treasury bills. This provides a total of \$16.5 billion in net new market debt.

I also report to the House on last fall's Canada savings bond campaign. The government introduced two innovations aimed at revitalizing the Canada savings bond program. First, a new three-year price feature was introduced, aimed at making CSBs more attractive to retail investors. Second, the government expanded the sales window making CSBs available over a longer period of time. They were priced competitively with other products in the market, cost effective relative to other

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sources of financing and produced sales of \$7.5 billion or a 40 per cent increase over 1993. After accounting for redemptions during the year, the net increase in outstanding Canada savings bonds was \$1.5 billion, as I indicated earlier.

(1205)

Regarding foreign currency debt, outstanding Canada bills increased by U.S. \$2.2 billion to \$6.3 billion at the end of January. These are short term U.S. dollar denominated bills issued from time to time in the U.S. market to fund Canada's foreign exchange reserve.

In July 1994 the government launched a \$2 billion five-year Euro bond issue. The issue was used to increase reserves and diversify the sources of U.S. dollar funding of Canada's exchange reserve.

In summary, the bill is straightforward and contains no unusual provisions. All the information needed to deal with it is before the House in the budget, the main estimates and related documents.

[*Translation*]

I therefore urge the House to proceed with this legislation as quickly as possible so that new borrowing authority will be in place at the beginning of the new fiscal year and the government's regular borrowing program can proceed as the fiscal year begins.

[*English*]

Borrowing authority is a normal part of the operations of government. I urge all members of the House to support the bill.

Mr. Jim Silye (Calgary Centre, Ref.): Madam Speaker, I would like to ask a question of the member for Winnipeg North Centre.

When talking about the budget elements in his speech he used words like would, could and should. Those are not good enough in these times. He also pointed out that his government was on track to meet its deficit target of \$25 billion at the end of two more years. It is my contention and our contention that this will add to the problem. Our proposal for a deficit target is zero, not \$25 billion. We believe that solves the problem. It does not add to it.

Would the member explain why a deficit target of \$25 billion is better than a deficit target of zero?

Mr. Walker: Madam Speaker, I thank the hon. member for his question and for his speech. I was listening carefully to him. I know he is concerned about these issues. He brings a real passion to seeing our debt reduced.

I assure him that every member on the government side is equally committed to balancing the budget and to making sure that future generations of Canadians are not saddled with the debt as we currently are.

The major difference between the government and the third party is the quickness related to actually delivering the savings needed to produce a balanced budget.

If the hon. member reviews his speech, I caution him not to deal with the total expenditures but to look at the amount of money spent on programs. From the beginning of the government we have been in the process of reducing it from \$120 billion to \$108 billion. That is significant progress.

We would like to be optimistic and say that the economy will continue to perform as it did last year at 4.5 per cent growth, but we know that in the past many governments have disappointed Canadians by making high growth and revenue projections and in the end have come back to Canadians with increased debt. We refuse to do that.

We also know that politicians are politicians. If we set objectives far down the line and say that in five or six years we will have a balanced budget, and a crisis comes up such as the Mexican peso crisis in January, people say not to worry about it too much because we can adjust further down the line. We can hold their collective feet to the fire and say our objective this year is x billions of dollars in debt and we are going to reach it. We are not going to compensate in two or three years; we are going to look after it right now.

The Minister of Finance and the Prime Minister have been very effective in bringing a discipline to the government. Through the actions we are taking, we are setting an example for many other governments across the country. At the turn of the century we will see ourselves in a very fine position, one we can all be proud of.

(1210)

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, the member from the third party who previously spoke gave a speech of almost catharsis.

I was hoping the Parliamentary Secretary to the Minister of Finance could comment on the very important issue of revenue. The member from the third party had characterized the government's budget as being overly optimistic on the revenue side.

My recollection of the straw budget put together by the third party was that its revenue projections were \$16 billion. They would reduce the deficit down to \$25 billion, which is where the government is going. Basically that means all cuts the government is proposing would theoretically be on top of the third party's budget.

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Could the parliamentary secretary clarify the situation with regard to the allegation that the revenue projections are overly optimistic?

Mr. Walker: If anything the revenue projections are very prudent. We are very cautious about 1996. The American economy has been growing very rapidly with increased interest rates. We are concerned that our export markets may be dampened somewhat because of a slowdown in the American economy. I know American economists and observers are very nervous about whether interest rates have gone up too high in the United States.

Since so much of our revenue on the corporate side is based on our export industries, to say nothing of the jobs in markets such as the automobile industry and so on, if we do not make prudent projections on the revenue side we will be caught with increased costs in UI and reduced corporate profits and will find ourselves without the revenue.

Therefore, as I said in response to an earlier question, the last thing we want to do collectively as parliamentarians—in this respect the whole House should be in agreement—is set up a situation where we disappoint Canadians again. I would much rather be in a position of surprising them with good news than coming back again with a budget that has to be redrawn based on faulty optimistic projections.

The Department of Finance, through the minister's instructions, has been very cautious in the way it has drawn up the projections. We have insisted that the more optimistic projections in the private sector be scaled down. We have been very cautious in the way we have set out the amount of money available to us in two years.

[Translation]

Mr. Gérard Asselin (Charlevoix, BQ): Madam Speaker, I have a comment and a question for the Parliamentary Secretary to the Minister of Finance. They are both related to the referendum campaign in Quebec. Is it possible that the real federal budget will be tabled in 1996, after the referendum?

The government's budget increased by \$3 billion, in spite of cuts of \$5 billion to programs. Moreover, the Minister of Human Resources Development intends to cut some \$15 billion, over a five-year period, in social programs, a measure which has yet to be approved by this House. Again, the federal cuts in transfers to the provinces will result in higher provincial deficits.

The provinces will have no choice but to transfer their responsibilities to the municipalities without providing them with the necessary financial support. Consequently, ordinary Canadians will once again have to foot the bill.

(1215)

Whether it is with the left or the right hand, low and middle income taxpayers end up having to pay. In the context of privatization, the federal government eliminated all subsidies to regional airports and ports or harbours. This has a major impact

on every region in Quebec, whether the local economy is based on services, tourism or industrial activities.

I have a simple question for the parliamentary secretary. Is he prepared to admit in this House that the real budget will be tabled after the referendum campaign in Quebec?

Mr. Walker: Madam Speaker, the Minister of Finance tabled our budget for this year. There will not be another budget after the referendum. The message sent to the provinces is very clear. Many changes will occur, but we did inform provincial finance ministers, including the Quebec finance minister, of our strategy. We have an agreement with the provinces to postpone changes until next year—

[English]

—to provide an opportunity for governments across this country to change and to adjust. The federal government is losing 45,000 employees. It is with a great deal of sadness that we are making these changes and changing many of the programs. By definition, as we change programs it affects every single province equally. There is no doubt about that.

We expect that as the provinces go about their work they will have to make individual decisions as to the best way to improve the situations in their own province. It is not for me to guess whether it would include changes in programs, cutbacks or whatever. We will have to wait for provincial ministers of finance with their respective cabinets to make their own decisions and explain it to their individual populations.

Mr. Silye: Madam Speaker, in the member's answer to his own colleague about the operating budget of the government, he asked that we not look at the interest costs but just look at the operating budget and how the cuts are there.

I acknowledge the cuts in government operations. They are lower. There are some cuts there. However, the member is not recognizing that the interest cost to service the debt is going up faster or as fast as the cuts that are being made. That is why I will repeat the objective is to get to a zero deficit, not to one of \$25 billion.

In the member's household budget, whether he has a mortgage now or if he ever had a mortgage, are the interest costs to service the mortgage on his home not a part of his expenses? Does he have a budget which includes his income and his expenses for food and clothing, but the expenses for shelter do not count? Does he keep that aside saying that he can borrow money indefinitely on that? No. A business cannot do it either. The debt servicing costs of a corporation are also included in its costs.

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The hon. member should put the interest costs and the operating costs to government together as one. Do not make the same mistakes previous finance ministers have made. Separate the two and try to offer sophisticated arguments. Get to the bottom of the overall spending and lower the overall spending so that we get to zero. Does that not make sense?

Mr. Walker: Madam Speaker, the member makes a lot of sense. If the member had included it in his original speech then my comments would not have come forward that way. I will say again that it is incumbent upon all of us to make sure the Canadian public understands that progress is being made on restructuring government.

We are as chagrined as the next person about the high cost each Canadian faces with the debt. When I stand in the House to ask permission to borrow \$28.9 billion, it is not done with a lot of glee. This is a tremendous burden we are adding. We understand that.

Last year I believe we asked for \$32.3 billion. It shows that we are making progress. Our demands on the international markets are becoming less each year. In this view, we are making real progress without causing widespread grief and harm.

(1220)

I do not know if members have had a chance to look at the newspaper today, but looking at the public opinion polls, Canadians have been willing to accept a tough budget. We presented a tough budget and their reaction is very supportive.

The opposition parties should understand and appreciate the willingness of Canadians to participate in such an exercise, including the tax issues and so forth. I am very proud with the way the government is in sync with the Canadian population.

[Translation]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Madam Speaker, you may have guessed that I am particularly interested in the budget's impact on agriculture.

However, I would like to start by commenting briefly on the underhanded way the provinces are being treated, the lack of job creation measures, unfair tax measures and the inequity of certain cuts. If I were to give my impression of the budget brought down by the Minister of Finance in a single sentence, I would call it next year's budget.

As usual, the budget we were supposed to set this year has apparently been postponed until next year, in other words, until after the referendum.

This budget is like a time bomb, and it will be a couple of years before we feel its full impact. Take, for instance, transfer payments to the provinces. In the budget brought down on Monday, transfers for health care, education and social assis-

tance will be cut by \$2.5 billion in 1996-97 and \$4.5 billion in 1997-98. This is a cut of 40 per cent over three years.

This measure will very likely destabilize provincial budgets and force the provinces to make drastic cuts or even shift part of the burden to the municipalities, as Quebec Liberal Minister Claude Ryan did so neatly in 1992.

And on top of that, there is the obligation to meet so-called national standards. Once again, the provinces are sitting under a federal sword of Damocles.

In the last federal election, the Liberal government was elected on its promise to create jobs. However, after barely a year and a half in power, that same Liberal government decided to ignore its promise to create jobs. There is nothing in Monday's budget to create employment. Nothing but layoffs, as many as 45,000. There is nothing for 800,000 unemployed workers who are looking for work in Quebec. Nothing. The only program that has created some employment and so-called temporary jobs, the infrastructure program, will lose \$200 million from its initial budget announced last year.

This is a three-way program, so that in the end, not \$200 million but \$600 million will be cut.

(1225)

This budget is unfair because it maintains the preferential treatment of family trusts for another five years, which will give the parties concerned plenty of time to find other ways to evade taxes, and believe me, they will. It is unfair because it comes down relatively hard, but on the wrong people. In the short term, the public will feel the impact of tax hikes on tobacco and gasoline.

Furthermore, the Unemployment Insurance Program will be cut by 10 per cent. The government is going to take money from the unemployed to pay off our debt. This is obscene!

Some hon. members: Hear, hear.

Mr. Chrétien (Frontenac): Meanwhile, the government has no plans for real tax reform. It will raise the corporate tax rate by 12.5 per cent or 1/8, but I used to teach math, and 1/8 of what is not much in any case barely adds up. So what it really means for the big corporations is that there will be an increase from 0.2 to 0.225 per cent of corporate capital in excess of \$10 million. Let me tell you that a lot of people in my riding would be delighted to have that rate applied to their personal income tax.

That being said, as the official opposition critic for agriculture and being a farmer myself, I was particularly surprised and, in fact, appalled at the inequity of the budgetary measures concerning agriculture. Last week, the Minister of Agriculture said to anyone who would listen that his government would treat all Canada's regions on the same footing, and he said quite seriously that no agricultural sectors would be more equal than

others. Now we must face the fact that the government is saying one thing but doing another.

In this budget, the finance minister cuts the agriculture department's budget by 19 per cent, or one fifth. During a time of cutbacks, it is accepted that everyone has to do his share, but what really hurts is the way the cuts are distributed. It is one thing for agriculture to be hard hit, but quite another if it is unfairly affected. The injustice from one region to the next is simply absurd.

In short, to make up for eliminating the Crow's Nest rate for Western grain transportation, the government will give grain growers \$2.9 billion. But dairy producers in Quebec will see their federal subsidies cut by 30 per cent over two years. That amounts to a \$32 million cut without any compensation whatsoever.

The message is clear but unacceptable: the deficit is being tackled on the backs of Quebec and Ontario dairy producers. It can even be said that if the target price for milk were increased because of these cuts, the increase would be borne by consumers and processing industries. It is tantamount to a consumption tax.

Certain cuts are inevitable, I must agree. The agriculture minister was telling me last week that so much had been said about the Crow's Nest rate over the last 25 years. Even in the opinion of farmers and people involved in grain transportation and processing, there were serious shortcomings in the Western grain transportation system, such as the detour to Thunder Bay to be eligible for the subsidy.

(1230)

For ages people have seen the waste and inefficiency in grain transportation. And the saga has continued since the Liberal Party sitting opposite us took office. They have consulted, gone around in circles, did some fancy footwork in the House and tried to arrive at a consensus with the people in the community. Nothing has worked.

The Minister of Finance finally decided to discontinue the transportation subsidy under the WGTA. To compensate Western grain producers for this loss, the finance minister announced a number of interim measures. For example, owners of agricultural land, in the Prairies only of course, will receive a single, non-taxable lump sum payment of \$1.6 billion.

Add to this the \$300 million, 5 year program to help producers adapt to the WGTA. On top of this, export credit guarantees totalling one billion dollars are being offered to help producers sell their grain and other foodstuffs. The sum of these three programs is \$2.9 billion. The federal government will invest close to \$3 billion to compensate grain producers in the three western provinces.

And just listen to how clear and praiseworthy the agriculture minister's goals are. First, to cut costs; second—listen up all of

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you producers in Quebec—to encourage farmers in the West to diversify; third, to encourage them to get involved in value-added activities. In contrast, dairy producers miss out. The Minister of Finance decided to reduce the subsidies for industrial milk producers by 30 per cent. How terrible.

For all intents and purposes, Quebec accounts for close to 50 per cent of Canada's industrial milk production, so do not kid yourselves or try to tell me that Quebec producers will not be harder hit than those elsewhere. In this case, the federal government is not offering any compensation. In Quebec alone, this cut will mean close to \$32 million in losses. The Minister of Finance was off target when he reduced dairy subsidies by 30 per cent over the next two years.

The more than 12,000 industrial milk producers in Quebec will see a 15 per cent drop in their current subsidy of \$1.50 per kilogram of milk fat in 1995 and another 15 per cent drop in 1996. For a farmer who produces 10,000 kilograms of fat, which is the average production in Quebec, that will translate into an income loss of \$2,250 this year and of almost the same amount next year. That is over \$4,000 in losses.

The government will compensate these farmers by reviewing the future of subsidies in collaboration with the provinces and the industry. It is all well and good to talk about it, but that is not going to put bread and butter on the table. Contrary to the cuts in the West, the dairy sector cuts will not be implemented in tandem with any transitional measures. Talk about a double standard.

(1235)

If we examine this question more closely, we realize that, over the long term, this measure is even more disastrous for dairy producers than it appears. With the new international figures, all sectors are going to have to adjust. In the case of sectors with quotas, like dairy production, these changes are practically already in effect. This coming July, quotas will be replaced by tariffs.

I would like to digress a moment on the subject of tariffs. You no doubt know that the United States decided it wanted to test the tariffs adopted last year, in December 1993 that is, by the 120 members of the WTO at the Uruguay round of the GATT talks. Today, they are being contested. I am really looking forward to seeing how vigorously the government will protest, just how far it will go to defend the tariff structure for dairy products, eggs and poultry.

The tariffs themselves will gradually disappear. Instead of anticipating costs and investing to provide support for dairy producers wanting to develop new niches in the market or become more competitive in order to face the music once tariff barriers relax, what do they do? They cut, they cut and they cut some more.

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A dairy producer friend of mine, whom I will identify, I am sure it would please him,—Laurent Saint-Laurent—told me, when he acquired his parents' farm in 1971, that subsidies represented 25 per cent of his income. Today, they represent barely 6 per cent.

However, in the West, farmers are being compensated for the loss of subsidies by being allowed to diversify their economy so they can then compete with agriculture in Eastern Canada, which receives absolutely no financial assistance from the federal government.

They are exaggerating by cutting a number of subsidies. Western producers wanting to get into beef or pork or wanting to compete with dairy producers will therefore be able to do so with federal money. If this is what fair treatment for everyone means, I would hate to see what unfair treatment means in this country.

An hon. member: Lies.

Mr. Chrétien (Frontenac): Yes, lies, Madam Speaker.

Other budget measures will also have a strong impact, for example the 30 per cent cut in the social safety net for farmers. The Minister of Finance opposite should listen more closely, as he is the one who will cut \$250 million over three years. That, too, is a three-part program. If the federal government contributes 70 cents, will the \$1.00 paid by the farmer and the province be increased to \$1.15? I am asking the question.

I am also concerned about the closing of two of the seven research facilities in Canada. In Quebec, two facilities will be closed, one in La Pocatière and one in L'Assomption. That is terrible.

Of the \$164 billion in this year's budget, \$50 billion will be used only to pay interest costs. Let me give you an example of mismanagement.

(1240)

On April 1, 1997, after investing more than \$7 million in La Pocatière in less than 10 years, Agriculture Canada will close the experimental farm in La Pocatière, the oldest one in Quebec, which opened in 1910. They are closing it now after investing \$7 million. Where is this government's vision?

In closing, I urge Quebec farmers, whether they are dairy, beef or pork producers, farrow or finish operators, to open their eyes and look at the Liberal government opposite that is treating them so unfairly and inequitably.

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Madam Speaker, I rarely heard such grandstanding. The hon. member opposite would have us believe that we are not cutting deep enough and cutting too much at the same time, that we are cutting in the wrong places, and so on. Yet, the vast majority of the population told us again yesterday in a poll that the govern-

ment's budget was just right, like just about everything else this government does.

The hon. member told us that the budget was next year's budget, suggesting that we did not cut deep enough this year. He then said that we cut too much this year, right after he accused us of postponing the cuts until next year instead of cutting this year.

He says that the government does not create jobs. Yet, 432,000 jobs have been created since the beginning of last year. According to the news we heard this morning, where was the highest rate of economic growth among all G-7 countries? As you may have guessed, Madam Speaker, right here in Canada. That says a lot about the comments made by the hon. member opposite.

As this is a question and comment period, I would ask the hon. member—I must say that I disagree with his comments and that I do not want to use unparliamentary language—if he knew what he was talking about when he alleged that Quebec dairy producers were being treated unfairly compared with Western grain farmers?

Does he know that Western grain farmers will lose 100 per cent of their subsidies, which represent a large part of their income, while dairy producers—1,000 of whom live in my riding—will lose 15 per cent of their subsidies, which account for 9 per cent of their income? Fifteen per cent of 9 per cent, all of which can be recovered under the production cost formula within the Canadian dairy plan. Does he know this already? And if he does, why did he say the things he just said, when he knows better?

Mr. Chrétien (Frontenac, BQ): Madam Speaker, I thank my colleague opposite, the Liberal Party whip and hon. member for Glengarry—Prescott—Russell, for his question.

It is true that he has many farmers in his riding. However, I read yesterday in a newspaper that one of his constituents, Réjean Pommerville of the FAO in the riding of Russell, said: "The withdrawal of the dairy subsidy represents 6 per cent of farm income for Ontario dairy producers". He went on to say: "We can assess at \$4,500—" It is one of your constituents and not someone from Frontenac.

The Acting Speaker (Mrs. Maheu): I am sorry, but you must address the Chair.

Mr. Chrétien (Frontenac, BQ): Madam Speaker, Réjean Pommerville is not from Saint-Laurent—Cartierville but from Russell, in the hon. member's riding. He said: "We can assess at \$4,500 the loss per dairy farm in Ontario".

(1245)

How much will the dairy producers in his riding receive as compensation? Nothing! How much will Western producers receive? An amount of \$2.9 billion. That is unfair. Since forty-seven per cent of industrial milk is produced in Quebec, Quebecers will be hit hardest by this budget. Dairy producers know it and I hope that they will understand some day.

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In August 1995, when the Canadian Dairy Commission is asked by producers to approve an increase in the price of milk, it will probably agree and pass on to all Canadians the increase that you did not have the courage to impose. It will be a consumption tax on butter, cheese, yogurt and ice cream.

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Madam Speaker, I thank the hon. member for Frontenac for his praise of a close personal friend of mine, Réjean Pommainville.

An hon. member: A former friend of yours.

Mr. Boudria: I do not think the hon. member opposite is in any position to decide who my friends are. Mr. Pommainville can decide for himself. He is a distinguished member of the community in Limoges. His father, Armand Pommainville, who is now in his 80s, was one of the presidents of the Russell County Liberal Association. I take this opportunity to thank him for his great work for the Liberal Party.

The hon. member opposite always failed to admit what all Canadians know is true and he should know as well: we have a production cost formula for price adjustment. Also, he failed to respond to the following: why did he claim that dairy producers were in a situation similar to that of grain producers and that dairy producers were being dealt with unfairly when this is not the case?

We know full well that there is a production cost formula in place, and that there is no comparison with Western grain producers, who are losing 100 per cent of their subsidies, which is a much higher percentage. Finally, does the hon. member not know that corn producers in his region for example, as well as many other grain producers in Eastern Canada, were not all that crazy about the Crow's Nest agreement?

Mr. Chrétien (Frontenac, BQ): Madam Speaker, there is no question in what the hon. member for Glengarry—Prescott—Russell just said. The name of his riding is so long, it reads like a newspaper. My point is that the Western Grain Transportation Act has been in force for 98 years. It has always cost billions of dollars to operate. Yes, Transport Canada did reduce the amounts involved gradually, from year to year.

If you look at the books, you will see a sum of \$560 million mentioned in there. Did you know that grain was stored in hopper cars, shipped to Thunder Bay and then back to Vancouver? This system was administered by our governments, and the Liberals have been in power almost all the time since 1960. The Liberals just watched hopper cars travel back and forth at taxpayers' expense. Let us pay.

Now, they want to save \$560 million in the future, while paying out nearly \$3 billion. This is a disgrace.

(1250)

How much is there for Quebec farm and dairy producers in there? Nothing, as usual; in fact, they have to make further sacrifices. Madam Speaker, our colleague, Mr. Landry, would have a question, if you would recognize him.

The Acting Speaker (Mrs. Maheu): Only 40 seconds remain. The hon. member for Lotbinière.

Mr. Jean Landry (Lotbinière, BQ): Thank you, Madam Speaker. I listened to what my hon. colleague said and I wonder if he could tell me how he would have divided up this \$2.9 billion from coast to coast. Would he have divided it fairly? I would like him to elaborate on this.

Mr. Chrétien (Frontenac): Madam Speaker, you are right, I have very little time to answer a question that would require a good 15 minutes. At any rate, I can tell you that, as far as several of my constituents are concerned, and many Quebec voters, including farm producers, this budget is totally unfair and is an example of mismanagement.

Let me remind you again, Madam Speaker, that the oldest research station, in La Pocatière, was closed after \$7 million was sunk into it. It had not even been inaugurated yet.

[*English*]

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Madam Speaker, I wish to advise the Chair that I will be sharing my time with the member for Prince Albert—Churchill River.

It gives me great pleasure to rise today in support of this legislation and with it, to provide support for the budget presented to Canadians on February 27. I congratulate the Minister of Finance. His was not an easy task. He has worked in bringing together this country's varied interests and has delivered a budget that deserves the support of every single Canadian and every single member in this House.

The premier of Ontario has called it the most reactionary budget the country has seen in his lifetime. We had a choice. We could whine or we could take action. This budget is not reactionary but it does react to the concerns expressed by my constituents, the people of Guelph—Wellington. The Minister of Finance and the government have heard their concerns regarding tax fairness, government spending and deficit reduction.

The people of Guelph—Wellington made it clear to me they wanted action from this federal budget. They wanted a clear indication that we were to keep our promise to reduce the deficit to 3 per cent of the GDP. They wanted their money better spent. They wanted a reduction in federal expenditures. They wanted most of all tax fairness.

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Last December 1 I rose in this House and reminded hon. members that my constituents believed the only way to show the world that Canada was committed to real deficit reduction was to prove our commitment to fiscal discipline. On February 27 the government presented its budget to Canadians and the world. The reaction has been very positive.

Each generation has few opportunities, if any, to fundamentally change and better its public institutions. The people of Guelph—Wellington have asked me to offer them a better way of delivering public services.

In the last election they rejected politics as usual and they rejected parties that offered only a negative view of their country. My children and the children of every one of my constituents have asked me to come to this place and restore opportunity for them and for their children. This budget gives them that opportunity and challenges all of us to create a new and better Canada.

On the surface, Guelph—Wellington has fared well in this budget. We do not have a large population of civil servants, nor do we rely on a military base. My constituents welcome the news that there are no increases in personal taxes.

A recent editorial in the *Guelph Tribune* described my community as populated by those ordinary Canadians who are fed up with high taxes, anxious to keep their social fabric and critical of government waste and spending. For my constituents' sake, the measures before us here today and the entire budget must be approved as soon as possible so that we can continue to improve their lives and the lives of all Canadians.

(1255)

The people of Guelph—Wellington are anxious about the future. They are not wasteful in their spending. They support the government in its efforts to not only reduce spending but to spend more wisely and more efficiently. As the Minister of Finance said in his budget speech, they do not judge on the rhetoric of political parties. They judge on results.

While Guelph—Wellington may have fared better than some Canadian regions, my constituents know the budget calls on them to share the burden. They know that when the Minister of Finance completed his speech, the country changed. They know that with this change they were challenged.

The challenge they accepted is to expect less from government and to rely on resources other than government, and to work with government to redefine itself in order to make this country stronger than it has ever been. My constituents are aware that this new challenge will mean more sacrifice, and sacrifice necessary to ensure fairness, economic growth and job creation.

They have asked me to spend their money on programs that build and assist. Guelph—Wellington is a proud community. Strong and independent, it is a community whose people want what is right.

Throughout our history we have supported government that works. We have rejected the notion government should be the answer to everything that is wrong. They know government can create problems as well as solve them.

They want their federal government to serve them, to act on their behalf and to concentrate on doing what it does well. They want action and renewal, and they want us to act now.

In the last 15 months I have heard from constituents whose comments were addressed in this budget. They asked me to cut spending. Spending will be cut by \$29 billion in the next three years and we have initiated the lowest program spending in relation to the economy since 1951. They wanted no taxes on RRSPs and group health and dental plans and we have for the second year in a row introduced no increases to personal taxes.

They wanted tax fairness and were concerned about bank profits, family trusts and tax evasion. We have delivered, ensuring that every region and every Canadian will pay their fair share and contribute to ensure that we will succeed.

Most of all, they wanted the deficit reduced. They were tired of governments offering unrealistic goals and giving targets that could never ever be reached.

During the election I met cynicism and skepticism at the door. Guelph—Wellington people were tired. They were fed up with representation that did not deliver and governments that could not and would not face up to the challenge.

This budget is for them. It offers them targets that can be met. It gives them goals that can be reached. It provides realistic strategies that can be measured. For the first time in years, they know government is serious about what it says and that it does what it promises.

Faced with the other option of irresponsible slashing and uncaring principles, the people of Guelph—Wellington said yes to the Liberal Party and they say yes to this budget.

It is not often that members of Parliament can debate a change so profound that future generations will look at them and thank them for making history and giving them a better country. We have this opportunity. We have the choice of criticising, of making desperate statements which support desperate policies, or we can rise above the negative and reach for the new and bold horizon.

My constituents demand nothing less of me. They demand nothing less of this government. This is not an easy budget to

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accept. Change is never easy. The measures announced on February 27 will be hard on Canadians.

The Guelph *Mercury* stated in an editorial following the budget, and I quote for the Reform Party: "The finance minister did not say it would be a painless budget. He said it would be a tough budget. And make no mistake, a tough budget is what he has delivered. Tough, but alas, necessary".

(1300)

As difficult as these measures are, we can only imagine what failure to act would mean for us, our children and our grandchildren in the years to come.

What we do in the next few months will be judged not by us but by the people we serve and by the generations that follow. We must act and these actions will mean hardship, adjustment and pain, meted out with compassion. This is the Liberal way of doing business.

Our country, like the community of Guelph—Wellington, can survive. The people of Guelph—Wellington demand no less. It is for their sake that this bill and this budget are worthy of support. It can be done and it must be done. The best country in the world deserves no less.

Mr. Jim Silye (Calgary Centre, Ref.): Madam Speaker, I would like to congratulate the member for Guelph—Wellington on her speech and ask her a question.

The question relates to the interest costs to service the debt which the Reform Party believes to be the major problem facing the country, with the deficit a contributing factor. Last year's interest costs are going to be in excess of \$40 billion. At the end of two years interest costs are going to rise to over \$50 billion.

How does the member for Guelph—Wellington propose to face her constituents and tell them that she will solve the rising interest cost problem by cutting program spending equal to the rise in interest costs? How she will resolve those two sides of the equation that have nothing to do with compassion but have a lot to do with responsible government?

It is totally irresponsible to face your constituents, telling them the deficit is the only problem and by lowering the deficit the problem will be solved. How she will reconcile the rise in interest costs from \$40 billion today to \$51 billion tomorrow? All the sacrifices to come eventually in her riding will have to be to just service the debt.

Mrs. Chamberlain: Madam Speaker, I will face my constituents very well. Already in my riding the budget is being received well and the hon. member across the way knows it is.

This has been a desperate attempt on the part of the Reform Party to try in some way to discredit a good budget. The budget will begin a process of honest reduction in all phases, at levels

which our constituents have asked for. I am sure the hon. member's constituents have also asked for this.

I would ask the hon. member how he will face his constituents when they ask him why he would not support a budget that would support reductions in costs and reduce the deficit.

[*Translation*]

Mr. René Canuel (Matapédia—Matane, BQ): Madam Speaker, my colleague's constituents may be receiving this budget very well, but the people I represent in the riding of Matapédia—Matane are not.

The Minister of Finance told us in his speech, and he quoted his father, that it is necessary to plan ahead with courage and determination. I think that the Minister of Finance showed great courage and determination in looking to the least well off members of our society for money, and much timidity and hesitation in his treatment of the wealthy.

Very often, the members opposite accuse us of being negative. My honourable colleague, I am going to ask you a question and make a suggestion. I would like you to respond, positively I hope, to this suggestion. I will read you a few lines: "The Minister of Finance has deliberately avoided mentioning in this budget the large aquarium that is home to 104 elderly members of the same contented species, whose somnambulist performance costs the government more than \$42 million annually, not to mention the \$349 million their former colleagues, also non-elected, draw in pensions".

(1305)

Nevertheless, starting next year the government will quite happily go after the elderly. How is it that this budget does not touch the senators, who are costing us, who are costing the public, \$42 million, not to mention their retired colleagues, who are costing a fortune?

[*English*]

Mrs. Chamberlain: Madam Speaker, as I indicated in my speech, the budget touched everyone. The hon. member knows that.

It is important to understand that we all share a pain and a burden. It is important that we all shoulder it together. It will make for a better country, as my comrade across the way said. It will make for a better country and a united Canada.

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Madam Speaker, I am deeply honoured to speak to Bill C-73, a bill to provide borrowing authority for the fiscal year beginning April 1, 1995. It will allow for the borrowing of funds by the finance minister, on approval of cabinet, to finance a shrinking annual deficit for the coming fiscal year.

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I begin by extending my sincere congratulations to the Minister of Finance for a budget which has won the confidence of not only the international markets but also, and more importantly, of all Canadians. The budget displays a firm commitment to Canadian values by promoting jobs and growth and by protecting the most vulnerable Canadians by looking to government first for action. The deficit is primarily being dealt with through spending cuts in a 7:1 ratio over the next three years. This means spending cuts will amount to \$7 for every \$1 in revenue increase.

The budget, with its emphasis on fairness, has looked to spending cuts rather than personal income taxes to achieve its goals. We heard the Canadians who told us not to raise income tax and we have not. The budget is fair. The budget closes loopholes and tax breaks for the rich. It focuses on those who are able to contribute more and asks them to do so, like the banks. We all must contribute. It does not increase taxes for the middle class.

The budget is fair to all regions of the country. The Minister of Finance has taken great care to ensure that cutbacks to the different regions are distributed fairly and equitably. Our fiscal problem is a national one. All regions need to contribute to the diminution of our fiscal problem. We must work together.

Aspects of the budget such as the Canada social transfer will enhance the flexibility of the federal system by allowing provinces to determine to a greater degree how best they can meet their specific needs while retaining a role for the national government.

I must commend the Minister of Agriculture and Agri-Food for working very hard on behalf of Canada's farmers through a very difficult budgetary process. We all recognize that every Canadian farmer must share in the reduction of the deficit. Canadian farmers are not excluded from this effort. They have shown a willingness to participate before, they have shown resilience before, and I am certain they realize the necessity of the changes before us.

Spending has been reduced. However, farmers have always said that given good opportunities they would prefer not to be subsidized. Farmers are ready to adapt and succeed and they will again. These changes outlined in the budget affecting grain transport, income support and stabilization, trade, marketing, research, adaptation and rural development will reduce the cost to government but they will also improve efficiency and competitiveness to encourage economic diversification, value added production and processing. This will give farmers the opportunities they have always wanted.

In Saskatchewan the transportation subsidy known as the Crow rate provided cheap transportation of raw agricultural products but it also created an economy of dependence and inefficiency and in some cases was detrimental to the environment.

(1310)

We needed to change the way we think about subsidies and transportation, not least because of the realities of the World Trade Organization which limits trade distorting subsidies. Farmers need to take a leading role in adhering to the principles of the World Trade Organization. I know that European and American subsidies will also decline. It is my view that Canada has much more to gain than lose when dealing on a level playing field because Canadian farmers have the highest quality products and are already the most efficient in the world.

Our priorities are cost efficiency and effectiveness in growing, moving and selling grain. Farmers will benefit from this and they will become more and more able to determine their own financially secure futures. Their reduced reliance on subsidies means that governments will be able to focus in an efficient and effective way on the things that government does best, providing assistance for people to adjust to the changing times and providing information on new markets and new production opportunities.

We will not leave the farmers to adjust to this change alone. They will receive a one time payment of \$1.6 billion to assist them in the transition.

Our fiscal realities must be addressed. The government has faced these challenges fairly and in every area. Reduced spending is the golden opportunity for economic growth. Reduced spending helps to be more acutely aware of local economic opportunities and less enamoured with regulation and control where it is not necessary.

Let me share two examples from my riding of Prince Albert—Churchill River where relaxation of government regulations will allow and promote economic growth and jobs.

First, at the federal level the Freshwater Fish Marketing Corporation has a monopoly at present over the marketing and processing of freshwater fish. In the past this served the fishermen well, but it has outlived its usefulness. The government must break inefficient monopolies like this one. In doing so a local fish processing plant within the riding will bring jobs and growth to the area and give greater support to northern fishermen with better prices for raw product.

Second, at the provincial level SaskPower has a monopoly over the generation of electrical energy in Saskatchewan. If this monopoly is allowed to be opened up in a sensible way, local initiatives could react more quickly and efficiently, and provide electrical energy at reduced rates. Weyerhaeuser Canada would be able to build an electrical co-generation plant which would make it more competitive while maintaining exacting environmental standards and enhancing environmental protection.

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This may open the door for the further expansion of Weyerhaeuser's pulp and paper production capacity. The possibilities for economic spin-offs are great. These initiatives mean jobs, they mean growth and they mean a prosperous Prince Albert—Churchill River.

We must strike a healthy balance for the role of government in economic development. We must facilitate growth and allow for local initiatives to flourish. We must provide the context for a dynamic and innovative economy, unimpeded by the dinosaurs that have monopolized the economy in the past.

Governments cannot afford to be economic and social dictators any more. They can afford to be enablers of growth, enablers of individual community, provincial and national creativity, economically and socially from coast to coast.

Too much government money has created in us the belief that government can fix everything. It cannot. It has created economic and social dependency. The budget and this bill have set Canada on a course where people will be free to succeed. They will be free to build that sense of community, of caring and sharing that has been eroded by the misplaced belief that government can and must do everything. Governments will now be free to be true partners with one another and the people, a partnership that will result in economic growth and an even greater feeling of compassion and community.

Yes, we are all responsible one for the other. Because we borrow less money, because we use less money, we shall be free to prosper together and to help one another.

Once again, my sincere congratulations to the finance minister who has done a great job with a great budget.

(1315)

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Madam Speaker, I have two questions for the member for Prince Albert—Churchill River.

The first one is with regard to agriculture. During the election campaign I heard this member and many of his colleagues from Saskatchewan defending agricultural programs, saying they were going to defend the farmers, that these things would not change, that the funds would keep coming.

By what reasoning can he defend his government's actions of drastically reducing the funds farmers receive? We came clearly up front during the election and said that we would take these funds and there would be a reduction. However, those funds would go into an account that would help prepare the farmer and protect him from subsidies by other foreign nations. Now the farmer is left with nothing. How can the member possibly

reconcile this new radically different position from what they said during the election?

The second question is with regard to the MP pension plan. I am wondering how this member can justify borrowing money to pay himself and his colleagues a huge pension.

Why is it important to opt out of the MP pension plan, a very extravagant plan? It is important that we set the example. We can always find excuses about why we deserve more and how we ought to have more. If we realize as parliamentarians what a mess this country is in, I am wondering if we do not have to start by setting the example.

I was recently asked a question after this was announced of whether the MP pension plan will hurt me personally. Of course it will. If I opt out, it is as if I had the winning ticket in a lottery and never went to pick up my million dollars. Of course it will hurt. I will always know and live with that fact, that I could have gone back to my constituents and justified the fact that I deserved that money. However, I think there is a time when principles count for something. We are opting out to signal to Canadians how serious our problems are. I am wondering how this hon. member can justify borrowing more money to pay MPs an extravagant pension.

Mr. Kirkby: Madam Speaker, the hon. member opposite indicates that he listened to me and my hon. colleagues say something different than what is happening now in relation to agricultural subsidies. It is quite obvious that he was not paying close attention to what was happening in Prince Albert—Churchill River if that is what he thinks.

It has always been my position that while we do need agricultural support programs, we need them at such a level where they are adequate and predictable, where they are not changing week after week as has been happening in Saskatchewan over the last number of years, where everybody is going to know what the rules are.

Specifically with respect to the Crow benefit, it was indicated during the election that what would happen with the Crow benefit was subject to what happened at the GATT negotiations which occurred after the election. This was clearly stated to the public, to the farmers. The GATT negotiations necessitate change and we are doing the change, which is exactly what we said during the election campaign.

With respect to the hon. member's talk about MPs' pensions, when members of the Reform Party opposite table in this House a letter from the Alberta government saying that one of its members no longer accepts a big pension while he is sitting here as a member of this House earning a salary, when the hon. Reform Party also sets forth a letter from national defence and the RCMP saying that members who are retired from those areas are not getting those federal pensions, then perhaps we can talk

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about the views of the federal pension plans. There is a great deal of hypocrisy within the Reform Party on the issue of pensions.

This government said exactly what it would do in the red book with respect to MP pensions and has gone even further than it said in the red book. This government lives up to our commitments. We lived up to them before. We will live up to them in the future. The judgment has been made by the international monetary markets and all Canadians as to the success of our budgetary endeavours.

(1320)

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Madam Speaker, I will be dividing my time with other Reformers.

I really become frustrated every day as I sit in the House. Every time Reformers rise to speak on behalf of average Canadians we are met with laughter, jeers, derisive comments from the Liberal Party. I began to wonder why we are mocked and ridiculed when we have the courage to be up front and honest with Canadians.

I did not come here to be on a power trip. I came here to solve the problems. The biggest problems we face are the national debt, the annual deficits and rising interest costs.

I have four teenage children who will pay over half of their income in taxes for the rest of their lives for the mistakes made by the Liberal Party during the past 25 years. Through my work in this House I hope and pray that my grandchildren will be able to see their taxes go down.

I hear the Liberals already saying it is not their fault, that the Tories were in power for nine years. That is a very lame excuse because not once in those nine years while the Liberals were the official opposition did they tell the Conservatives to get their spending under control, balance the budget and put a cap on increasing interest payments.

The Liberals protested every cut and they wailed for more government spending on social programs that do not work. The Liberals are responsible for the fiscal mess this country is in and even now while they are in power they are unwilling to face the painful truth.

During the 1993 election Reformers told the truth about the state of the country's finances and our zero in three plan. The Liberals put out a red ink book which played politics and ignored the truth.

In the taxpayers' budget we introduced last week Reformers told the truth. This week the Liberals introduced a budget which once again ignores the truth and plays politics. Because this

government keeps putting off the inevitable it is slowly destroying the country.

The Liberals keep cutting back on programs and services, increasing taxes. Because they do not cut enough to balance the budget interest costs keep going up and the federal government keeps going deeper into debt.

Reformers have proposed two plans to get off this deficit and debt treadmill and the Liberals ignore the truth when it is as plain as the numbers in the budget in front of them.

This deficit is like a cancerous tumour, eating away at our flesh. It is making us sick and preventing us from living a healthy life. The most compassionate operation one could do is a surgical removal of this deficit tumour. Instead the Liberals operate very year just cutting out a little, letting the cancerous deficit tumour keep growing. As it grows it eats up more and more of pensions, welfare, health care and the programs run by the government. It does not take a rocket surgeon to figure out that the most compassionate thing one can do is undergo the pain of removing the tumourous deficit as quickly as possible.

Bill C-73 is a disgrace. This bill is a confession of failure by this government and past governments. This bill clearly demonstrates how firmly entrenched annual deficits have become to feed the federal government's overspending addiction. This bill provides the evidence that governments past and present have been unable and unwilling to live within their means.

While many Canadians will think we are debating the budget today, I would like to clarify that we are debating a bill which shows the failure of all previous governments during each of the last 20 years to balance their budgets.

(1325)

Each year we debate a bill like this one to give the federal government the authority to borrow the billions and billions of dollars which it says it needs to make life better. Canadian taxpayers are waiting to elect a government that will tell them the year when there will be no need for the government to introduce a bill giving it authority to borrow money.

This bill asks Parliament to give the government authority to borrow \$28,900,000,000. I think it would be very interesting for Canadians to know something about the process. It has become so commonplace, so routine for the government to borrow billions of dollars each year, year after year, that it even has a permanent standing order in the House of Commons which limits debate on this bill to two sitting days during second reading. Not only does the government want Parliament to give it authority to borrow billions of dollars every year, it also does not want to give opposition parties or even taxpayers enough time to properly debate questions or propose alternatives for the government to consider.

The Liberal party says it needs money, fast; do not take too long about it either. Two days of debate is lots. How many

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questions can we ask about borrowing \$28.9 billion anyway? No amount of debate, no amount of intelligent questions, no amount of committee meetings, votes, amendments or motions to reduce the government's estimates is going to change one thing anyway, so why bother? Why bother debating it?

Liberals think that debating the budget or this borrowing bill is a complete waste of time. They think this because they know that when all is said and done, when the debates, when the questions, when the analysis are over they will not have changed this budget one cent. All this talk that we do in here every day has absolutely no influence on what is decided in those back rooms.

This budget is a disgrace because it spends too much, it cuts too little and it gives no hope to Canadian taxpayers that the Liberal government will ever be able to produce a balanced budget. This budget is a disgrace but this budget process is an even bigger disgrace. The process is a disgrace because it goes against common sense and against democratic principles.

Why can 295 members of Parliament not enter into an intelligent debate? If the majority agrees that there are more or better ways to save taxpayers' money, why would the government not agree to implement the recommendations? Why is the most important piece of legislation which the government brings down every year set in stone? Why will the Liberal government not allow Canadians to have input through their democratically elected representatives at this most critical point in the budget process? Does it honestly believe that this budget is the best there can possibly be? Does it honestly believe that every dollar outlined in the estimates is essential?

New ideas are developed every day, but this government says that it cannot change the budget. It needs to borrow \$28.9 billion and nothing we can say or do will ever change its mind. Is that any way to run a country?

Any changes which we as Reformers suggested are scoffed at, even in committee. Not one change took place from all the changes I suggested. Some of the changes were small and none of them took place in that committee, which handles more money than any other committee.

If a Reform government were in power today it would have the budget balanced by 1998 and the Government of Canada would no longer need a borrowing bill. If a Reform government were in power borrowing bills would not be a routine occurrence year after year. A borrowing bill under a Reform government would be a rarity. Under a Reform government a borrowing bill would be such a rarity that taxpayers would want to know what fiscal or natural emergency brought about the occurrence. They would be asking their members of Parliament to rise to ask the government what had happened. It would be a national news story. What we are doing here today will not get any press. I would be surprised if it did.

There are two extremes in this debate. On the one hand the Liberals want to limit debate on borrowing \$28.9 billion to two days during second reading in an attempt to circumvent the democratic process.

(1330)

On the other hand, the Reform Party is proposing to implement a taxpayers protection act that would limit the ability of majority governments to run spending deficits, raise taxes and borrow money. Our taxpayers protection act would force governments to balance their spending and taxes over the course of each business cycle. It would put a cap on government spending and taxation. Eventually our taxpayers protection act would be entrenched in the Constitution to prevent future governments from changing it.

In closing I point out the major failing in the government's budget: the government is actually transferring more to banks in interest payments than it spends on social programs.

In this fiscal year the government will spend \$49.5 billion on interest payments and \$49.2 billion on social programs, which include old age security and pensions, health transfers, education transfers, welfare programs, and equalization payments to the provinces.

In 1996-97 the Liberals project that interest payments will be over \$50 billion a year. Not only do the Liberals have to cut more spending to balance the budget, but every dollar that Liberals spend in interest payments is a dollar they cannot spend on social programs.

This is a failure. The bill is a disgrace. The process is undemocratic. I am frustrated with the House of Commons and what goes on here. We need to be taken more seriously.

Mr. Ovid L. Jackson (Bruce—Grey, Lib.): Madam Speaker, I thank the member for Yorkton—Melville for his input. Many of us on this side listen to what they have to say. I know whenever there were good ideas that previous governments sort of gobbled them up and used them as theirs.

I will make a couple of comments and then I will ask a question. One comment I hear a lot in the House from Reformers is about the red ink book. I am the member for Bruce—Grey and I want to tell them that the word redd means cleaning up a mess and getting the house in order. That is exactly what the government is doing.

In the sixties we had problems with a fuel crisis. There were mechanics who fixed old fashioned cars with carburettors. However, modern cars from perhaps 1993 onward are distinctly different; they do not have carburettors. When drivers put their foot to the floor in cars with carburettors, a certain volume of air came in through the carburettor, mixed with the fuel, and the fuel was dumped out the exhaust.

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Modern cars have from one to four computers. When drivers switch on modern cars the computers react to the temperature outside. If it is zero degrees they know exactly what kind of fuel is needed. There is no RPM from the RPM gauge. There is no air flow through the manifold pressure sensing devices. The computer plugs in the value. The car starts and goes into what is called an open loop. In that open loop the computer triggers. The oxygen sensing device senses the fuel coming out of the carburettor. It knows that maybe it is too rich and sends a message back to the computer. The RPM works and so on and so forth.

I am using this analogy because the government is like the modern devices on cars. We have people with the talent and ability, such as the finance minister, the Prime Minister, members of the cabinet and members of the government including the rump over there, to adjust to new conditions.

In the case of a brand new car, if drivers want to pass they put their foot to the floor. The air conditioning system and everything that is not necessary are shut down. That is the first thing that happens.

The government found itself in the position where there was debt that had been incurred over two decades at which time no government had the political will to do what we are doing. We are chopping \$29 billion over the next three years. We have contingency funds. We have gold reserves. We have dollars to back up situations when the interest rates rise to make sure that we can look after that particular eventuality.

(1335)

In addition, we are not like members opposite who open the hood of a new car and shut it because they do not know how to fix it. They come back with old-fashioned ideas, looking for the carburettor that is not there or looking for some other device that is not there. That is their problem. If they have great ideas to suggest to the House, I assure them we will accept them.

What would the Reform Party do to repatriate our foreign debt?

Mr. Breitzkreuz (Yorkton—Melville): Madam Speaker, that is an interesting question. I listened to the preamble and the question had nothing to do with what he was telling me. There was absolutely no relation. It is the typical Liberal approach to a problem.

We have a huge government problem. The Liberals tinker with it a bit, make a few minor cuts and tell everybody how great it is that they are making these cuts. They do not look at the overall picture.

I like his example of cars with carburettors. The government is choking off the economy. If they put in too much gas, if they borrow too much money and have a government that is too big, they choke off the economy. That is what the government is

doing. The government really does not have much of an idea about how the economy works.

I also like his analogy of using the colour red, because very often it means bleeding, bleeding, bleeding the taxpayer to death.

In conclusion I say again that the process is undemocratic. When I go home I am overwhelmed and humbled by the support I get. It is dishonest of the government to make fun of us.

Mr. Monte Solberg (Medicine Hat, Ref.): Madam Speaker, it is a real pleasure to stand in the House today to address the request of the government to borrow \$28.9 billion, something that has become an extremely bad habit that the government must soon break before it breaks the country.

It is very important to put that \$28.9 billion in perspective. As people in the House know, but perhaps the public is not aware of it, we have a debt today of \$551 billion. It is one of the highest debt to GDP ratios in the world. We have huge problems with respect to the amount of overspending we have done over the last 22 years. I would point out that over that period of time mostly Liberal governments have been in place.

It is even more discouraging that the government has set a goal for itself: to spend another \$100 billion more than it takes in during the four years before its mandate is up. We will have a debt of over \$600 billion before its mandate is up. I find it shocking. I find it alarming. However, the government has put that into its plans. It says that somehow it is a good thing and the rational way to proceed. I reject that.

Let us talk about what happens to an economy when a government continues to overspend day after day and year after year. I invite hon. members across the way to look at what has happened to the unemployment rate and compare it to the rise of the debt and the deficit. They move in parallel courses, both rising upward very sharply. I find that quite alarming.

I invite members across the way to note that tax levels have rocketed upward with the debt and the deficit. That impedes the ability of the economy to produce jobs. By the way, I point out to my friends across the way that governments do not produce jobs. Business does. When they take credit for 450,000 new jobs being created, it is an insult to the business people who work everyday to make a living, to make a profit to support their families.

A country is a lot like a river. There is a tremendous amount of power in a river when it shoots down a river valley. It can produce a lot of good when there is a water wheel or a turbine in that river; as the river goes rushing by it produces a lot of energy. There is a tremendous amount of good out of that.

Governments are a lot like dams. The good governments are very small dams. Mostly they allow the river to keep flowing, to push forward to the sea, its ultimate goal. The bad governments are the very big dams. Those big dams are constructed when governments continue to overspend and overregulate. They

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build the dam up bigger and bigger. Pretty soon the river quits flowing and the economy as a parallel stops.

(1340)

We now have a huge dam on the river. We have a lot of water sitting dormant. I equate that to all the potential productivity in the country that is not fulfilled because it has to sit there. Then there is the water that evaporates from the dam. I would equate that to all the people who have left the country. I am talking about people with high skill levels and lots of capital who can go to other jurisdictions. Many of them have. We see doctors fleeing across the border. We see businesses running across the border. I admit the NDP government in Ontario has not been a big help; it has contributed to the problem.

We also see a lot of the water ending up in a backwater in sloughs. I equate that to people stuck on social programs who see no hope coming forward because the government has created safety nets that are more like fishing nets. People get caught in them and are unable to escape.

Unfortunately the human resources development minister has failed completely to come up with a new way to provide social security for people while at the same time not remove incentives to work.

The final thing that happens with a big dam is that eventually trickles of water start to undermine the dam or go around it because they flow up over the riverbank. I would equate that to the people who have joined the underground economy and are continuing to pursue their dreams in spite of the government and not because of it. More and more of that is going on all the time.

The last subject I want to talk about is my children and everybody's children. I phone home at night and talk with my youngest little boy who is six years old. I hear his little voice on the other end of the telephone line. I find it very exciting. I sit and talk with that little twerp for a few minutes about how his day was and what kind of aspirations he has. I talk with my 10-year-old about the same sorts of things. I find that very uplifting. At the same time I find it very sad.

Like everybody in this place and like Canadians everywhere who have hopes and dreams for their children, grandchildren, nieces and nephews, I get discouraged and angry when I hear that the government is planning to load another \$100 billion on to the backs of those children. Government members laugh about it. They sit there and laugh about it like they are doing right now. That makes me fighting mad.

I am telling members across the way that if they continue to do this they will have to bear it on their consciences. It is a big joke to them. They sit and laugh about it. However, Canadians do not laugh about it. They will pay a huge price the next election when they have to explain how they can justify adding \$100 billion to the debt, driving people out of the country, driving jobs out of the country and destroying the social safety net.

When will they have the guts to do the right thing: start cutting, get the economy back on track and get a handle on the debt and deficit? I can hardly wait for them to stand and challenge me on questions and comments because I have some questions of my own.

Government members sit there blithely joking about the fact they will borrow another \$28.9 billion. I hope they can explain it next week to their constituents who have children like I do and like most of the people in this place and are wondering how in the world they can pay back those bills after 22 years of overspending.

I appreciate the chance to talk to government members about this matter. I truly hope they get the message not only from me but from taxpayers across the country who are fed up with 22 years of overspending.

(1345)

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Madam Speaker, I listened with interest to the hon. member's speech. Maybe he has not had a chance to read the newspapers today. In Ontario there has been a 78 per cent acceptance of the budget as it was presented. The lowest percentage of support in Canada was in Quebec and that was at 55 per cent. All the other provinces fell in between those two figures. What we have presented to Canadian taxpayers is a fair but lean budget, which is exactly what they called for. That is what my constituents called for.

I would like to challenge the hon. member because I have had a chance to read the budget which his party presented. What I read was something similar to the doctor saying to the family outside of the operating room that the operation was a success but unfortunately the patient died. The Reform party is talking about cutting \$15 billion from social security. I would like to know from the hon. member where he would cut that \$15 billion from something that is the fabric of this nation.

Mr. Solberg: Madam Speaker, I reject very much the hon. member's premise which is that the social safety net is somehow the fabric of this nation, as though people in this country cannot somehow create their own tremendous culture by virtue of their own dreams and aspirations and in what they contribute to the country.

Having said that, I would be happy to answer the hon. member's question. He has asked where we would cut and we laid it out explicitly, unlike the government. During the election campaign government members said not to worry about social programs, they were not going to touch them. A year later, of course, they did a tremendous flip-flop. The hon. member for Notre-Dame-de-Grâce announced that the government has flip-flopped on its red book promises. There is still \$20 billion that the government will have to cut to get its deficit to zero, at

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least \$20 billion by its own projections, and it has not laid out how it expects to get there.

Is the government telling people everything? Is it really not going to cut any more social programs, like it says, or is it going to get to zero like it tells people? It cannot be both ways.

We have been very up front with people. We said we would cut \$15 billion. We would cut \$3 billion out of old age security. It will go from \$20 billion to \$17 billion. We would make big cuts to transfers for welfare. We have said that. We are not embarrassed at all to say that. We know that we have to do that so that ultimately we will not allow social programs to completely unravel. We have to make those cuts.

I would like to emphasize again that for the hon. member to say somehow Canada is a social safety net is ridiculous. People who work every day for a living look at that. People who contribute to the economy and make great contributions to the culture of this nation look at that and say if that is the best we can do to become a country, produce some bloated government bureaucracy to come up with a bunch of social programs, that is not a country at all. That is a social welfare state. The hon. member across the way does not understand the country at all.

Mr. Nelson Riis (Kamloops, NDP): Madam Speaker, I listened with interest to my friend's version of the new trickle down theory. He elaborated so much that it became a river flow for a while.

It has always intrigued me how the Reform party—and I say this with all respect because I believe it is serious when it makes these proposals—believes that somehow if we reward the rich and the wealthy the benefits will eventually trickle down to regular folks. I want to say to my friends in the Reform party that Canadians are fed up with being trickled on. For years and years there has been this trickle down approach, first from the Tories and now from the Liberals with the encouragement from my friends in the Reform party.

I listened carefully to my hon. friend's presentation today. The impression he leaves is the country with the least amount of government is the best country. By that definition countries such as Africa would be booming in terms of their economies and things would be great.

(1350)

The fundamental reason we are the number one place out of 192 countries in the world in which to live and raise a family is government programs of all sorts.

What country in the world would he hold up as a model of his approach; in other words, an example of less government, fewer social programs?

Mr. Harris: Madam Speaker, on a point of order. While the member for Medicine Hat was on debate he was referring to his relationship with his children and the hon. member for London—Middlesex was hurling comments across the floor directed at the hon. member's children.

I find that absolutely reprehensible.

The Acting Speaker (Mrs. Maheu): I do not believe that is a point of order. The hon. member for Medicine Hat, very briefly.

Mr. Solberg: Madam Speaker, in response to the member for Kamloops, I guess the country I would hold up is the country that Canada used to be. There was a time when people were counted on to rely on their own resources to a great extent to find their way in the world. They did that most admirably and it enabled us to build a social welfare state that would protect the people who could not look after—

The Acting Speaker (Mrs. Maheu): Resuming debate, the hon. Minister of Public Works and Government Services.

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): Madam Speaker, it is a real opportunity for me to participate in this debate and to share with my colleagues on all sides of the House the activities that my departments and agencies will be doing over the next 12 months and for the next three years.

I want to take this opportunity to congratulate my colleague, the Minister of Finance, who tabled the budget here on Monday of this week, which addressed a number of fundamental problems that the Canadian government has been faced with not only for the last year and half but for the last nine or ten years.

I want to congratulate my colleague, the Minister of Finance, on facts which are indisputable. For instance, over the last year there have been 433,000 jobs created in this country. The unemployment rate has fallen by 1.7 per cent. I think all members will recognize that although that is encouraging it is certainly not enough. However, it is a positive indicator.

Exports are at a record breaking level, something Canadians ought to be proud of. As we export our products it means additional investment for Canadians and thereby jobs for Canadians whether they are in New Brunswick or in other parts of Canada, including Ontario and western Canada.

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Inflation is the lowest in three decades, another factor that ought to be taken into consideration. Canada had the best economic growth of any major industrialized country in 1994. Canada is set to have the best job creation record and the best economic growth record of the G-7 countries in 1995.

If that is not an indication of support for the Minister of Finance and the plan that he put before Parliament in 1994, as he did here on Monday evening, I do not know what further affirmation one could get to say that we have the full confidence in the Minister of Finance and the plans he has laid before the people of Canada.

(1355)

I think many members would recognize that I do not like to be partisan in debate, and therefore I will select a quote from a newspaper today which I believe stated that 78 per cent of the people in Ontario, the largest province in this country, supported unequivocally the budget of the Minister of Finance.

This budget, as I have said both privately and publicly, is a tough budget because it affects the lives of a lot of Canadians. In my own departments and agencies there are some substantial reductions. I offer to the House, as I believe I did on a previous occasion, that there would be substantial cutbacks in Public Works and Government Services Canada. Over a three-year period my department will contribute toward reducing the deficit in that particular department in excess of \$350 million. There are 5,263 employees who will be dislocated as a result of this federal budget. Those who have the audacity to suggest that kind of measure is not a tough measure are missing the point.

I realize I only have a few moments but I want to share with the House a couple of important features of the budget, particularly in my Department of Public Works and Government Services. Canada Mortgage and Housing is reducing its expenditures in order to contribute toward the deficit. The Atlantic Canada Opportunities Agency over a three-year period will reduce its expenditures by \$173 million with person years being displaced.

The Royal Canadian Mint will try to contribute to increasing the revenues for the Government of Canada by the introduction of the \$2 coin and by reducing the composition of the different coins, thereby providing additional revenues.

I know members wish—

The Speaker: My hon. colleague, we are all waiting with baited breath for you to continue your words and of course when we return after Question Period you will be recognized first off.

It being two o'clock, we will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

NORDIC WORLD SKI CHAMPIONSHIPS

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, it is with pleasure that I inform this House that for the first time in history the Nordic World Ski Championships will take place in our country in Thunder Bay, Ontario from March 9 to 19.

Picturesque Thunder Bay and its hospitable residents will be host to over 40 nations for this 11-day sporting event, including over 800 skiers, coaches and trainers, over 500 international media, over 200 officials and 50,000 spectators. An expected audience of over 400 million viewers will observe the action by satellite, including 31 hours of prime time coverage in Europe.

This spectacular event has been made possible because of the dedication of thousands of volunteers from the area and the continuous support of the Minister of Canadian Heritage and his staff.

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[Translation]

JOB CREATION

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, not only does the Minister of Finance's budget target the poor once again, it offers nothing to stimulate employment. The minister himself implicitly recognizes that fact, since he predicts no improvement regarding the unemployment rate, which currently stands at 9.7 per cent for Canada and 12 per cent for Quebec.

Not only does the budget include no job creation initiatives, it delays the infrastructure program, the only measure announced in the previous budget to stimulate employment. The infrastructure program, which was initially designed as an emergency measure to stimulate employment following the recession, will now be spread over five years.

One cannot help but wonder if the minister lives on a different planet. Is he not aware that, to get back to the pre-recession employment level, close to 800,000 jobs must be created in Canada? It is time for the minister to get to work on that.

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[English]

IMMIGRATION AND REFUGEE BOARD

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, today with no notice to either the press or the opposition, the immigration minister announced that in the IRB, single members will replace panels, a treaty is under way with the U.S. to

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stop refugee claimants at the border, and cost savings, if any, will go to overseas selection of refugees. That is amazing.

In our paper on refugee determination, we called for only one person to hear claims. We called for denying the hearings to those who had travelled through the U.S. We called for inland cost savings to go overseas. I am glad this minister read our paper. If he really wanted to reform the process then he would stand up to special interests, scrap the IRB and restore some real common sense and accountability to the system.

Today's announcement will not make the system more accountable. It does not guarantee that the world's highest refugee acceptance rate will go anywhere but up. It does not do what needs to be done. That is altogether typical of the immigration minister: lots of talk but no real reform.

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CUVÉE 1995

Mr. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, Cuvée 1995 is a three day celebration of Ontario's excellence in wine making. This weekend from March 3 to 5 wine makers and wine lovers from across the province will come to Niagara for the special celebration of Ontario wines.

The excellent reputation of Ontario wines continues to spread around the world. Ontario wines have received many international awards. Our own colleague, Gary Pillitteri, won a silver medal for Riesling best buy at the World Wine Championship in Chicago.

Last year, Cuvée 1994 presented a record number of wines for tasting from 30 of Ontario's wineries. This year promises to continue the great tradition which is now in its seventh year.

I invite all Canadians to Niagara to taste the excellent wines of Ontario.

The Speaker: I am sure the hon. member inadvertently mentioned the name of another member of Parliament. Sitting members of Parliament should be referred to by their riding.

* * *

THE BUDGET

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, one of the most distressing responses that came out pursuant to our budget was the intellectual dishonesty which emanated from the premier of Ontario and his finance minister. Their answer to the budget was to inform the citizens of Ontario that it will result in fewer health benefits and fewer hospital beds, even though Mr. Laughren admits the hit means a meagre 2 per cent cut in provincial spending.

I was dismayed to hear this, but not surprised. It reveals the NDP mentality whose knee-jerk reaction is to punish the people of Ontario for electing a federal Liberal government, a govern-

ment which has a post-budget approval rate of 63 per cent, an all-time high.

This does not have to be. We are giving the provinces the power to develop and apply solutions to their regional problems as they see fit. If they are not content with the amount of dollars given, let them tighten their belts as we are doing ours. However Premier Rae wants to tighten other people's belts. He would prefer to cut down on hospital beds but gives no thought to cutting his own government's waste and especially so—

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MEMBERS AND PAGES HOCKEY GAME

Hon. Warren Allmand (Notre-Dame-de-Grâce, Lib.): Mr. Speaker, last Wednesday we held the annual pages versus MPs hockey game. On this occasion the MPs won back the Challenge trophy which they had lost to the pages in 1993. Some Reform members suggested this was due to the fact that there were no longer any Conservatives with the team.

The game was notable in that this was a rare occasion when Liberals and Reformers co-operated in a winning effort. I must say it was also notable for the good spirit between the pages and the members.

The pages are to be congratulated for their great effort and for their accomplishments at gender balance. Several women played for the pages while none played for the MPs, although invited to do so.

Our thanks go to the members from Kindersley, Prince George, Macleod, Nickel Belt, Prince Albert, Halifax West and Algoma who all played an active role in the victory.

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[Translation]

FEDERALISM

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, the statements made yesterday in the Outaouais by some supporters of federalism are beyond comprehension.

(1405)

How can the mayor of Hull, Yves Ducharme, seriously claim that the loss of 14,000 jobs in the Outaouais, as announced in Monday's budget, will stimulate the economy, after saying to the Commission sur l'avenir du Québec that independence would be catastrophic because it would result in job losses in the public service? How ironic!

The chairman of the Outaouais urban community, Marc Croteau, went even further by claiming that the federal budget would force the region to diversify its economy. Either these gentlemen do not understand anything about the economic issues in their region, or else they are trying to fool the public by

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promoting federalism in the Outaouais to further their own interests.

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[English]

THE BUDGET

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, just when the province of Alberta gets its own fiscal house in order, the Liberal Party of eastern Canada has once again swooped in and hammered her taxpayers.

The elimination of the public utilities income transfer tax is nothing more than a selective tax grab against Alberta's private sector which will raise gas and electric bills for all Albertans. The Minister of Natural Resources has truly shown us that Ottawa has become her primary residence. It is blatant partisan political endeavours like this that make Calgaryans now question the closure of CFB Calgary.

Was this an economic decision in the best interests of the country or a political cheap shot at a city that sent six Reformers to Ottawa? Calgaryans want to see the books. Show us this is truly a money saving measure and not a lesson for not voting Liberal.

Like all Albertans, Calgaryans are prepared to tighten their belts as long as it is fair. As a reminder to the Prime Minister, no matter what the Liberals do politically to the west, Alberta will keep sending fiscally responsible Reformers to Ottawa.

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THE BUDGET

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, the red book says: "Canadians with young families need a support system that enables parents to participate fully in the economic life of the country. That is why the availability of child care is an economic issue".

That is what the red book says. That is what the government promised the people of Canada. However, was child care even mentioned in the budget? Not a word. Now with the decision to proceed with block funding to the provinces, the federal government relinquishes what little influence it has to encourage the provinces to invest in child care.

Also, by slashing billions of dollars from provincial transfers, the government has reduced the ability of the provinces to offer quality child care. This is tragic. What does this say about a country that has turned its back on its children?

Children are our future. Young people are our future. Was the term youth even mentioned in the budget? Unfortunately not. Foreign bond traders and currency speculators may be happy

with the budget, but what has the government done to our children and our youth, especially those in need?

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ORDER OF CANADA

Mr. Stan Keyes (Hamilton West, Lib.): Mr. Speaker, last night I had the honour of witnessing the appointment of John V. Basmajian to the Order of Canada as well as the promotion of the Right. Hon. Ellen Louks Fairclough within the Order of Canada at Rideau Hall.

Ellen Fairclough is widely respected and admired for her outstanding political, social and cultural contributions to Canada. In addition to representing my riding of Hamilton West in the House of Commons from 1950 to 1962, her appointment to the position of Secretary of State in 1957 made her Canada's first woman cabinet minister.

Professor Emeritus at McMaster University, John V. Basmajian greatly influenced generations of physicians in training. In addition to inventing several widely used medical devices, he is also a pioneer in the area of electromyography, which had a significant impact on the development of biofeedback techniques used for rehabilitation following injury to the central nervous system.

I know all members of this House will join me in honouring two outstanding Canadians: Professor John V. Basmajian, OC and the Right Hon. Ellen Louks Fairclough, PC, OC.

* * *

HEALTH CARE

Ms. Beth Phinney (Hamilton Mountain, Lib.): Mr. Speaker, I want to congratulate the finance minister for maintaining in his budget the high level of national standards of our health care system. Although the member for Yukon stated yesterday in this House that the government had no intention of maintaining national standards in our health care system, nothing could be further from the truth.

Fears by the New Democratic Party of pending doom in the upcoming provincial elections should not encourage them to distort the honest truth about this government's commitment to health care in Canada. The Minister of Finance has made it clear in his budget that "the conditions of the Canada Health Act will be maintained. Universality, comprehensiveness, accessibility, portability and public administration of the Canada Health Act are fundamental for this government".

A Liberal government created our national health care program and we continue to earn the trust of Canadians by ensuring the continuation of this program.

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(1410)

[English]

NATIONAL UNITY

Mr. Brent St. Denis (Algoma, Lib.): Mr. Speaker, more good news from Algoma riding.

Recently, a group of students from Elliot Lake Secondary School led by teacher Lindsay Killen invited Canadian high school students to write the leader of the Bloc Quebecois and the premier of Quebec to express their desire for a strong and united Canada. So far, the response has been tremendous. The group has received positive feedback from students across Canada.

Yesterday I had the pleasure of welcoming a delegation from Elliot Lake with over 1,000 letters from area students regarding their views on the importance of national unity and their love for Quebec.

I want to send a heartfelt thanks to the Bloc members for Portneuf, Saint-Hyacinthe—Bagot and Québec Est, who graciously received these letters on behalf of their leader. They greeted the students with respect and sincerity. I was pleased with the open, caring and honest exchange of viewpoints on the issue of the future of our country.

This positive initiative demonstrates the youth of our country are genuinely concerned about the future of Canada. I salute the students of Elliot Lake Secondary School for their efforts in promoting national unity.

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[Translation]

REFERENDUM DEBATE

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, the hon. members of the Bloc Quebecois condemn the remarks made yesterday by Senator Jean-Louis Roux during "Le Point" on the French network of the CBC.

It is simply horrible that this senator from Quebec should make a comparison between the seeming disinterest in sovereignty shown by certain artists in Quebec and the silence of German intellectuals during the Nazi regime in the 1930s.

This comparison is completely wrong and absurd and is a stinging insult to Quebecers of every stripe who are engaging in the debate on Quebec sovereignty in a free and democratic manner.

In stating that he would leave Quebec in the event of a "yes" in the referendum, Senator Jean-Louis Roux is repudiating his fellow Quebecers who are trying to establish a country for themselves through democratic means. It is sad and disappointing.

POLITICAL PARTY FINANCES

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, I am proud to report to the house that the Reform Party of Canada, the party that firmly believes in fiscal responsibility, completed the year 1994 with a surplus of close to \$400,000.

I would also like to report that the Reform Party added the \$400,000 to existing cash reserves in excess of \$1 million. That is over \$1 million in the bank, unlike the Liberal Party which finished 1994 with a debt of \$2.5 million.

At the end of 1993 the Liberal Party, the party that is now taking inadequate steps toward federal deficit reduction, ran up its own operating deficit of \$789,400.

Unfortunately, members may be confused by a newspaper account which recorded only a selected distorted portion of the Reform Party's financial picture.

Let me assure all Canadians that the Reform Party remains strongly committed to deficit reduction. The bottom line on our balance sheet proves it.

* * *

REFORM PARTY

Mr. John Harvard (Winnipeg St. James, Lib.): Mr. Speaker, prior to budget day, the government received a lot of free advice from the Reform Party on how to tackle Canada's debt and deficit. It still rings in our ears: Get your spending under control. Eliminate the deficit.

We now learn the Reform Party itself has slipped into the red. It is the truth. Scout's honour, cross my heart and hope to die. The Reform Party is running a deficit. The party which preaches frugality has been spending more than it earns. It has failed to balance its books. It cannot control its urge to spend.

Wait until the people back home get the news. What will their constituents think when they learn the Reformers' motto: Do as I preach, not as I do. The hypocrisy, the betrayal.

Perhaps Reform MPs need another telephone town hall. Take heed Reformers or you might just hear that those who live in glass houses should not throw stones.

* * *

[Translation]

CANADA GAMES

Mrs. Pierrette Ringuette—Maltais (Madawaska—Victoria, Lib.): Mr. Speaker, during the Canada Games in Grand Prairie, Alberta, the New Brunswick judo team earned a total of eight medals, with the male team placing second in the country.

Oral Questions

With their determination to succeed and train in their sport, they displayed their fine talent and agility.

(1415)

I would like to congratulate the judo team from the Northwest, in particular, Bruno Volpé, gold medallist; Denis Cyr, Sylvain Collin, Marco Volpé, silver medallists; Danny Beaulieu, Madeleine Bossé, Jérémie Lepage and Magalie Paquet, bronze medallists.

Congratulations. Your perseverance in training in this sport has no doubt brought its rewards.

* * *

[*English*]

PENSIONS

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, we have another example of a soft target in the much touted Liberal red book where it calls for minimal, no pain adjustments to the MP pension plan.

The government has now come up with a two-tiered plan which protects the old cronies of the Liberal caucus, just like the old cronies of the Conservative Party were coddled before.

While announcing a review of the pensions given to Canada's seniors, these fat cats are making sure that their gold-plated, over-rich, taxpayer super-subsidized pensions are kept intact. While all other Canadians are being asked to accept cutbacks and layoffs, Liberals like the Deputy Prime Minister will collect up to \$2.7 million in their own special unemployment insurance fund.

Mr. Speaker, you will note that the Liberals have even failed to meet their soft red book target because of the whining and crying of these Liberals. What I really wanted to call them would probably be unparliamentary.

Canadians deserve better. It is time to end—

ORAL QUESTION PERIOD

[*Translation*]

THE BUDGET

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, in an interview on CBC radio, the Prime Minister tried to appease the wrath of the provinces by saying that they should take it as a compliment and a sign of trust that the federal government has decided to let them pay an additional \$7 billion for health care, social assistance and post-secondary education. That takes guts, Mr. Speaker.

How can the Prime Minister have the arrogance to ask the provinces, especially Quebec and Ontario, to take it as a compliment that an additional \$7 billion will be cut, which puts them in the unenviable position of deciding whether to cut services or raise taxes?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, several years ago, the provinces started cutting their programs for health care, social services and education, and we kept sending money to the provinces.

However, because of our present financial situation, we had to make cuts. They did and we are doing the same. Today, everyone has to put his financial house in order, both the federal government and the provinces.

For years, the Leader of the Opposition has been asking us to reduce the federal presence in these sectors. When we do, he says: Pay, but keep quiet. In a democracy, he who pays the piper usually calls the tune.

Since we did what they wanted us to do, he should be satisfied, and stop criticizing.

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, the Prime Minister thinks the federal government pays the piper, but all it does is collect the money from the same taxpayer who, in the end, is stuck with the bill for these transfer payments.

[*English*]

Does the Prime Minister not realize that he has fooled nobody by dumping the deficit in the backyard of the provinces? This tactic has already produced a negative side, as is seen in the decision by the Dominion Bond Rating Service to put Ontario's credit rating under review following the federal budget cuts in transfer payments?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we prepared the budget to squarely face the fiscal reality of the nation. At the moment I know the Canadian people support the tough action the government took because it was the right thing to do.

[*Translation*]

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, will the Prime Minister be as frank as his Minister of Intergovernmental Affairs was yesterday in Quebec City, when he admitted that budget cutbacks mean that Quebec will have a potential loss of \$3.5 billion three years from now, something his Minister of Finance refused to admit yesterday in this House?

(1420)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is true that there will be a loss of revenue in some provinces. As in many other sectors in this country where we have made cuts, people will have less money. That is what management is. When we can no longer afford to pay, we have to cut, and that is what we have done. We did not walk away from our responsibilities. There are people who blame us, and we are prepared to take the blame, but on the other hand, I know the Canadian public realizes that this government has not neglected its responsibilities and that we have done what the people wanted us to do.

Oral Questions

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the government wanted to make the \$7 billion reduction in transfer payments to the provinces for post-secondary education, health and welfare look like a decentralization measure to demonstrate the flexibility of federalism. In a case of real decentralization a transfer of additional responsibilities is accompanied by the means to assume them, that is, tax points.

How can the Prime Minister have the gall to ask the provinces, as the Minister of Intergovernmental Affairs did yesterday, to clean up their finances? He dumps an additional \$7 billion charge on them and asks them to do for him the clean up job that he is incapable of doing in federal spending.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have in fact cut 19 per cent of federal government operations. Transfers to the provinces are cut, I believe, by 14 per cent. We were not as harsh on the provinces as we were on ourselves. I think the hon. member should recognize this. There is no difference between tax points and cash payments; they represent a transfer of resources from the federal government to the provinces.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the more we ask, the more we learn. Yesterday the Minister of Finance admitted that the cuts to the provinces represented 4 per cent. Today it is 14 per cent. Tomorrow, maybe—

Some hon. members: Hear, hear.

An hon. member: It is the truth.

Mr. Gauthier: I prefer to believe the Prime Minister, Mr. Speaker.

Mr. Bouchard: He is just as honest as his Minister of Intergovernmental Affairs.

Mr. Gauthier: Will the Prime Minister admit at least that the reduction in transfer payments is not decentralization, since, as the Minister of Finance said yesterday, the federal government is refusing to transfer the corresponding tax points, because it does not want to give up any of its leverage in post-secondary education, health care and welfare? Will he acknowledge this?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, when the Minister of Finance spoke of 3 per cent, he was talking about 3 per cent of a provincial budget. The figure of 14 per cent is the cut in transfers. That is the distinction.

It is a funny thing about money transfers. For years, the opposition has been telling us to get out of these areas of jurisdiction. And when we do so, they tell us to keep on paying. But the more we stay in these areas, the more federal taxpayers have the right to insist that we be involved in such matters. We are saying to the provinces that, with the new system, we are giving them more flexibility, as they have been requesting for years.

[English]

HEALTH

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, in an interview yesterday on the CBC, the Prime Minister suggested that medicare needs to be reduced and revert to meeting more basic needs.

The Liberal budget includes further reductions in federal transfers for health care and the intergovernmental affairs minister has apparently told the Quebec government that Canada's health laws need to be opened up. All of these things are completely opposite to the promises in the red book on health care.

My question is for the Prime Minister. Is there a federal plan to restructure health care and health care funding? If there is, why did the government choose to omit that plan from Monday's budget?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I was a member of the House of Commons when the health care system was introduced. The five conditions written into the act will remain. I will not jeopardize the medicare system in Canada.

It is a very good system and we want to maintain it. We are holding discussions with the provinces at this time to see what can be done to make sure that while we reduce the cost of medicare we maintain the quality of service. That is exactly what we are trying to do.

(1425)

The five conditions which are written into the act are there. They were in the red book and as long as I am Prime Minister they will remain in the laws of the land.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, one of the cornerstones of integrity in government is full disclosure. If the federal government has plans to reduce spending on health care in the short run in order to save medicare in the long run, it should simply say so. That is what the Reform Party did in its taxpayers' budget. Canadians have a right to expect the government to be equally frank and up front.

My question is for the Prime Minister. Is the government planning further reductions in health care spending, yes or no?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we do not spend money on health care. The provincial governments spend the money. It is not us. We have no control over the spending of the money.

We help the provincial governments with their health care systems and in exchange we ask for the five conditions to remain. It is the pride of Canadians to have a health care system which is universally free for everyone, not a system in which the rich have better services than the poor. That is why we are still

Oral Questions

spending money on medicare, to ensure that these principles remain.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the Prime Minister began his answer by saying that they were not spending money and ended up by saying that they were spending money. Every time the Prime Minister gives an evasive or political answer to this question it just heightens the suspicion that the federal government has some alternative plan.

My question is for the Prime Minister. Again, I ask for an honest, straightforward, one-word answer.

Some hon. members: Order.

The Speaker: I am sure that all hon. members take for granted that both the questions and the responses will be honest. That goes without saying. We need not ask either for the question or the answer to be honest.

Mr. Manning: I ask the Prime Minister again for a straight, forthright, one-word answer. Is the government planning further reductions in health care transfer payments to the provinces, yes or no?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, when I see the leader of the Reform party getting up to talk about the protection of medicare I wonder if Colonel Sanders has become a vegetarian.

What we intend to do with the transfer payments and everything else is clearly written in the budget. If the hon. member reads it he will have the answer.

* * *

[Translation]

CANADIAN BROADCASTING CORPORATION

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, my question is for the Minister of Canadian Heritage. The minister told Parliament yesterday that he never sent Mr. Manera any letter, nor did his deputy minister, regarding figures other than those contained in the budget. However, today, Mr. Manera claims that, one hour before the budget was tabled, the deputy minister of heritage sent him figures regarding budget cuts hitting the CBC over the next three years to the tune of \$266 million.

How can the minister reconcile the statements he made yesterday with those Mr. Manera made today and which are totally contradictory?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, that will not be difficult. You already know what decisions the government made in the budget. As I explained yesterday, the CBC's budget was drawn up for the

coming fiscal year. The remaining figures come from the program review that was undertaken last August.

(1430)

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, how can the minister keep on pretending that only the budget figures were given to Mr. Manera, while the document he received from his deputy minister contained information regarding a cabinet decision for the next three years?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, our colleague is quite tenacious. She bounds off on a fishing expedition with lots of energy, yet comes back with nothing more than the refuse from the lake floor that her hook happened to catch on to. The decisions are contained in the budget and the other documents that Mr. Manera may have in his possession must be documents on program review.

[English]

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, my question is for the Minister of Canadian Heritage.

The government knows that the days of billion dollar budgets for the CBC are gone but has failed to admit it to Canadians. The Reform Party has been consistently honest and open about downsizing the CBC.

Yesterday the chairman of the Standing Committee on Canadian Heritage stated publicly that it would have been more straightforward with Canadians to have included future cuts to the CBC in the budget and that it should have given all of the bad news up front.

Why does the minister not recognize, as does his colleague, that they should have come clean with Canadians about their plans for cutting the CBC?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, the Prime Minister has made clear that in a budget which is a rigorous one all the agencies of the Canadian government have to participate in bearing the load.

We have done so with the CBC. We have indicated very clearly that there will be a cut next year. We have not removed the cuts which go back to the Mazankowski budget.

There is a clear situation in which the CBC has to bear part of the load and we think that it will be able to do so.

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, despite the Prime Minister's promises not to cut the CBC as outlined in the Liberal red book and despite what the hon. minister said, the cuts that have to be made to the CBC must be up front and honestly stated.

The Reform Party has said that the CBC cannot continue as we know it today and the figures in this secret document from the minister—

Oral Questions

The Speaker: Order. I would ask the hon. member not to use a prop and to please put her question.

Mrs. Brown (Calgary Southeast): Mr. Speaker, instead of sounding the death knell for the CBC by making blind cuts, why does the hon. minister not realize that a viable future for the CBC lies in the private sector?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, we know that our colleague would like to see the disappearance of the CBC as a public broadcaster in spite of the great credit it has earned itself over the years for Canada.

This does not surprise me. Not such a long time ago when the issue she raised was that of a country program with one Canadian program and channel to be defended against an American channel, she took the side of the American channel. Not only that, the Canadian channel was located in her own riding.

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[Translation]

THE BUDGET

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, my question is for the Prime Minister. In his budget plan, the Minister of Finance says he must ensure that the old age security program is financially sustainable. Yet, in response to a question on the changes planned by the government to the old age pension plan, the minister deliberately tried to dodge the issue by talking about the Canada Pension Plan, which is something else entirely.

(1435)

Since the Minister of Finance claims that the current old age pension plan has become unsustainable, can the Prime Minister confirm his government's intention to reduce benefits and access to this plan?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have no intention of reducing benefits and access to this plan. However, all social programs must be reviewed. That is what the Minister of Human Resources Development is doing.

Studies were conducted in other areas, and the Canada Pension Plan, which is the pension paid to citizens in Canada, needs to be reviewed at this time. It is something we have to do in any case, in preparation for an upcoming meeting with provincial governments, and because programs are dovetailed to a certain extent.

The Minister of Human Resources Development intends to review the whole question, which is very important for the future of seniors in Canada. This government does not favour the status quo. It has the capacity to review all elements of the social policy.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, changing the status quo may affect benefits and access, as well.

Since the study on old age pensions, which had been scheduled for last year, has been deferred once again, are we to understand that the government does not want to debate publicly, before the Quebec referendum, its plan to cut old age pensions?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I would really like to know when this referendum will be held and whether there will even be a referendum. After reading in the newspapers about the differences and contradictions among opposition members on this subject, how can I know when the referendum will be held? We are not influenced by that, since they are not even able to agree on a question.

If they want to win the referendum, all they have to do is ask the very short, very clear question that I am suggesting. If they want a guaranteed "yes", they only have to ask the following question: Do you want to stay in Canada? And Quebecers will say yes.

* * *

[English]

INDIAN AFFAIRS

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, the Auditor General has severely criticized the department of Indian affairs for its lack of financial accountability, its lack of program monitoring and its lack of program evaluation. Yet instead of being cut back like all the other departments in the government, Indian affairs actually received a \$447 million increase in its budget.

Considering that it is well documented that Indian affairs spending is out of control and has a serious lack of accountability, how can the minister even begin to justify an increase in his department's budget?

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I am pleased the hon. member asked that. The Reform party has attempted to get quite a bit of misinformation throughout the country, but not with very much success. Most people who have looked at the budget, and obviously the Reform has not, will know that the birthrate in the aboriginal community is two and half times that of the white community. Next year per capita the aboriginal person will receive less than they do now.

To do those things as we said in the red book, in addition to the 442 people we already laid off, we will be laying off another 300 people. We will be freezing salaries at the ministry, as the member knows. We will also be freezing salaries in the aboriginal communities and we will be cutting \$15 million from the northern development program.

That is the reality, not the myths that the member and his party are spreading throughout the country.

Oral Questions

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, let us be clear about this. Mismanagement is the problem, not money. Both the Auditor General and the Indian affairs department's own internal audits have reported a plague of serious financial mismanagement both at the departmental level and at the band level.

How can the minister of Indian affairs stand and defend this \$447 million increase in his budget without first getting the mess in his department cleaned up?

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, this member has 23 First Nations in his riding. Maybe for once he will stand and defend one of them.

(1440)

This member will talk about those bands that have troubles. Sure those bands have troubles. However, over 80 per cent of the 600 bands in this country are managing their affairs. For the 152 that require help, we are giving them help. Eight-five per cent as of January have remedial action plans in place which means they, like us, are cutting staff. They are deferring housing. They are cutting much of their infrastructure and they are dropping programs. That is the reality.

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*[Translation]***CANADA HEALTH ACT**

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, yesterday the Prime Minister said that the federal government had no intention of giving up its control levers over the health sector. Meanwhile, the Minister of Intergovernmental Affairs alluded for the first time to the possibility of reviewing the Canada Health Act.

How does the Prime Minister reconcile the comments made by his minister, who clearly mentioned the possibility of amending the Canada Health Act, with his own statement to the effect that the government intends to keep all its control levers over the health sector?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is easy. We, on this side of the House, keep repeating it. The minister said it: the five principles governing the Canada Health Act will remain in force.

There may be circumstances where some amendments could be made. However, we will not compromise on the principles: they are there to stay. There is no contradiction between that position and the possibility of discussing certain changes which

could benefit both the federal government and the provinces. However, the five principles will not be changed.

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, since, according to the Prime Minister, the Canada Health Act will not be opened up, how does he explain the statement made by his Minister of Intergovernmental Affairs?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, what I said very clearly in Quebec City is exactly what the Prime Minister stated, namely that the five standards governing the Canada Health Act would remain in effect.

What I said regarding the Canada social transfer was that we could, through mutual consent, change existing conditions applicable to social assistance. This is absolutely true and in accordance with what was said. Again, as I said yesterday during the press conference, the five standards governing the Canada Health Act will not be touched.

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*[English]***FISHERIES**

Mr. Ron MacDonald (Dartmouth, Lib.): Mr. Speaker, my question is for the minister of fisheries. Canada is standing firm on its position that the European union must adhere to NAFO's set quotas for turbot on the Grand Banks. However, the Europeans in a continuing campaign of misinformation are telling anybody who will listen that Canadian fishermen do not need, do not want and cannot catch the Canadian quota for turbot.

I ask the minister to confirm whether this is fact or fiction. Are Canadian fishermen ready, willing and able to take the rightful quota that has been set for them through NAFO?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I thank the hon. member for his question. Canadians have shown a tremendous interest this year in taking 60 per cent of the quota assigned to Canada by NAFO.

I am informed that in the 35 to 40-foot category somewhere between 200 and 500 boats are now gearing up to participate in the fishery. From the sixty-five to one hundred foot category, five vessels are now gearing up. From the fifty-five to sixty-five foot category, forty vessels are now gearing up.

For the first time in a decade Canadian offshore vessels, vessels from fisheries products, internationals and national sea, are going to the offshore to catch turbot to take the Canadian share. One left yesterday at noon. One will leave in 45 minutes. They are going out on the continental shelf beyond 200 miles and they are going to take Canada's share of the turbot quota.

Oral Questions

(1445)

THE BUDGET

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the Liberal budget eliminates the WGTA subsidy by August 1 of this year, cuts the dairy subsidy by 30 per cent, cuts safety net programs by 30 per cent, and eliminates the feed freight assistance.

The government has taken away the funding but has not taken away the unnecessary regulation that would cut costs, allowing farmers to recoup some of these losses.

I have a question for the Minister of Agriculture and Agri-Food. When will the minister reduce unnecessary regulation and specifically how will he make the system work better for less?

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, as the hon. gentleman will know, over the course of the last year or so some good progress has been made in dealing with regulatory issues. We have passed in the House new legislation pertaining to the Canada Grain Act, which is a step in that direction, to improve the regulatory situation.

Certainly a major part of our western grain transportation reform plan is an efficiency package, which is being worked upon by the Minister of Transport and myself in consultation with all stakeholders in the western Canadian grain handling system, to develop a system in western Canada that is substantially lower in cost overall, certainly much more efficient than it is today and faster in getting our grain to the markets where it needs to be.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I think Canadian farmers would expect a little better answer than that. Certainly any farmer would know that the minister better have a plan in place before cutting the WGTA funding.

How many years will it take the minister to hold the discussions as laid out in the discussion paper and prepare a plan to replace the current system?

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the discussions with respect to the efficiencies package have been ongoing now for several months with the active involvement of 14 or 15 farm organizations in western Canada, together with a variety of other stakeholders in the industry.

We have indicated to the stakeholders participating in the discussions that as soon as the fiscal framework was tabled in the House in the form of the budget, which of course happened on Monday of this week, we would want to proceed very quickly with the finalization of the details.

Therefore, as far as the efficiencies package is concerned to the extent that it requires legislation, that legislation can be concluded conceptually within the course of the next month. It can be presented to Parliament this spring and enacted into law before June 1995.

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[Translation]

ROYAL CANADIAN MOUNTED POLICE

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, my question is directed to the Prime Minister.

This morning, *La Presse* reported that Libertina Rizzuto and Luca Giammarella, suspected by the Swiss authorities of trying to launder \$3 million through Swiss banks, were released, although the investigation continues. It seems their release came as a result of the half-hearted assistance the RCMP gave Swiss police authorities.

Could the Prime Minister explain why the RCMP failed to give the Swiss authorities their full co-operation when they refused to provide information crucial to legal proceedings in Switzerland?

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General, Lib.): Mr. Speaker, I have just been advised of this case, and I will make a note of the opposition critic's question.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, on a supplementary. What explanation does the Prime Minister have for the fact that the only officer familiar with the case involving Mrs. Rizzuto and Mr. Giammarella was on holiday when the Swiss authorities had to release these two individuals, failing the co-operation of the RCMP?

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General, Lib.): Mr. Speaker, I will not comment on the operations of the RCMP. I think it is clear there will be an investigation, and the Solicitor General will be able to respond to the opposition member's question in due time.

* * *

[English]

FISHERIES

Mr. John Cummins (Delta, Ref.): Mr. Speaker, my question is for the Prime Minister.

Notwithstanding the blustering of the Minister of Fisheries and Oceans, 45 to 50 European vessels are currently fishing Canadian turbot just outside Canada's territorial limit. Reports indicate that they have exceeded their NAFO quota and have unilaterally established an EU quota of 70 per cent of the total allowable catch.

Oral Questions

(1450)

When will the Prime Minister recognize that the Minister of Fisheries and Oceans has failed to protect Canada's fish stocks, intervene and try to negotiate a settlement with the EU?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, many Canadians think the Minister of Fisheries has been the best fighter that we have ever had for the fisheries.

Some hon. members: More, more.

Mr. Chrétien (Saint-Maurice): I cannot carry on. I do not want to inflate his ego too much.

Mr. John Cummins (Delta, Ref.): Mr. Speaker, the Europeans have exceeded their quota under NAFO and the minister is fiddling while Rome burns or the dory sinks.

When will the Prime Minister intervene and get some action on this problem?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I am delighted to see that my colleague has taken an interest in the matter, because for the last year we have been working very diligently to put an end to overfishing.

As part of the process of putting an end to overfishing, last year we did not have this bellicose noise. We had the co-operation of the Reform Party and the co-operation of the Bloc Québécois. I recognize that last year was a rare time when the House was unanimous and passed Bill C-29 to take the necessary measures to throw flag of convenience vessels off the nose and tail. They left last May and they have not returned.

The cabinet and the national caucus from sea to sea to sea are united behind the cause of the fishermen of Atlantic Canada. We will be calling upon them for their support again in the days and weeks ahead.

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*[Translation]***MONTREAL ECONOMY**

Mr. Martin Cauchon (Outremont, Lib.): Mr. Speaker, as we all know, the Montreal area has had more than its share of economic hardship over the past decade. But things have been looking up lately.

Can the Parliamentary Secretary to the Minister of Human Resources Development update this House on the economic conditions in Montreal and the regions since the various elements of the human resources development programs have been put in place?

[English]

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, I publicly thank the member for Outremont for the

excellent job he did during the parliamentary committee hearings on social security review.

In the Montreal area the economy is making substantial gains. Between January 1994 and January 1995 the number of jobs in Montreal increased by 47,000. The number of unemployed workers decreased by 18,000. The unemployment rate is down by 1.3 per cent.

The red book promises are working very well in Montreal.

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*[Translation]***COAST GUARD COLLEGE IN SYDNEY**

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, my question is for the Minister of Transport. On October 18, I asked the minister how he could justify spending nearly \$10 million a year to keep the Coast Guard College in Sydney open when the Marine Institute in Rimouski, Quebec, the Pacific Maritime Training Institute in Vancouver and the Marine Institute in Newfoundland, among others, offered the same services. I never heard back from him on that.

How can the minister contemplate, as outlined in the last budget, imposing higher rates on Coast Guard service users, when he does not have the courage to end needless duplication, as in the case of the college in Sydney, which costs the taxpayers \$10 million per year?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, every institution my hon. colleague mentioned makes a significant contribution to the Coast Guard and other services within Transport Canada. We have no intention of changing the status of the Coast Guard College in Sydney, Nova Scotia.

(1455)

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, why did the minister not take advantage of the budget to announce the closure of the Coast Guard College in Sydney, since provincial educational facilities can provide the same services at a lower cost?

[English]

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, the coast guard academy at Sydney, Nova Scotia, produces people who are highly skilled and world recognized. We understand the role played by the various provincial institutions referred to by the hon. member.

I would hope the hon. member would understand that the presence of a coast guard academy such as the one at Sydney is absolutely essential to maintain the level and the standards that are well known around the world which have been maintained by the coast guard for a century now in Canada.

*Oral Questions***TREASURY BOARD**

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, according to the estimates tabled on Tuesday, the Treasury Board secretariat will be creating 10 more management positions at a cost of \$3.5 million to the taxpayer. That is \$350,000 for each executive. The President of the Treasury Board must have some spectacular executives in mind for that kind of salary.

How can the President of the Treasury Board pad his executive suite with 10 more managers while in the same breath cut 45,000 jobs from the rest of the civil service?

Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I would be happy to look into the specifics of the matter the hon. member mentions.

Let me tell you, Mr. Speaker, that overall the executive ranks in the public service have been reduced over the last four years by some 26 per cent.

As the Minister of Finance announced the other day, in our budget expenditure plan over the next three years there is a reduction of some 19 per cent in government spending. As part of the reduction in staff there will be proportional representation at the different levels: executive, middle management and frontline workers. The executive level will be part and parcel of the government's overall plan of reduction.

Mr. John Williams (St. Albert, Ref.): I am not sure the minister heard my point, Mr. Speaker. I said that he was going to increase his own departmental executives by 10.

He said the other day: "We will continue to manage changing priorities by reallocating resources". This is not my idea of reallocating resources by adding more to his department. It seems to me that the resources will be reallocated not toward a reduction of the deficit but to his own department.

Does the President of the Treasury Board need to increase his executive staff by 15 per cent when he is reducing the total number of the federal civil service by over 20 per cent?

Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I do not know from where the hon. member gets those figures. There is no increase in the staff at Treasury Board.

In fact there is a reduction as there is in all departments as part of the overall plan to get the deficit of the country down. That has been part of the government's program as announced by the Minister of Finance.

HEALTH

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, my question is for the Minister of Health. As the minister knows, as cash transfers to provinces go down the tax point shares go up.

Yesterday the Prime Minister, speaking straight from the heart, said: "When you transfer tax points you lose all leverage after that because you don't collect the money. The day that you don't have any more cash, you can't use the leverage". That suggests to me that it is straight through the heart of the health care system.

I want to ask a question of the minister whose major responsibility to the Canadian citizen is to protect the national health care system. Clearly she has not been successful. Will she do the right thing and resign?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I explained very clearly it is because we want to maintain the five conditions of the health act that we have to make sure we transfer cash. That is why we decided to have a system of block funding so that we could have some influence.

When they have tax points the provinces are not obliged to listen to us any more. I recognize that we need some leverage because if we did not have leverage some provinces would have already cut into the five conditions. We need to have the means to make sure they do not use the fact that they have only tax points to destroy medicare.

We will keep what is needed for medicare to stay as it is.

* * *

THE BUDGET

Mr. Andy Scott (Fredericton—York—Sunbury, Lib.): Mr. Speaker, my question is for the President of the Treasury Board.

Monday's budget, as has been mentioned, announced a reduction of 45,000 positions within the public service over the next three years. There is much uncertainty about the impact of these reductions.

(1500)

Could the minister indicate what measures will be offered to these employees and assure the House that every effort will be made to accommodate employees through early retirement, early departure and other programs?

Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, the short answer is yes. We value our employees, the ones who will be leaving and the ones who will be remaining.

We certainly want to provide those who are leaving every opportunity to adjust back into the community. There will be early retirement provisions and early departure incentives that involve training and counselling. A wide range of services will be available to them which will help in terms of the adjustment.

They have been hard, dedicated workers for the people of this country. We want to make sure that we treat them fairly and reasonably.

[Translation]

* * *

PRESENCE IN GALLERY

The Speaker: I wish to draw the attention of members to the presence in our gallery of His Excellency Willy Claes, Secretary General of the North Atlantic Treaty Organization.

Some hon. members: Hear, hear.

[English]

* * *

POINTS OF ORDER

COMMENTS DURING QUESTION PERIOD

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, in response to a question from the hon. member for Prince George—Bulkley Valley, I believe I said he had 23 First Nations and he has 11. Once again, it is the other critic, the hon. member for Skeena, who has 23.

The Speaker: The clarification is noted.

I have a point of privilege from the hon. member for Sherbrooke. Might I ask the hon. member if this point of privilege arises out of this question period?

Mr. Charest: No, Mr. Speaker, it does not arise out of question period.

The Speaker: Pursuant to the rules of the House, the hon. member would know, being a respected parliamentarian, that the Chair should have at least one hour's written notice. I am sure the hon. member will want to proceed according to the rules and do just that. His question of privilege will be heard at the earliest possible time.

Mr. Charest: Mr. Speaker, I rise on a point of order. I thank the Chair for its patience and for the clarification on the question of privilege.

This question of privilege arises out of an article published today in a paper which is well known on the Hill, the *Hill Times*. I wanted to advise the House immediately.

Point of Order

The Speaker will know, as all members of the House know, that a member also has the duty to inform the House and his fellow colleagues as soon as he or she is aware of the question of privilege, which I chose to do today. It relates to the secrecy of the budget process.

The Speaker: The hon. member is absolutely correct that there should be notification given to the Chair as soon as possible. As such, I know the hon. member will want to follow the rules and take the time to put his point of privilege, in all its fullness, at the earliest possible time. However, because it did not arise from question period today, I would rule that the point of privilege will be put off until later.

I thought the hon. member was going to introduce a point of order or did I misunderstand?

Mr. Charest: Mr. Speaker, for the record and to accommodate the rules and all members of the House in fairness, may I suggest that I raise this point of privilege tomorrow after question period so that all members of the House will know that this issue will be raised?

The Speaker: The hon. member would know that in accordance with the rules the answer would be yes.

[Translation]

The Speaker: My colleagues, we will now proceed to Thursday's usual question.

* * *

BUSINESS OF THE HOUSE

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, this is a difficult question to ask but I will ask my colleague, the Secretary of State for Parliamentary Affairs, to tell us about the business planned not only for the coming days but also for the week following the recess.

Hon. Alfonso Gagliano (Secretary of State (Parliamentary Affairs) and Deputy Leader of the Government in the House of Commons): Mr. Speaker, if I may, I will answer the question.

[English]

Today we will continue with second reading of the borrowing bill. When we adjourn tomorrow, we will stand adjourned until Monday, March 13. On that day we will consider the firearms bill. On Tuesday, March 14 and Wednesday, March 15 we will conclude the budget debate.

(1505)

[Translation]

Mr. Speaker, we intend to designate March 16 and 17 as opposition days.

*Government Orders***GOVERNMENT ORDERS***[English]***BORROWING AUTHORITY ACT, 1995-96**

The House resumed consideration of the motion that Bill C-73, an act to provide borrowing authority for the fiscal year beginning on April 1, 1995, be read the second time and referred to a committee.

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): Mr. Speaker, when I began earlier today, I started off with Madam Speaker, was interrupted by Mr. Speaker, and now I have a different Mr. Speaker in the Chair. I would like to be certain that this Mr. Speaker will remain in the Chair for the duration of my short intervention in this debate.

As I said earlier to my colleagues in the House, the Department of Public Works and Government Services has had to sustain some significant reductions. I note my colleague from the Reform Party. No doubt he will have numerous questions for me when we go before committee. I might add he usually asks very good questions.

I want to share with him and other members of the House that we will be commercializing the Canada Communication Group, an aspect of public works and government services. We will be doing away with the stock item supply. We will be going to direct deposit across the board to save the taxpayers significant amounts of money. Cheque production sites will be consolidated in order to save costs to the taxpayer, contributing to the savings we are putting toward the deficit over a three year period of \$353 million.

In addition, public works and government services, Treasury Board and all agencies of the Government of Canada have been, presently are and will continue to look at ways in which to make additional savings in terms of the reduction in office space which houses a variety of government departments.

Program review was conducted by my colleague the Minister of Intergovernmental Affairs and had a number of aspects associated with it. One was a vertical examination of all expenditures in each of the departments. As a consequence of that examination, there will be less need for additional space.

I want to be very careful and very prudent. I welcome suggestions from members across the way in terms of how we can do public-private partnering in this regard and how we can have additional savings as it relates to the space requirements we need as a national government across the country.

These savings, as I indicated earlier, will total \$353 million and will dislocate 5,263 employees over a three year period. It is very difficult to try to sugarcoat tough decisions, but I want to be clear. Although there will be some dislocation of jobs, many of those jobs will reappear in the private sector. We ought not to downplay the significance the private sector can play in terms of handling some of these services and activities which, prior to the budget, were being conducted by government departments.

The Department of Public Works and Government Services is a common service department. We act in relation to the requests made to us by other departments and agencies of the Government of Canada. Where the opportunity exists, our objective and goal is always to try to get value for the expenditures within our department. We will be vigilant in reaching that goal in the coming months and years. Again I invite the co-operation and suggestions of members opposite to make certain we abide by that objective of value for our money. Where the opportunity exists I hope they will provide us with good, meaningful suggestions.

(1510)

Canada Mortgage and Housing Corporation is another agency which comes under my responsibility. It has a historic, national and international reputation in the housing sector. Cabinet and the Minister of Finance, in view of the fiscal capacity of the Government of Canada, are giving savings to reduce the deficit in excess of \$300 million.

We will be closing over 20 offices across the country. We will be cutting back on our research efforts as a national housing institution. We will be doing away with the scholarship program which has been part and parcel of Canada Mortgage and Housing Corporation for quite some time. If anyone were to suggest that those are not tough, difficult measures, I would think they were being less than candid with themselves and with the House.

I do want to say that the Minister of Finance has given us a balance. On the one hand we still have 600,000 units. It is an expenditure by the government of over \$2 billion annually, housing one million Canadians who need the assistance of the state as they try to provide dignity and opportunities for their families and their communities. That expenditure is significant.

It is hoped that over an additional three year period we will be able to have additional savings and will be able to do some things in other sectors. However, I do not want to give a false impression to the House because it would be misleading and very unfair to suggest otherwise.

With the Atlantic Canada Opportunities Agency, the government over a three year period will be reducing its contributions to that agency. I would like to take a moment to explain the mandate of ACOA. The mandate of the Atlantic Canada

Government Orders

Opportunities Agency is to effectuate where possible economic activities in the Atlantic region.

Those of us who come from the Atlantic region, such as my colleague the hon. member for Dartmouth, will attest to the fact that economic growth in many of our communities is not what we want it to be. We are continually trying to find ways to foster economic growth. We have moved away from a previous set of targets in terms of providing grants to small and medium sized businesses. We have done away with that. We have moved to a system of repayable loans which provides more accountability for all.

There is still a lot of partnering. As an agency of the crown we can partner with the provinces, universities and non-profit organizations. This is done not for the sake of having announcements but for the sake of trying to get communities, the intellectual side, the business side and the non-profit side together, forging a coalition to try to meet the challenge of creating economic activity in the poorer regions.

Much has been said about regional economic development in the past. I am sure much more will be said by those who oppose that forum. Let it be understood that as the minister responsible for one small agency, ACOA, I believe as the red book and the 1994 and 1995 budgets have identified, that regional economies are the backbone of the nation.

There is no question there are differences between the economy of Atlantic Canada and that of Quebec. There are differences between western Canada and the Atlantic region. There are differences between Ontario and the west, be it the prairies or British Columbia. They are different. We must acknowledge that factual thing: a small population base, a widely dispersed people over a large geographical mass. It is our task not to put the blame on those that have come before us and tried to seize the moment and the opportunity by creating through partnerships something that will provide some hope and some dignity to individuals in that region of the country.

(1515)

All agencies of government were asked to provide moneys to cut the deficit. Fifty person years will be reduced at the Atlantic Canada Opportunities Agency, 15 person years at Enterprise Cape Breton. All aspects are being reviewed.

As members opposite find opportunities to either ask questions or put before me as the minister responsible, as my colleagues in the Atlantic Region do, ways in which we can improve, to cut things and to add to things, I would be happy to hear from them.

I want to make something very clear to those members who sit in the House. I make no apology to any member, any political party, and any representative of the press for standing up for a

region which has historically sustained a lot of economic difficulty. As I say to my friends and as I shared with caucus colleagues, we in Atlantic Canada do not want handouts. We want a hand up. Regardless of where they live, Canadians are entitled to that kind of opportunity from the national government.

In the time that I have remaining, I want to briefly touch on the subject of the Royal Canadian Mint. Colleague opposite knows that I have umpteen different agencies for which I am responsible so I am just hitting the highlights of some of them.

With regard to the Royal Canadian Mint, I want to clarify a rumour. It was circulating in Dartmouth, Nova Scotia that the \$2 coin we will be issuing will have the picture of the hon. member for Dartmouth on the coin. I want to make it perfectly clear it was a difficult decision I had to make personally, but given what I had to work with I think everyone can understand why I reached the decision I did.

Let the House be aware that the new \$2 coin will save taxpayers over a 20-year period a quarter of a billion dollars.

We have gone one step further. We are looking at all of the coins and their composition. We are going to change the composition of those coins in order to reduce their cost, thereby increasing the revenues which will total almost an additional \$12 million per year for the 20-year duration of an average coin. That is new revenue for the national government. It is new revenue for the purposes of writing down the deficit of the Government of Canada.

I want Canadians to know that these measures have been taken because we listened to them. I am the minister responsible for public works, government services, and a host of other agencies. I have gone before the standing committee for a record number of times for any minister; three times. I have had good questions from opposition members. I have had good suggestions from opposition members. Equally so, I have had very good quality questions and suggestions from government members. I want to thank them for their help and assistance.

(1520)

I throw out a challenge to all members of the House. If we are sincere, which I take as a given, of reducing the deficit of the government in the years ahead, they should come forward with solutions. Yes, criticize too because that is part and parcel of the political process. As I have told my exempt staff as well as all of my deputy ministers, it is fine to identify problems but it is more important to identify solutions to those problems.

I know that my time has come to an end but I would be happy to attempt to answer any questions my colleagues may wish to raise at this time.

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[Translation]

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, the Minister of Public Works said that using \$2 coins would result in savings of some \$225,000. I wonder how much it will cost to repair our pockets though, because it is going to be a heavy load to carry. My comment is somewhat in line with the sense of humour displayed by the minister when he alluded to the possibility of having his face appear on the new \$2 coin.

The closing of some CMHC offices is a more serious issue. I agree that the government must reduce spending. However, I find it hard to understand why the minister decided to close the CMHC office in my riding of Longueuil, since some 1.2 million people live in the Montérégie. I think it would have been justified to keep an office to manage CMHC affairs in that region. That region has a larger population than the province of Nova Scotia where, I imagine, there must be at least one CMHC office. So, I ask the minister: Why he is taking that step and, second, from where will he manage all the properties in the Montérégie?

[English]

Mr. Dingwall: Mr. Speaker, I thank the hon. member for the question. It is a very legitimate and important question that one would ask of a minister.

My colleague is quite right in making representations to me on the issue. However, I say to him as I say to all members, difficult decisions had to be made by the government relating to the reduction of expenditures.

In the riding adjacent to mine that members refer to quite often as being my district but really is not, we closed the office as well. I do not take any joy as the minister responsible for Canada Mortgage and Housing for having to shut down offices.

Administratively it is important that Canada Mortgage and Housing make those kinds of decisions in order that we can contribute to bringing down the deficit of the Government of Canada. I have had numerous meetings with my colleague the Minister of Finance who did not cherish the fact that we had to reduce those offices.

I want to tell my colleague opposite that his constituents, which he ably represents, will still have the services of representatives from Canada Mortgage and Housing from neighbouring communities.

Notwithstanding reductions at Canada Mortgage and Housing, I received no less than seven or eight interventions from his party. I thought he was to congratulate me on the rent geared to income which was rumoured to go from 25 per cent to 30 per cent. The Minister of Finance and the cabinet have maintained it at 25 per cent.

On the one hand it was difficult to close the office in his constituency. He will still receive quality service from neighbouring communities. On the other hand we have been fair. We have not increased the rent geared to income for those citizens who are occupying our social housing units across the country.

(1525)

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, I was hoping the minister would put to rest the terrible rumour I heard that the figure on the new proposed \$2 coin might be a soft walled, shiny topped dingy. That did not happen and it is unfortunate.

I want to get down to the matter of his responsibility with regard to ACOA. We know there are several regional development agencies flowing from the federal government: ACOA, western economic diversification, FORD-Q and other northern development agencies.

If someone with a grade five education sat down and thought about it, he or she would realize this whole concept is wrong. First, history tells us it is wrong. It has not worked in his region of Atlantic Canada. We have seen DREE grants, ACOA grants and loan programs for not years but decades and they have not worked. They have been part of a continuation of a depressed economy. In some of these regions they have not solved the problem.

If we think about it, the reasons are obvious. First, the payback of taxpayers' dollars going through the administration here in Ottawa and then back out to the regions is very costly. They are very expensive departments with gold windows that have to be replaced and huge staffs. It is also an opportunity for ministers to have undue influence in the tendering process. It tends to have people come to ministers hat in hand, asking for a grant or a loan.

I know that recently the minister responsible for ACOA has removed the granting program. I believe that is due in large measure to criticism from the Reform caucus that pointed out the blatant pork barrelling and the problems with the whole program of grants.

Now ACOA is restricted to lending funds to business. In fact, they have reduced the lending. However, businesses can get loans from other institutions such as banks and credit unions. Why would we need ACOA to grant loans? It is a very costly way for the taxpayers to help businesses. Also the amount lent out is reduced. Yet we still have the department and the minister responsible as well as his staff. There are not the cuts at the top we need because we are doing less with more.

How can the minister stand in the House and justify ACOA, western economic diversification and other regional development agencies that have failed miserably. They have added poverty to Canada and have been an opportunity for pork barrelling and misuse of federal funds.

Government Orders

Mr. Dingwall: Mr. Speaker, such an easy question from an easy representative. The hon. member's assertion is factually incorrect.

Mr. Hermanson: Make some sense for once.

Mr. Dingwall: I did not interrupt the hon. member when he was speaking. Maybe he can give me the same courtesy.

Let him remember and understand history. Yes, regional economic development programs have not been a raving success. To suggest there have been no successes is factually incorrect. It is factually incorrect to suggest that they have not benefited certain regions. The hon. member should travel the country extensively before he states false and misleading information of that nature.

The hon. member makes the statement that somehow we changed the programming of the Atlantic Canada Opportunities Agency because of the interventions of the Reform Party. The people who changed that program from grants to loans were the business community and business representatives in Atlantic Canada. When I travel Atlantic Canada, which is extensively, I meet with them time and time again. I have listened to what they have said and listened to what the Atlantic Liberal caucus has said and that is the reason we moved from grants to repayable loans.

Finally, the hon. member made reference to a dingy on the coin.

(1530)

Let me say to the hon. member that yes, the students at the University College of Cape Breton have referred to this wall that they have constructed under an infrastructure program as the "Dingwall".

I want to tell my hon. friend that just the other day I drove by the "Dingwall" in a car with white walls. I want to assure the hon. member that the "Dingwall" is a hell of a lot more effective and durable than the white walls on that car. I think the hon. member knows who I am referring to when I talk about the white walls.

[*Translation*]

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, last Monday, before the Minister of Finance tabled his budget, I was worried because I realized Canada was bankrupt.

This was not my opinion but that of the New York *Wall Street Journal*, in an article that appeared on January 12, this year, under the heading "Bankrupt Canada". I also knew that Moody's in New York had put us under a credit watch and was waiting for the right moment to reduce our credit rating, which would put upward pressure on the deficit and the national debt.

Considering these facts, I knew the Minister of Finance would have to turn the situation around. I thought he would be fair to all taxpayers, however. I would have liked to discuss the main cuts introduced by the Minister of Finance, which are not, in every case, appropriate and transparent, but I am sure my colleagues will do a better job, since these subjects are not my specialty.

As the official opposition critic for transport, I was expecting cuts but I had no idea the Department of Transport was up for sale. I found that out last Monday.

As a result of program review, budgetary cuts will total \$1.1 billion or 50.8 per cent of total expenditures forecast from 1995 to 1998. If we include cuts announced in the previous budget, the Department of Transport's spending levels will be reduced by 1.4 billion during the same period. In fact, budgetary savings as a result of program review will total \$2.6 billion over three years.

Take, for instance, the transfer of airports to local authorities. The problem, since this is about downloading the deficit to the provinces, is that these transfers to local or provincial authorities will not include the corresponding tax points. That is the problem.

Air Canada was sold, and now Canadian National is on the block. Means of transportation that our ancestors put in place are now being sold off, not as a face saving gesture but to make the government's failure in this respect less palpable. What can we say about all this? Is this supposed to be a spring sale by the federal government? Is this a closing out sale or a panic sale?

Since the Bloc Québécois arrived in force in Ottawa, we have been in favour of big projects to jump start the economy and replenish the government coffers. In this regard, I spoke a number of times in this House to encourage the government to set up and invest in rapid transport, a high speed train in the Windsor—Quebec City corridor. The budget made no mention of this project. In fact, it indicated that there would be no more mega-projects.

From the start of the budget speech to the end of it, I watched the Department of Transport crumble. I watched the legacy of a century disintegrate. I kept waiting for the comforting announcement of a project that would get the economy moving—a high speed train. But no such luck.

Let us have a look at the coast guard now. We are presented with the integration of the Coast Guard into the Department of Fisheries and Oceans. At first glance, it would seem to be an interesting arrangement, because there is a promise of greater efficiency. But we must look carefully. Even though the budget contains no concrete measures, other than those affecting the fleet, the federal government plans to change the operations and level of service of the Coast Guard. These changes will take the form of cost recovery measures and increased fees.

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(1535)

These measures may jeopardize the competitiveness of ports along the St. Lawrence and of the shipping industry as a whole. Furthermore, part III of the budget estimates includes provisions to merge the Canadian Coast Guard fleet with Fisheries and Oceans, to delegate certain ship inspection activities to classification societies, to transfer to the provinces responsibility for inland waters of lesser importance and for more sound management of public ports, with the potential elimination of certain facilities.

This budget also provides for an increase in service fees, which is tantamount to a hidden tax to be paid by people using such services. This measure targets shipping services of course. Services provided by the Coast Guard benefit the public and for this reason fees for such services should not be increased. An increase in fees for these services, which limit the number of ice jams on the St. Lawrence, would prevent the Coast Guard from saving Canadian lives, ensuring navigation safety and would increase the risk of ecological accidents on the St. Lawrence.

In conclusion, such a fee structure would limit the competitiveness of Quebec ports vis-à-vis their American counterparts and the transport minister and the federal government have known this for a long time. The transport committee, of which I am deputy chairman, is currently undertaking a tour of the country's principal ports. In particular, we have visited Montreal, Quebec City and Mont-Joli in Quebec. We have heard clearly that higher rates would put an end to traffic on the St. Lawrence. Shipowners will prefer to unload their cargo in Halifax, or to forge on to ports in Boston, New York or Baltimore.

Is that the end result the minister hopes to attain? Stem traffic on the St. Lawrence? Steer traffic towards Maritime or American ports? Could it be that he is trying to scare Quebecers by a vision of what could be in store if they separated? It is not fear that has kept Quebecers in confederation for so many years, but the hope that they would be treated fairly, which decision-makers have failed to keep alive.

Quebecers are intelligent enough to figure out what the current government is up to, in particular the Liberal Party of Canada, which has always tried and is still trying to ruin Quebec and to play favourites with other provinces. My case in point is the closing of the Coast Guard college in Sydney, while the Quebec Marine Institute in Rimouski or, for that matter, other institutes in other provinces could have very easily done the same work. This duplication is costing \$10 million per year to provincial institutions which could easily have taken over the job.

Now, on to privatizing CN. Canadian National is a Crown corporation that has served Canadians for many years. It is one of the institutions that has made it possible for Canadians from coast to coast to communicate with each other. If it were not for

the railways, Western Canada probably would not have been developed to the extent that it has. The government now intends to sell CN, under the pretense that the decision will give society the flexibility needed to quickly make strategic decisions on operations and investments.

Is this an admission by the Minister of Finance that his government is not in a position to make strategic decisions? The sale of CN could cause many problems. Before selling off our economic development tools, we must take several precautions. According to the Nault report, some preparation work must be carried out before CN can be sold, namely reducing the debt, increasing profits and rationalizing the network.

First of all, the eventual buyer must be required to protect the rights of the Canadian people. Let us also keep in mind that the Nault report favours an Air Canada-like privatization process. We will have the opportunity to review these issues and to question the Minister of Transport both in the House and in committee. With regard to the national airport policy, we are told that airport commercialization will continue. Six national airports have already been transferred to local management.

The Quebec government will have to support local groups from small municipalities who want to enter into negotiations with Ottawa. As you can appreciate, Quebec taxpayers will again have to foot the bill for this federal policy.

(1540)

In conclusion, from what I just said, you can understand that I am far from enthused by the budget trends regarding the Canadian air, sea and ground transportation sector.

This government shows its total lack of imagination. International financial players called for cuts, but the government cut indiscriminately, hitting seniors and the disadvantaged especially hard.

For over a year, we have been asking the minister to establish an integrated transport policy in Canada. This policy would determine what should be transported by rail, by ship, by plane and by road. Without being authoritarian and inflexible, this policy could provide for fiscal incentives favouring the best means of transportation.

Most of the countries in the world are developing rail transportation because it is the cheapest. Here in Canada, we remove rail tracks everywhere and convert them to bike paths. We let trucks with excessive loads onto our roads. The roads are being destroyed and the provinces must invest enormous amounts to maintain them.

Yesterday, I read an editorial by a great Quebecer and Canadian entitled "Imperial Federalism". What an appropriate headline to describe the federal government, whether Conservative or Liberal. They act without consulting, lead by fear, and always repeat the same mistakes. That is Canadian imperialism for you.

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This government may feel that Quebecers rejected the Charlottetown Agreement by mistake or because they were in a bad mood. But it would be wrong. Quebecers can see clearly. They want to be part of the solution and not part of the problem. As long as they are in this imperialistic Confederation, the rest of Canada will think that Quebecers are the problem.

The Minister of Finance tried to convince us that his budget was a new form of federalism by attempting to decentralize some areas of jurisdiction, without transferring tax points, providing that Confederation partners comply with national objectives.

Quebec is a nation, a people. It has its own objectives and will never agree to be led by an imperial federalist government.

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, I wish to thank the hon. member for his excellent speech. I think he takes the interests of the Quebec transportation industry at heart, and he represents them well.

I would like him to touch on the possible implications of these cuts in transfer payments to the provinces, which the Minister of Finance indicated will be to the tune of \$7 billion over the next three years. Transfer cuts mean less money being paid to Quebec. At the same time, the federal government continues to tax Quebec at the same level. Moreover, tax hikes are imposed on Quebecers, representing a deficit of about \$6.5 billion for Quebec in taxes alone. Add to that some \$2.5 billion less coming back to Quebec every year, and this makes a shortfall of \$9 billion for the people of Quebec.

Instead of cutting taxes in Quebec, the federal government is cutting the share Quebec used to get. This makes for a rather significant shortfall, in fact a very significant shortfall for Quebecers. How can this be offset? As the Minister of Finance said, Quebec will have to either reduce public expenditures further or impose tax hikes Quebec taxpayers who are not only seeing their taxes go up instead of down, but receiving about \$2.5 billion less from the federal government every year, which is utterly unfair. It is important that the people of Quebec be reminded over and over again of this fact.

(1545)

How does the transport critic see the transportation industry in Quebec being affected by this drastic drop in overall revenue?

The Acting Speaker (Mr. Kilger): Having been more than generous with the 10 minute period allotted to the hon. member for Beauport—Montmorency—Orléans, I would ask that we get back on the right track, speaking of transportation. So, if he could keep his answer as short as possible, under two minutes in any case.

Mr. Guimond: Thank you Mr. Speaker for being so understanding.

I will answer the hon. member for Longueuil. The question comes unexpectedly, even though the member and I belong to the same party. We can make a comparison. I am convinced that when a Liberal member asks a question to a Liberal minister during question period, viewers in Canada and Quebec can tell that the answer has already been prepared. However, this is not the case here. I did not expect the question from the hon. member for Longueuil. However, I will try to answer it to the best of my knowledge.

Some hon. members: Ah, Ah!

Mr. Guimond: You can laugh if you want.

My colleague raises an interesting issue. I already had the opportunity to tell the Minister of Transport, in committee, that if the federal government privatizes or commercializes airports, ports and the St. Lawrence Seaway, Quebecers will have to ask themselves this crucial question during the upcoming referendum debate: Are we getting our money's worth, considering that we pay \$28 billion in taxes every year to Ottawa?

When the federal government is investing in Quebec, it is not giving anything to Quebecers. When elderly people receive a cheque with the maple leaf on the stub, it is not a donation from the federal: it is money which these people, their spouse or their children have contributed through taxes. Consequently, this question is very much to the point, as is the whole issue of how the provinces will be able to provide the required financing.

For example, the federal government wants to transfer some regional airports. These airports will be managed by the local community, because the provinces have clearly indicated that they do not want those regional airports, and indeed I think they would have been ill-advised to take on that responsibility. I received confidential minutes in which the following issue was raised: If the local authority cannot make a profit with the airport in Sept-Îles, which currently makes \$1.9 million in profit annually, what will happen? The federal airport in Sept-Îles will close. Consequently, will our taxes be adjusted accordingly? That is a very good question.

The Acting Speaker (Mr. Kilger): I thank the hon. member for his co-operation. The hon. member for La Prairie.

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, I would like to start by drawing the attention of this House to the size of the federal government's debt and the fact that government measures have done so little to change a situation that has now become chronic. The government must balance its budget as soon as possible, because its credit is fading fast.

The 1995-96 estimates tabled by the Minister of Finance show that public debt charges now represent 30 per cent of

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government spending, while 22 per cent goes to payments to persons and 16 per cent to payments to other levels of government.

The last two payments combined represent 38 per cent of total spending, barely exceeding public debt charges as a percentage of the total budget. I think it is clear we have a problem when the cost of servicing the debt is only 8 per cent less than what the federal government transfers to Canadians and to the provinces in the form of transfer payments.

Considering the decline in program spending over the next few years and the expected increase in public debt charges, we will soon reach the point where debt charges alone will exceed total transfers to persons and the provinces. In other words, a larger share of our tax dollars will go to investors and people who buy government bonds than to the citizens of this country. Is that the kind of flexible federalism the Minister of Finance wants?

It is clear that the minister's budget has done nothing to stem the growth of the debt. The deficit for the year ending on March 31 would have been \$41 billion, not \$39.7 billion as forecast in the last budget, if the government had not used the surplus in the Unemployment Insurance Fund to absorb part of the deficit. Normally, the surplus should have been applied to job creation and dealing with the structural unemployment.

(1550)

The government is still putting off the real decisions until later. The cost of the public debt will increase from the \$42 billion it will be at the end of this year to nearly \$51 billion in two years' time.

We have to conclude that Liberal carelessness has brought this prosperous country to the brink of bankruptcy. Under the most optimistic scenario, the deficit will not be eliminated before the turn of the century. At that point, the cost of servicing the public debt will be over \$60 billion. What waste and what wealth lost. Imagine what we could do with another \$60 billion in the government coffers annually.

The government is adding insult to injury. It continues to invade provincial jurisdictions, but without paying any more for the programs for which it imposes national standards on the provinces. Quebec will have the unpleasant job of taxing its citizens in order to comply with the federal standards pertaining to the block funding planned by the present government.

In the end, Quebec will pay, but Ottawa will set the rules. The funding will be decentralized, but decision making power will remain in Ottawa. The federal government is not transferring any tax points in exchange for the reduction in transfer payments to the provinces. The government is doctoring the truth and putting the real decisions off until after the Quebec referendum. The federal contribution to social assistance, health care and education will drop by \$7 billion in the next two years. This

is a huge amount in terms of health care and education, but, unfortunately, too little to put an end to the deficit.

Overlap with the provinces will not disappear. Program review and efforts at streamlining have focused particularly on departments and agencies that are strictly under federal jurisdiction, where there was no overlap or duplication with the provinces. These departments include the Department of Foreign Affairs and International Trade, National Defence and the Department of Transport.

The federal government is not getting out of areas under provincial jurisdiction, where little streamlining efforts have been focused. While it is chipping away the unemployment insurance program little by little, the government is imposing a temporary tax on bank capital, which will bring in \$100 million over the next two years.

During this same period, the unemployed will be contributing \$3 billion to deficit reduction, that is, 30 times what is being asked of the banks. This temporary tax represents only a little more than 1 per cent of the banks' annual profits, while the middle class remains overtaxed. Two sets of rules: a temporary tax on bank capital and a permanent tax of up to 50 per cent on the income of middle class families.

There is also the excise tax. The federal excise tax on gasoline is increased immediately by 1.5 cents a litre to help reduce the deficit. Why, then, wait until 1999 to reinstate the 21-year rule for family trusts? Doubtless, to enable these families to find another tax shelter. Always a double standard: one for the monied, another for the workers, the unemployed and the middle class.

The impact of the budget on Montérégie and the riding of La Prairie, which I have the honour to represent in this House, is also devastating. While the Auditor General was saying that we could save close to \$1 billion if national defence were better managed, the government decides to close the base at Saint-Hubert, even though Quebec only has 15 per cent of the country's military facilities.

After losing the Royal Military College in Saint-Jean, Quebec and the Montérégie region are losing the base at Saint-Hubert.

Almost 40 per cent of the inhabitants of the town of Brossard, which makes up 55 per cent of the federal riding of La Prairie, are of an origin other than Canadian. Several are recent immigrants, others are political refugees. The budget would impose a fee of \$975 per adult immigration request on future immigrants. We should bear in mind that this amount is more than the average annual income in several countries. Is the government opening the door to rich immigrants only? We should ask ourselves this question. Why impose an entrance toll on people who want to come here to improve their economic situation? There is something despicable about reducing the deficit on the backs of people who have yet to set foot on Canadian soil and

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whose financial situation is often unstable. Is this the image Canada wants to project as a land of welcome?

Are Canadians so powerless to resolve their deficit problem that they have to tax people who are thinking of settling here? This measure is revolting and should be rejected by Parliament.

In conclusion, I would like to add that the government's borrowing power must be limited and nearing its saturation point if we have to enforce such deficit reduction measures. It is from this perspective that we should examine Bill C-37.

(1555)

Mr. Martin Cauchon (Outremont, Lib.): Mr. Speaker, I listened attentively to the remarks made by my colleague from the Bloc Québécois. It is obvious that when measures taken by the governing party are good ones—because they are in the interest of Quebec as well as Canada—such measures will always be disparaged by the party in opposition whose views are exclusively separatist.

We all know that the business and international communities have responded favourably to the budget brought down by the finance minister. In other words, it is the most responsible budget possible.

The current government said it would control the debt and the deficit, but I would also like to draw to the attention of this House remarks made during the last election campaign by the Right Hon. Prime Minister of Canada who stated that the debt and deficit must be controlled but also that a fair balance must be struck between the government's social role and the reality of budgetary constraints.

To my mind, the finance minister's budget is in every respect consistent with the Liberal philosophy of a fair balance. We will get the deficit down. Indeed, we have reached and ever surpassed our objectives because the deficit is lower than anticipated. In saying that the government has a social role to play which must be maintained, well, with this budget we have fundamentally reconsidered the role of government.

People are saying that block transfers to the provinces are disastrous, I say that is pure grandstanding. I myself was a member of the parliamentary committee on the reform of social programs and I must say that, throughout Canada, people were asking for greater flexibility for the provinces. In Quebec and everywhere, people asked for block transfers. And so when the finance minister says he is rethinking the role of government, it is in fact to restore greater autonomy to the provinces through these block transfers.

What else could people ask for? The block transfers obviously entail some cuts, but we must not lose sight of the fact that the cuts we are imposing with this transfer in regard to the Canada assistance plan, health and post-secondary education is not as harsh as the measures we have imposed on ourselves. We must remember that by making a block transfer to the provinces, we are eliminating some overlaps, thereby reducing administrative costs.

Needless to say, this budget could be described as exemplary and that is why opposition members are trying to discredit it, but they are having a hard time doing so because that is not consistent with their views. This budget has something for Quebec and the other provinces, it gives them greater autonomy. That is what Canada will be like tomorrow and it is the Liberal Party, the present government, which will bring Canada into the next century.

And now, my question. In Quebec, people talk about wanting to regain autonomy in budgetary matters, returning taxation power to the province of Quebec, about having more budgetary capacity come separation. Considering that equalization works to Quebec's advantage—

The Acting Speaker (Mr. Kilger): Order, please. I must take into account the fact that the hon. member was allotted ten minutes with five minutes for questions and comments; that time has almost run out.

Mr. Bélisle: Mr. Speaker, I would like to tell the hon. member for Outremont that what the federal government will be transferring to the provinces in terms of block financing is a thinner envelope, a teeny weeny envelope.

(1600)

When I mentioned in my remarks that the federal government was adding insult to injury, I was referring to the fact that, historically, as the Prime Minister said earlier today, to have a say, you have to pay. Up until now, the federal government paid. But in the future, while withdrawing financially, thereby passing on to the provinces the dirty job of cutting back social programs, the federal government wants to continue laying down standards, national standards. That is the problem.

Mr. Martin Cauchon (Outremont, Lib.): That is not true. Read the budget carefully. Go ahead.

Mr. Bélisle (La Prairie, BQ): If the hon. member for Outremont will let me finish. Naturally, some social programs have to be maintained, but the problem is this: at this rate, certain cuts have been so poorly targeted that, if you tie program spending to debt charges and the debt continues to grow at the same rate, there will come a time, five or six years down the road, when program spending cuts to the tune of \$75 billion will become necessary to match debt charges of \$75 billion. The

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federal government will then be paying as much on debt service as on all programs provided to individuals and the provinces. We will have a crisis on our hands. That is what this government is leading us into.

[English]

Ms. Jean Augustine (Parliamentary Secretary to Prime Minister, Lib.): Mr. Speaker, I am very pleased to join in the discussion today. For too long in Canada we have been living in a context which ignores the future implications of our actions. The government has done much more than sit back and wring its hands about the serious economic situation of our country.

Canadians and the governments they elect, whether locally, provincially or nationally, have for a long time been well aware of the impact of the deficit, of how it undermines consumer confidence, of how it diminishes our ability to compete internationally, and of how it robs our children of an economically viable future.

More often than not governments did not act, refused to act. On February 27, 1995 the government demonstrated its willingness to act. The government demonstrated its courage and commitment to make the necessary sacrifices to ensure a better future for Canadians. The Liberal government has submitted to the House a framework that will deliver back to our country and to its citizens the confidence and optimism needed to create a strong, dynamic economy, which is necessary in the context of market globalization.

To listen to the members across the way we would think that point has been missed on them. As a member of the human resources development committee of Parliament I am in a position to say that the strong actions taken in the budget reflect our determination to maintain our commitment to the principles of the Canada Health Act and reinforce our commitment to work with the provinces to provide better and more affordable services.

The provinces have always argued that they are closer to the people, that it is their constitutional prerogative to administer social programs in a cost effective way. The Canada social transfer will be negotiated by the Minister of Human Resources Development and will allow them to do just that.

The bottom line is that Canadians want both government levels to work together to manage social programs better. The budget continues the fundamental structural reforms needed to do that. If we do not act now, our social programs will not survive in the future. We care about our systems of health and education. We care about protecting seniors and the most vulnerable in society.

I would like to share with the House some recent experiences in my riding of Etobicoke—Lakeshore. My constituency office receives numerous calls on a daily basis. In the recent days

preceding the budget I received well over 800 calls from constituents asking me to convey their thoughts to the minister that personal income taxes should not be raised. This was a message that I as well as other members of the House communicated to the Minister of Finance.

I knew the finance committee had been around the country. We heard Canadians tell us what should be done. I am here to say that the process worked. The views of Canadians are reflected in the budget. I will give some instances.

(1605)

In my own riding one of my constituents, Mr. Ted Morris, said:

Income tax remains the same, thank God. This is a budget that seems to have deflated indignation.

Mr. Morris also brought the message of a local bank manager happy about the increased value of the Canadian dollar, a local real estate broker pleased with the national unity implications, and a retired department store employee wondering whether the provincial government would follow suit.

To some of the residents in a popular Etobicoke donut shop yesterday morning there was an understanding that governments in the past have lived off their credit cards and that this government was ready to start correcting spending habits.

I have a letter here sent today by fax from a constituent, Mr. Michael Kern. He said:

I am pleased that personal income taxes did not increase. For the moment I feel that the new gas tax is acceptable.

He went on to say:

Over the past several days the media has been monitoring the opposition to the new budget. I am sure that you have seen news reports of the opposition parties giving their critique of the budget. However on the same news reports reactions from the public are usually shown. My opinion of the budget seems to be in line with that of the general public. We are satisfied. It seems that the only people upset are the opposition parties.

I can go on and refer to several other points that he said. He referred to the new immigration policy. He said:

That is not bad, not as bad as groups would make it out to be.

He said:

When you join a social club you have to pay an initiation fee and I believe that the privilege of immigrating to Canada should be no different. The bottom line is this. Mr. Martin has taken the initiative to reduce the deficit, something that previous federal governments seemed to dance around. In addition, Mr. Martin has done so through sensible cutbacks and corporate taxes. I am happy to see that the working Canadian finally does not have to shoulder the responsibility alone. Mrs. Augustine, please accept my congratulations to your government on a practical budget that I feel we can all accept.

I am not certain what messages the Reformers get.

Our government is committed to providing a fair and reliable system of protection for seniors. I know there are several seniors in my riding who are watching the debate today and who are concerned about protection for seniors, equality, balance and all

the things required to ensure the pension system is sustainable in the long term.

The budget states the basic principle for reform in terms of seniors programs is to ensure the system continues to be affordable and that we have some goals for changes in 1997. The budget states these basic principles: undiminished protection for all seniors who are less well off, including those receiving the GIS; continuing full indexation to protect seniors from inflation; the provision of OAS benefits on the basis of family income, as is now the case with the GIS; greater progressivity of benefits by income level; and control of program costs.

The bottom line remains that Canada is still the best country in the world and remains a model for other nations. With the budget the government has demonstrated leadership. Canadians know that we will continue to benefit from a number of social programs that reflect our understanding of community. These programs are implemented in a way that permits governments to take into account changing times and changing needs.

It is in the spirit of federal-provincial co-operation and to provide the greatest possible opportunity for our economic recovery that I join in the debate and support the budget.

As someone who is an immigrant to the country, I know there are concerns by all who are in the process of applying for permanent residence. As the minister of immigration said, we are all in this together, those who are joining us, those who are here and those who want to be here.

(1610)

The fee is set out in typical Liberal fashion. As a caring and compassionate government we ensure that no one will be turned away as a result. Loan programs and other ways of assisting are also included in the process.

This is an excellent budget and I call on everyone in the House to endorse it.

[*Translation*]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I listened with interest to the hon. member for Etobicoke—Lakeshore, who told us about the interesting things she sees in the budget. I had the opportunity to travel with the hon. member when the Committee on Human Resources Development criss-crossed the country. I would like to know if the hon. member is as satisfied with the measures announced in the budget as with the lack of certain measures.

Was she not hoping that something would be provided for social housing? Indeed, it is clearly established that the best way to fight poverty in Canada is to provide a dwelling, at a reasonable cost, to people who often have to spend 40, 50 or 60

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per cent of their budget on housing, because other forms of assistance are inadequate. Does the member not think that the budget should have provided something in that regard?

During the committee hearings held across the country, did the member hear anyone say that the government had to take \$700 million out of the UI fund, as provided in the budget? Did anyone ever tell the committee that cuts should be made to the UI program? When the committee travelled to Rivière-du-Loup, did anyone ask that all transportation subsidies be eliminated immediately, that the whole economic structure of the region be changed without any transition period to adjust, and that the UI fund also be reduced, thus leading people to leave the region? Did the member hear any such thing and is she pleased with this budget as regards social housing and the cuts affecting the unemployment insurance fund and the transportation subsidies?

[*English*]

Ms. Augustine: Mr. Speaker, I am pleased to recollect for my hon. friend our experience across the country. Over and over we heard the messages. Maybe we interpreted them with different ears. However, people told us over and over about jobs and the creation of jobs. They told us that the best social security for individuals was the ability to find work and the ability to provide for their families.

It is also important to note that the individuals who spoke to us on a number of issues stressed quite strongly the fact that they wanted the involvement of the federal government. They wanted some principles, some national standards, and some way of operating that would ensure protection and security in the fact that the federal government would provide the necessary support.

As federal legislators, the expectation from us is to ensure that we provide the kind of economic climate in which individuals will find jobs.

Mr. Robert D. Nault (Kenora—Rainy River, Lib.): Mr. Speaker, I rise in support of one of the toughest budgets in Canadian history. A tough budget was needed to keep the country on track. It is a budget that Canadians have been calling on the government to table and I am proud to stand in my place today to support it.

We have answered the demands of Canadians with a tough but fair budget. We have taken the necessary fiscal action in a sensitive manner that addresses the priorities of all Canadians. No doubt there is pain involved, but the pain does not hit like a sledgehammer. A sledgehammer would devastate everything around the target. Rather, it is like a bow and arrow. We hit the targets dead on without devastating everything around us.

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(1615)

This budget is the arrow that will hit our deficit target without destroying the foundation we have built.

That is the difference between the budget that was tabled by the finance minister on Monday versus the budget we saw by the Reform Party the week previous. You can cut, but there are ways to cut. I would emphasize that this is the difference between the Liberal Party philosophy and the one across the way.

The 1995-96 the federal budget has gained widespread support. Yes, there is opposition that this budget is too strong or does not go far enough or will spell the end of Canadian society as we know it. The answers to those criticisms are easily found.

The budget comes down squarely at a crossroad for this country. It must be a strong budget as Canada meets the economic and fiscal challenges leading into the next century. If this budget went any further, slashing and burning government spending with reckless abandon, that is just where Canadians would find themselves, abandoned by their government.

As I said before, Liberals do not abandon people. By taking this sensible approach to our fiscal situation, it is this government that will ensure social programs and basic services remain apart of Canadian society.

This is a make or break budget for our deficit situation. We must not impede economic recovery and the potential for growth. By taking the steps contained in this budget, we are directly acting on our fiscal position so that Canada can maintain and not destroy the universal social programs that define this nation.

This budget must satisfy demands of international markets, a reality of living in a global trade environment. The financial community quickly graded this budget with high marks.

Interest rates have dropped and our dollar immediately climbed in the markets. The government did not panic. We listened to Canadian taxpayers, to international markets, to dozens and dozens of interest groups. Then we acted with sensible, intelligent and compassionate approaches.

We are, as the finance ministers says, breaking the back of the deficit. The international community has acknowledged we are on the right track. Many of my constituents have told me that they are impressed with this budget. Canadians obviously approve.

The budget takes necessary steps to secure Canada's fiscal position. The federal budget is just strong enough. The minister of finance has found the right mix of spending cuts and revenue measures to ensure a fiscal trend of deficit reduction.

This budget significantly reduces government spending but is crafted in a way that is fair to all regions of the country. We must bring our finances in order. To do that Canadians everywhere

must share, quite frankly, in the price we must pay for fiscal responsibility.

I hasten to add that sharing in the cost of reducing our deficit will not involve paying more tax. We will meet and exceed our deficit reduction targets without an increase in personal taxes.

The government has taken on the challenge of fiscal prudence while maintaining steady economic growth. This is not an easy task. Our choice is to fundamentally change the structure of government. Our focus is on reduced spending and a smaller, smarter government.

I have been a long time supporter of our public sector service. The reality we face as Canadians, and one that must be shared by our public servants, is that government must be streamlined. The public sector must find a way to become more efficient. It is a tough assignment but I am confident that Canada's public servants can bring government into the next century.

If anyone is capable of meeting that challenge, it is the men and women working in the public sector. These professionals are embarking on a difficult transition. I urge our public servants, many of whom I know personally, to apply their skills and to contribute to Canada's future.

We all know that the public sector will lose about 45,000 positions, but last year alone there were almost a half a million new jobs created in Canada. The objective of this delicate budget is to bring the government house in order without upsetting the balance of economic stimulus. A healthy economy will provide jobs for skilled people such as those who will be leaving the public service.

(1620)

Government supports the creation of new jobs but it is business that does most of the hiring. We will realize savings from cutbacks in government spending but there is also increased revenue from newly created jobs.

My riding is located in northwestern Ontario. It is a region of Canada that can be used as an example of how the budget will impact Canadians. Northwestern Ontario will suffer from spending cuts and revenue measures. We will lose forestry and mining developing funding shared by the federal and provincial governments. The decrease in dairy subsidies will affect us and the gasoline tax will hurt.

I realize, as my constituents do, that we will survive. I think everyone of us realizes that we have to share the burden in one way or another. My riding has never depended on government for its survival. I think the majority of my constituents would rather see government get its act together instead of receiving a handout.

Northwestern Ontario has carved an economic foundation from the resource sectors such as forestry, mining and tourism.

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Comprehensive diversification of our regional economy is a long term goal which is progressing.

I am encouraged that this budget, while reducing or eliminating subsidies, is keeping business support programs in place. Small business loans, export and marketplace services and technology support all remain a part of the federal mandate. We are also optimistic about the future of tourism initiatives that have become a federal priority.

The relationship between small business and the banking sector has been a longstanding concern in my riding. When I was in opposition it was something we talked about on numerous occasions, that small business is still not getting a fair shake from the financial institutions in the country.

In the budget the access to capital for the reasonable ventures essential to the economic growth in my region is again going to be a priority of the finance minister. I am still hopeful that sooner or later the banks in this country will realize that without them we cannot get this economy rolling to the extent we believe it can.

Recent increases in the Small Business Loans Act are a positive sign. A region such as northwestern Ontario is dictated by unique circumstances. I also feel the privatization of crown corporations will be received well in this House and in the riding I represent.

I chaired a government task force to study the future of the Canadian National Railway. The commercialization of CN is one of the recommendations in our final report. This action and other commercializations such as Petro-Canada has great potential for the private sector. It puts business in the hands of business people and leaves government with the task of regulating, not operating.

The fearmongering on the issue of social programs is something I want touch on a little. The issue of Canada social transfers does not hold much water in my riding. If we changed the system my constituents would applaud that simply because they are not satisfied with the current structure of social programs as they exist today.

Like many members of the House, I have conducted a survey on social security. The overwhelming response was that social policy must change. This budget sets social policy changes in motion and I applaud that. Once again, the government has not pressed the panic button.

The other side tends to press the panic button to make people concerned about the fact that we are not moving quickly enough. Those who have been here around here a little longer will realize that if we take our time and put the right programs in place those will be the programs that will survive the test of time and they

are the kinds of programs that built this country and made it the great place we live in.

If we are to change our system we have to make sure it is a change for the better and not for the worse.

(1625)

This budget makes it clear that this party is responsible for universal social programs in Canada. It will be this party that brings social policy into the 21st century. Of course the only way we will do that is to ensure we can afford it and this budget does just that.

This is a responsible budget. We are attacking the deficit but we are planning our attack without undue casualties. The social fabric of our nation will survive. We are setting a responsible pace of deficit reduction to preserve economic growth and stability.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I was interested to hear the hon. member saying his constituents have been very pleased with the budget, especially when the Prime Minister and a number of other Liberal MPs have been saying how this is not a budget they wanted to bring in, that it is an anti-Liberal budget.

I wonder if this actually means the people in central and eastern Canada voted Liberal because they had no other choice and that they actually do not want traditional Liberal budgets or traditional Liberal policies. Polls taken on things like justice and the budget show that Canadians actually want Reform style policies and budgets.

I ask the hon. member whether the fact that he is getting compliments about the budget actually means people do not support Liberal policies.

Mr. Nault: Mr. Speaker, as I have on numerous occasions in this place, let me make very clear to my friend across the way that I do not come from central Canada. I come from western Canada. I happen to be the member of Parliament for Kenora—Rainy River, which is in a vast riding in northern Ontario. It is on central time and is so close to Winnipeg we have very western ideas. The riding has been voting Liberal long before I was alive and, yes, there was a Reform candidate who ran in my riding. He was lucky to get his deposit back, the lucky soul that he was.

I can assure this House that my riding, being of very western flavour, believing very strongly in Canada's social programs and fabric, would not have been voting Liberal since the turn of the century if it did not believe in Liberal principles.

If this budget, as is being suggested by the member, were not a Liberal budget I would have heard about it first and foremost in my riding because my riding, as I said, only voted one other way in its history and that was when it lost its way in 1984 when everybody was foolish enough to vote Tory and it went with the

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NDP. I can assure members that my constituents learned their lesson that one time and now have gone back to the Liberal fold.

I have received five phone calls on the budget from people who were concerned about social programs. The remainder of the people in my riding have called to say this is a great budget because it sends us down the track. It also recognizes that we did not get into the mess in three years, like the Reform Party seems to suggest, and we will not get out of it in three years as it suggests.

It took us 20 years to get into it and it will take us some time to get out of it. We should use our good, common sense and not tear and gut the heart and soul out of Canada by doing that, but take our time and restructure the economy the way it should be restructured.

[*Translation*]

Mr. Martin Cauchon (Outremont, Lib.): Mr. Speaker, I will be brief. I would simply like to add to the comments of my eloquent colleague, who clearly, has done a fair analysis of the budget situation. I would like to add, on the matter of national standards, as I mentioned earlier, that the Minister of Finance created a new transfer in the budget to be called the Canada social transfer.

The opposition is saying that again we are setting national standards for the Canada social transfer. I see nothing wrong in setting national standards. The problem with national standards—and again the opposition is trying to doctor the truth—is that, in the past, the standards were set unilaterally by the federal government. Now what we are saying, and it is in black and white in the budget, is that we are inviting all of the provinces to work together to set national standards jointly and in a spirit of co-operation.

This is the new Canadian federalism, flexible federalism, co-operative federalism. We are not trying to hide the truth or use some form of trickery to take away what is in fact in the budget and what was requested by all of the provinces.

(1630)

[*English*]

Mr. Nault: Mr. Speaker, I want to quickly say to my colleague and to other colleagues in the House that federalism is by far one of the best systems in the world. There is a reason for that. The reason federalism works so well and why other countries wish they had a federal system like ours is because it is fluid. It is not static. The reason federalism works is its ability to be flexible.

Anyone who has analysed where we were when we first became the country of Canada and where we are today with the changes that have taken place has found that we have been able

to adapt to tremendous change when necessary. It is the reason this country has been so successful.

If this government keeps on track the way the finance minister has been going, I predict as I did in the last election that by the end of the 1990s we will have our deficit under control. We will be paying off our debt. We will be back on track. We will still be the best country in the world. Our fiscal and monetary policy will be back to where it would have been had we not had that 10 years of Tory rule which messed it all up for us.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, as I rise to debate this borrowing bill, I must flag a historic event for the House. We have finally witnessed a budget that, however timid, at least attempts to cut federal spending in real terms.

It has been decades since we have seen this kind of budget and it marks a great victory for the Reform Party of Canada. This budget would have been unheard of only a few years ago. It indicates a stunning conversion on the part of the Liberal Party.

I am delighted the financial markets have reacted positively so that things may go well for our country. Above all, I wish for prosperity and stability for Canada. When that happens I am pleased, no matter who brings down the budget.

However, just as a leopard cannot change its spots, I cannot believe the Liberals have really been converted. The budget was an act of pure necessity, not something done out of the courage of their convictions. The Liberals did the bare minimum they could in order to avert a national financial disaster. Had he had his way, the Prime Minister would have increased spending and taxes even more than he did. He said as much on the CBC program “Morningside” yesterday.

In this respect there is no denying that the presence of the Reform Party of Canada in this House is a bulwark in defence of the taxpayer, a stronghold of protection of the public interest. The Reform Party, working with Canadian taxpayers, can take the credit for this change in direction.

Fifty-two members of this House put sustained pressure for a year and one-half on this government to reduce spending. The government finally responded by adopting a plank from the Reform Party agenda, just as it adopted the agenda of the NDP when that party was a factor in this House.

Although the Liberals have formed the government, there is a new game in town. Today the government is forced to respond to the criticisms from a fiscally responsible opposition, no longer from the loonie left. They still form the government and they still have the numbers in this House to pass any laws they choose, but they no longer possess the moral or political mandate from the people to complete their leftist agenda. The political mandate is passing to the Reform Party of Canada. The Reform Party is now driving the national policy agenda. In that reality, I take great satisfaction.

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There is so much more left to be done. So much of the public interest was ignored in this budget. The government went half way, but it could not bear to bring itself all the way in order to defend our economy, to defend our social programs and our future prosperity. I am truly dismayed by several aspects of this budget. All things politically correct were left virtually untouched.

My constituents have indicated clearly, for example, that they want the CBC to be downsized by two-thirds. Instead, it was cut by 4 per cent. Through an extensive survey process my constituents told me that they want the Department of Indian Affairs and Northern Development to be substantially reduced. Instead, the government increased that budget by 12 per cent. Special interest groups are left virtually untouched. The Canada Council was cut by a mere 2 per cent. The National Film Board was cut by just 5 per cent.

I find it disgusting that the government can go ahead and cut UI but not make dramatic reductions to these other agencies. The government has not dealt equitably with the people of Canada in leaving so many institutions unscathed. How can the Liberals start cutting our social safety nets when they refuse first to abolish their own gold plated MP pension plan?

(1635)

Many budget items simply reflect the power of individual ministers. Why did Cape Breton Development Corporation receive a 69 per cent increase? The fact that it is in the riding of the Minister of Public Works and Government Services may have something to do with it. Why will CIDA be downsized by only 30 people? The Minister of Foreign Affairs swings a lot of weight in cabinet.

As I have already stated, this budget was not about fairness. It is not that I am in disagreement with all of its decisions, but the hypocrisy of this budget makes me question everything the government says. This budget was all about broken promises. The examples are legion.

The government promised never to change the workforce adjustment directive without union consent. It is breaking it. It promised massive changes to social programs. There are none, though there must now be massive changes down the road. It promised not to increase taxes on the middle class but it did it anyway. It promised to reform the GST, but the GST is unchanged. The Prime Minister was to repudiate the NAFTA. Today he praises it. He promised to increase foreign aid to .7 per cent of GDP. On Monday he slashed it by \$500 million.

Two years ago the Reform party proposed cutbacks in the public service totalling 30,000 to 35,000 employees, cutbacks which would have been over and done with by now. The Liberals called us callous and uncaring. Now they are gleefully laying off

45,000 public servants. The Minister responsible for Public Service Renewal says that even more layoffs are in the works. That is callous and uncaring.

Farmers will remember the broken promises. Remember how the Liberals would never sign the GATT without strengthening article XI(2)(c). They signed it anyway. Western grain farmers lost the Crow subsidy. They can add to that a new fuel tax and major cuts to farm programs in the agriculture department itself.

This government quite happily kicked farmers in the teeth, but not until after it had won the election. Farmers are willing to do their part, but if cuts in other areas were as serious as the agricultural cuts, we would now have a balanced budget within our sights.

My own constituency is presently facing a grave economic situation because of this budget. It will take a hit all out of proportion to its own numbers. The Hope weather station will be closed next month. More important, Canadian Forces Base Chilliwack in my riding will be closed over the next four years. This will mean \$105 million or 7 per cent of all economic activity in Chilliwack will be cut out.

Perhaps the Minister of Finance did not see the study that was released on Monday. It showed that in terms of regional distribution, British Columbia gets \$700 million per year less than it should, given its share of the population. Again, we are ready and willing to make sacrifices in B.C., but why would the government increase the regional disparity by taking \$100 million more out of British Columbia?

With the possible exception of Cold Lake, Alberta, there is no community in Canada that will suffer more from this budget than Chilliwack. And the Liberals call that fair? I call it shameful. The people of B.C. will one day pass judgment on Liberal policy.

No longer will there be a land forces presence west of the Rocky Mountains. In the case of a natural disaster or civil disorder there will no longer be that natural resource that the people of B.C. can count on. This is short-sighted. It is bad policy in a civil, military and an economic sense. The third largest province in Canada deserves better.

Now I must come to the bill before us. The fatal weakness of the budget is that this bill will work great harm in Canada. In two years Canada will pay \$51 billion in interest alone. Program spending will decline to \$108 billion and interest payments will increase to half of our program spending. That borrowing bill is nothing more than an enormous social program for foreign investors.

The Minister of Finance decries the Reform taxpayers' budget, but Reform alone faces up to the truth. Because of the interest payments on our national debt, the frightening prospect of the total destruction of many of these programs is looming

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directly ahead. We are choking the life out of them by continuing to run huge budget deficits.

After all the Liberal fanfare, the deficit is still huge. It will still be \$25 billion two years from now. By then we could well be in the middle of a recession. The American economy is already showing signs of a slowdown. If that continues, or if it happens, our economy will be in a meltdown.

The Minister of Finance criticizes Reformers for suggesting that we adjust social programs now while there is time. In the next breath the government admits it is conducting its own study into the pension situation. By the time it screws up its own courage to act, the cuts it will make to old age pensions will truly be devastating. They will leave seniors in real poverty.

(1640)

The Liberals can see the numbers as well as anyone. They know what needs to be done to protect our social programs in the future, but they are going to put off action because they do not have the guts to make the tough decisions today. In fact they will heap abuse on Reform suggestions, even if these suggestions are in the public interest, even if they are quietly undertaking to do exactly the same things themselves in an underhanded way.

Last week I tabled a petition with 20,000 names, calling for no new taxes. In a few days I will table 13,000 more names. I personally delivered 2,000 letters from my constituents to the office of the Minister of Finance calling upon him to balance the budget without raising taxes. These people did not get their wish. Canadians wanted a timetable for a balanced budget but the government failed to deliver.

There are simple tests of good government: conscientious control of the public purse; a strong clear vision of and commitment to the public interest that reaches far into the future; attention to regional fairness; and equitable reductions in government spending. I am disappointed that the government has failed these tests.

This budget has failed the Canadian people. No matter how well it is accepted by the markets in the short term, the numbers predict our future in the long term. The government had a chance to mend our social safety net on Monday, but through Bill C-73 it will allow interest payments to tear it to shreds over the coming years.

Shame on the government that it has squirrelled away the past year and a half making budget balancing all that much more tougher than it needed to be. It is a shame it is planning to saddle our nation with another \$90 billion in new debt, a debt which will be a pox on our social programs, a curse on our taxation levels, a drag on our job creating businesses and a millstone around the necks of our children and grandchildren, forever and ever, amen.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, last night I had the opportunity to review the base closures on television. The Chilliwack base is being closed which I understand is part of the member's riding.

There is not a member of Parliament on this side of the House who did not feel the pain that was expressed on that show last night. That is why many of us on this side of the House for the last few months have been trying to communicate to the opposition, to the Reform Party that we should not just be talking about the federal deficit. We should be talking about the human deficit.

What bothers me is that the debate has not expanded beyond the deficit in traditional terms. We have to figure out what we are going to do in the long term. Not only our country but other countries around the world have been faced with fluctuating interest rates. Capital is being pushed around by people who are shorting their own currencies and playing with derivatives and everything else. We as one nation in the G-7 are almost victims of this international game which is being played.

I wish that with the Reform Party members we could expand this debate. Let us not just think about the budget and the tough decisions we have had to make on this side. Make no mistake, we feel the cuts on this side as much as they do. I would venture to say many of us feel them even more. As Liberals it goes against the very grain and soul that brought us to this place, whereas the Reformers seem to be much more conditioned to deep cuts regardless of the human side of it.

(1645)

Would the member be willing when we return after question period, along with his other colleagues, to maybe enter into a debate on a new and improved Bretton Woods agreement? We should start looking at what we can do to change interest rates, not just for Canada but for all the world. At the rate we are going it is not just Canada that is in trouble. It is the whole world.

Mr. Strahl: Mr. Speaker, I thank the member for his presentation. I understand his first point about the base closures. I realize that base closures have affected many ridings and cross party lines. Some of the Bloc members have had ridings affected. I know many of the Liberals have had closures in their ridings as well.

With the closure of CFB Chilliwack there will no longer be an army base in all of British Columbia. There are 12 bases in Canada. There is not even one in B.C. To me that is a concern. Emergency preparedness is a concern. Even more so, it is a concern that there be a national armed forces presence.

I am concerned that people from B.C. get an opportunity to be trained in Quebec, as I am that Quebecers get an opportunity to be trained in B.C. It is just a matter of equity. I realize I am not singled out in one sense, and yet on the other hand it is a mistake in the long term not to have a land forces presence anywhere in British Columbia. It is short sighted. I realize I share that hurt

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with many members on both sides of the House, but it is short sighted.

The member talks about the cuts we want to make regardless of the human side. Reformers have consistently said it is because of the human cost that we have advocated change. It is no fun to be the guy who says we have to make severe cuts and we even have to readjust our expectations in the pension plan. What fun is there in that? The reality is I want to preserve the core of that for people who need it.

By preserving it now in a relatively short order, we can preserve the parts that make Canada great. It is because of the human side. The last point about the Bretton Woods institution, I have a private member's bill on the Order Paper about the accountability of international financial institutions—

The Speaker: I regret the member's time has expired.

Mr. Strahl: It is because of the time that he took.

The Speaker: With the greatest of respect to members on both sides of the House, the total time is five minutes and I think that has been fulfilled.

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I look forward to the day when I will not have to rise to speak about a borrowing bill.

Liberal members of course, have spent the last few days claiming that the finance minister's budget is the greatest thing to ever bless Canada. They claim that the world financial markets love it and that their constituents love it and all is well. In fact, I would like to thank the member for Broadview—Greenwood for confirming that the budget that the people like so well is not Liberal policy. It simply confirms that people do not want Liberal policies.

Members opposite for the last two days have been claiming the dollar is going up and interest rates are coming down. They say: "Don't worry. Be happy". I think the decline in interest rates has a lot more to do with the amount of money people have put into GICs in the last few days for their RRSPs. It has given the banks a surplus of money that they have to get rid of.

Today the dollar did not continue to go up the way members opposite had hoped. It continued to slump, down to 70.92 today, which is more than a cent and a quarter below the high the day after the budget.

Perhaps this means that the international markets have had time to look a little more closely at the budget and they can see that most of the cuts are deferred until next year while all of the big tax increases occur this year. However, I do think we really have to wait a few weeks before either side decides they have the

answer to whether the dollar is going up or down. We need to give the markets time to really continue to study this document.

There are tax increases in the budget that are really going to hurt the average Canadian very much. Liberal MPs must be the only people in the country who think that a penalty tax on banks is not going to affect the loan rates or the service fees or something else that people use at banks.

(1650)

Liberal MPs must be the only people in the country who think that a 1 per cent increase on the surcharge tax for corporations will not trickle down to price increases or service charge increases.

Liberal MPs must be the only people in the country who think that a 1.5 cent a litre increase in the tax on gasoline will not mean higher prices at the pumps.

Despite all of these deceptive increases in taxes that will hit the average Canadian, the ship is still going down, albeit a little more slowly and with a few less crew on board. In three years the interest payments on the debt will have consumed every single cent the finance minister has saved in his latest budget.

The minister was quoted in the *Vancouver Province* as saying: "The light at the end of the tunnel is much closer than any of us might think". That light is getting larger because there is a locomotive bearing down on us. The finance minister may be going in the right direction but he is on the wrong track. Increased taxes will not bring confidence to the job creators of the country, that is businesses.

I know members opposite think the government creates jobs but it is actually business that creates meaningful and real, long lasting jobs. If businesses do not feel good about the economy they will not expand and create jobs.

Let me compare the finance minister's performance with that of some of the governors in the United States. A constituent in my riding, Mr. John Dickenson, provided me with a tape of a speech made by Governor Carol Whitman of the U.S.A. She is the governor of New Jersey.

Governor Whitman cut business and income taxes three times over a two-year period, a 30 per cent cut in taxes at the same time as she slashed spending to comply with a balanced budget amendment. Opponents, for which we can read Liberals, said: "The sky is falling. The economy will be destroyed". Instead, 60,000 new private sector jobs were created by the private sector and tax revenues actually increased.

The same pattern is evident in state after state. Governor Bill Weld of Massachusetts cut spending by \$1.7 billion in his first month in office. He also cut taxes five times and now has the lowest unemployment levels in the United States.

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The same month that President Clinton signed the biggest tax increase in history for the American people, Governor John Ingler signed the biggest decrease in Michigan history, bringing the lowest unemployment rate to Michigan in 20 years.

New Zealand has also had similar results from its program of massive cuts to government spending at the same time that the tax system was revised and taxes were reduced.

The proof is there. Zero in three actually works. These examples show that the very best way to put more money into the hands of the poor, of families, of businesses and of everyone is to cut spending and taxes. Tax cuts and spending cuts make it easier for people to buy a home and to improve their standard of living. Things work better when people make their own spending decisions instead of having their spending decisions made by good, old Uncle Liberal government back here in Ottawa.

There is nothing moral, compassionate or virtuous about increasing taxes. I will say that again in case any members opposite were sleeping. There is nothing compassionate, virtuous or moral about increasing taxes. High taxes punish those people who are the most productive in our society. High taxes are a symptom of a government's failure, incompetence and inability to recognize the damage that those high taxes are doing to society.

Even some Liberals have come to realize something is wrong. They realize there is too much crime, too much family violence, too much poverty and too high a debt. Some are even starting to realize that the biggest single social program is the transfer of all that interest payment to the creditors of Canada's debt every year. That is one social program that is still growing.

The government has not realized yet that Liberal policies have caused these problems and these problems will not be solved by throwing even more government money, especially borrowed money, at those problems.

I heard another member talking about compassion earlier. Compassion is something one cannot buy. It is something that comes from within. One does not buy it by throwing dollars at a problem.

(1655)

I would like to change tack a little and relate a little more about my experience in New Zealand over the Christmas break. I was in New Zealand visiting relatives and I had the opportunity to meet for an hour and a half with the Right Hon. David Lange, who was Prime Minister of New Zealand at the time of the debt crisis in 1984.

I would have laughed if anyone had told me a decade ago I would one day sit with a Labour minister of finance and actually enjoy speaking to him. I came away from the meeting with a great deal of respect for a man who has faced the debt monster,

came to grips with it and realized that a free market economy is the best way to deliver healthy social programs.

Mr. Lange said: "We have passed through the age of left and right wing governments to a time where we have maintenance and reforming style governments". Those are the terms we should be using today. This new set of labels put into words a concept I have been struggling with for some time because I knew despite the accusations of the other side of the House, the Reform Party is not a crazy right wing party. We are not either right or left wing.

I will use an example. The members opposite can jeer. I use the example of the 1992 referendum on the Charlottetown accord when all three traditional parties; the NDP, the PCs and the Liberals lined up on the yes side and Reform on the no side. Does that make us left or right? Which one? Neither. It made the three traditional old line parties maintenance style parties. They did not want to change the status quo. We were the reformers, the ones that wanted to change the status quo, make the necessary changes.

Mr. Lange's Labour left wing government became a reforming style government when it had to face the debt monster. During the period following that debt crisis from 1984 to 1994 the National and Labour parties took turns in office, but they were all reforming governments. They continued the program of government spending cuts and tax decreases to generate the necessary stimulus to the economy.

Today New Zealand has a maintenance style of government, National by name, which has projected a \$2.5 billion surplus for this year. Last year they had a \$900 million surplus and put \$800 million more into social programs because of it.

Mr. Lange predicts that New Zealand will have a maintenance style government for the next decade. Unemployment is down to 6.5 per cent and the economy is growing at an annual rate of 6 per cent.

I can see the puzzled looks on the faces of the Liberals. "Please tell me it is not so", they are saying. "Please do not say that the private sector actually creates jobs. Please do not tell us it is better if government is smaller and that it makes spending cuts". Mr. Lange told me that the Canadian Liberal Party is a maintenance style of government. It is just used to keeping things running when things are good and if Canada had to face its problems it needs a reforming style of government to do it.

Mr. Lange also told me in retrospect he wished he had moved faster on the cuts because it was so stimulating to the economy. A decade later, New Zealand has a diversified, free market economy competing in the global marketplace. Exports now include plastic bottles to Japan; wooden boxes to the U.S.A., mozzarella cheese and hamburger beef to Canada; furniture to Singapore; metal castings to Taiwan; aircraft parts to Boeing in Seattle. The free market economy will solve our problems. We should not be borrowing more money. We should be cutting spending.

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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 Notre-Dame-de-Grâce, World Summit for Social Development; the hon. member for The Battlefords—Meadow Lake, The Budget; the hon. member for Kamouraska—Rivière-du-Loup, The Budget.

Mr. Jerry Pickard (Essex—Kent, Lib.): Mr. Speaker, I listened very carefully to the comments of my colleague. I have heard the same comment day after day from the Reform Party that the Liberals are really very unrealistic about what is happening.

(1700)

Why did John Bulloch, president of the Canadian Federation of Business, state that our budget was very believable, very credible? Why did John Fund, who wrote a highly critical editorial about Canada's \$540 billion debt, congratulate the government for being on the right course?

Could the member please inform me why the powerful Canadian Manufacturers' Association called our budget the first very serious attempt at balancing this country's books? Why is it that yesterday the chartered accountants association in this country congratulated the Liberals and said that we scored four out of five on their questions? We were at the top of the list in the way we responded to the debt and the deficit in this country.

The Canadian bond raters raised Canada's status. Each financial group, each authority on business in this country has come forward one after another. It is not the Liberals. They are not people who have been friends to the Liberals. They are representing very specific business and financial interests in this country. They applaud the steps taken by the minister.

Mr. White (North Vancouver): Mr. Speaker, I would like to congratulate the member opposite for pointing out once again that a successful budget receiving praise from many areas is not a Liberal budget. This confirms what I have been saying time after time this afternoon. People wanted a budget that was not a Liberal budget. They were very pleasantly surprised by the general direction, although not quite far enough. The international markets seem to be telling us that.

Everybody out there wanted a budget that was nothing like a Liberal budget. All the member has done is confirm yet again that people do not want Liberal policies. They do not want

Liberal financial answers. They want real reforming budgets, reforming policies and a Reform government.

Mr. Ron MacDonald (Dartmouth, Lib.): Mr. Speaker, it is never good for me to get up to speak after I have listened to the nonsense and the rhetoric from the other side, particularly the Reform Party.

I have sat in the House for quite a few years. I have listened to a lot of rhetoric in the House. The hon. member's rhetoric is perhaps the most unbelievable I have ever heard. He gave his entire speech talking about experiences in Michigan and New Jersey and the wonderful things that are happening everywhere else but in Canada.

I want to let him know something because he obviously has been out of the country for quite a while. There has been a revolution happening in Canada. It has been a revolution the Liberal Party has created about putting government back where it belongs, serving the public, allowing the free market to proceed.

Guess what? The Canadian public has looked at what we have done. It has not just given us a thumbs up. It has given us a resounding vote of confidence. Today the Angus Reid poll indicated the path we have taken with the recent budget is supported by over 70 per cent of Canadians polled. This was despite the doom and gloom and the nonsense the Reform Party spouts like a loose water cannon daily in this place.

Those members came into this place not because the Canadian public wanted a Reform style of politics but, with the greatest of respect, they came into this place in many ridings because the Tories simply lost the ridings, not because anybody agreed with the policies they had.

I consider myself to be a left leaning Liberal. I happen to believe that the New Democratic Party has a voice that Canadians need to have heard in debate. I look across at the Bloc Québécois and I have listened to the members opposite. Other than the fact they are horribly misguided with respect to their bent on sovereignty, most of these individuals opposite are Liberals by philosophy. One has to listen to them. They may want to take their province out of Canada but they have an underlying concern for the individuals, for the social policy, for the programs of this country.

I would not call the Reform Party left or right. That would put it on the continuum of common sense. It is right off the mark when it comes to being responsible and reflective of Canadians.

(1705)

I want to talk a bit about the budget and this borrowing authority. I know the member is new here but even if there were

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a balanced budget there is still the need for a borrowing authority of government. The taxes do not come in every single day. They come in mostly at one point in the year. The borrowing authority bill is a time that we can stand up in the House and talk a bit about the fiscal reality of Canada.

When we took over government we took over a government that had lost the confidence of investors not just in Canada but around the world. We took over a government and an institution that had lost the confidence of Canadians.

The Prime Minister said time and time again when he was on the campaign trail that if he did not do anything else as Prime Minister of this country he would put respect back into politics. What we say we will do, we will do. He put most of the main ideas in a thing called the red book. Much to the chagrin of the Reform Party and members opposite, almost daily there is another commitment in the red book fulfilled by the Prime Minister, the cabinet and the Liberals in this government.

That is probably one of the reasons that Canadians, international investors, people who buy Canada savings bonds, people from all over this country and beyond finally sat up and said it is amazing, they can finally have a government in power in Ottawa that says what it means and does what it says it will do.

Let us be realistic here. I have been here seven years. We used to watch and wait for the Tory finance minister to get up and it was like throwing darts with a blindfold on his deficit projections, whether they were going to hit. We wonder why the international community lost confidence in the Canadian dollar. We wonder why it lost confidence in the Canadian economy. It is because the previous ministers of finance who were on the right wing of the spectrum, the Reformers of late, could not add up.

Every time they came in with a projection the international money markets and consumer confidence went right down the toilet. We could hear the big flush every time one of those budgets came in.

Our finance minister put a budget last year and he has not only met the projections, and that is the first time in recent history that has been done, he exceeded the projections. When he walked in this time and put a budget forward and the Canadian public and the people who invest and buy our bonds in the international community and who invest in business in Canada said finally they have somebody in government who is credible. So did the Canadian public in the poll released today.

I want to talk about how we have not abandoned our principles as Liberals. I am a Liberal. During the lead up to this debate and this budget I harboured grave concerns about where we were going as the Liberal Party.

I am one of those individuals who believe in the principles of liberalism, of fairness and equity. I believe the people of this country have a collective right of ownership of the resource that

is Canada. While one of the roles of government is to ensure that the free market system works and is attractive to people to come and invest, the Government of Canada has a fundamental responsibility to ensure that wealth is redistributed. That is absolute horror to the ears of the Reform Party. I believe that with every ounce of my being.

When this great debate started and we had this deficit that had to be brought under control I thought we were going to lose our principles. I thought as the Liberal Party we were going to find ourselves following a right wing Reform-Tory agenda. We did not.

I have discovered something. I discovered that we can stand up and defend the vehicles that deliver the programs until the cows come home but if the vehicles are broken they are not going to be able to deliver the programs. The programs are merely a manifestation of the principles. The principles of those programs, our social programs, our transfers to the provinces, our equalization program, EPFs and health care, unemployment insurance, all of those things and all of those programs that we provide as government are merely a way to deliver the Liberal principles of wealth, regeneration and redistribution, of going in and making sure that government has the ability to help those who are least able to help themselves.

I was more than pleased when I heard the budget announced the other night. I was worried there would be an adverse regional impact. I guess once bitten twice shy. To be quite honest, last year I felt that the budget disproportionately hit some of the regions like Atlantic Canada.

(1710)

I was extremely vocal in my concerns and in my criticisms. Over the last 12 months we have grown as a government and we have learned to listen. We have had the most massive prebudget consultations in the history of this country. We listened, not just to people out on the hustings but also to people in this party and people in the House.

The Minister of Finance has crafted a document I did not think could be done. First, he has satisfied the international investor community that Canada is serious about its deficit and eventually dealing with the debt. Second, he said that we are still a country that believes in the greatness of the resource that is this nation and the rights of the individuals to have their government give them a hand up when necessary. Third, he recognized this country first and foremost is a regional country. The economies in this country because of our geography and our history are regional economies.

The finance minister came in with a budget that did not disproportionately hit any part of this country, that recognizes that the real future of this country is getting our debt and deficit under control while at the same time not throwing the baby out

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with the bath water and wherever possible preserving those basic and fundamental principles of Liberalism.

I am not happy that as a result of the burgeoning deficit some of our public servants who have done a tremendous service for Canada have had to go. The President of the Treasury Board has listened. He has come in with a package which is fair and in most cases more than reasonable. We have said to the public servants of Canada that times have changed. Yes, government has to do more with less and our priorities must shift.

With those individuals who have helped to build this country and deliver the programs we are prepared to sit down and be as generous as we can with early retirement, early departure and transfers, if possible, to other programs. No, we are not perfect as a government and this budget is not perfect, but it is the closest thing to perfection in a budget that I have seen and that the Canadian public has seen in many years.

[*Translation*]

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, I would like to ask my friend, the hon. member for Dartmouth, a few questions. I had the opportunity to take a trip with him to Japan, during which we had long discussions. Despite that opportunity, I was still a little surprised to see that he was so proud and happy today, and so impressed with the Minister of Finance's budget.

I fail to see how anyone could be proud, for example, to say that most of the deficit reduction measures will be achieved by offloading the problem onto the provinces. Responsibility for a large part of the federal deficit will be squarely put on the province's shoulders. For example, the Minister of Finance says that Quebec will receive almost \$7 billion less from the federal government, which will, of course, continue to tax Quebecers as much as ever.

How can he be proud to see that, in two years' time, Canada will have tacked on another \$50 billion to its debt? How can he be proud of that? How can the hon. member for Dartmouth be proud to see that, in two years, Canada's accumulated debt will have climbed to \$611 billion? How could we be proud of that? This does not make me in the least bit proud. Therefore, I would simply like the hon. member to answer my question.

Instead of making fiery speeches, he may be better advised to come down from the clouds and realize that, in two years, Canada will obviously have to collect more income tax and impose other taxes. The country will give much less to its citizens, since the interest payments on the debt alone will be at least \$50 billion. How could we possibly be proud of that?

[*English*]

Mr. MacDonald: Mr. Speaker, I thank my hon. colleague for his questions. I have a great deal of respect for the work that he does in Parliament. We have had discussions. I think he should drop this bit about sovereignty because he knows that Canada is a great place and I know he feels that fundamentally.

My colleague has asked me two questions. On the one hand, he has raised a concern about debt downloading to the provinces, that there are cuts in the transfers. I have to say to him that I am concerned about the cuts to transfers. The province of Quebec is much more able to withstand those types of cuts in transfers than places like Newfoundland, Nova Scotia and New Brunswick.

In New Brunswick and Nova Scotia the provincial ministers of finance said the number one wish they had on their wish list going into this budget was not that they did not have their transfers cut, but that the federal government come up with a credible plan for getting its finances in order. If that was not done it would have a major negative impact on the stability of the dollar and interest rates. Every province in the country is individually financing a debt. Their number one priority was to have some credibility from the Minister of Finance.

(1715)

On transfers to the provinces we cut them by 4.4 per cent. That seems like a lot of money. It is 3 per cent of the revenue of the provinces. However, we cut our own programs, the ones we take credit or blame for, by 7.3 per cent. We cut ourselves more than we cut other people.

With respect to the second question about the debt being too high, I agree with him 100 per cent. However, I do not agree with members of the Reform Party that it is a debt monster and that we should dance to their tune.

We have tried to recognize that the debt is too high but that in order to control the debt we must control the deficit first. We are not prepared to sacrifice that fundamental nature of Canada to satisfy those on the far right, the ones who are off the mat. We are not prepared to go in and sacrifice ourselves to the big debt demon, as the former member said, by slashing programs and dismantling those things that are fundamental to the nature of the country.

I would think the hon. member opposite in a quiet moment would reflect on what we have done. We have probably created another good argument as to why Quebecers would want to stay in Canada. At this point in time, for the first time I might add in a long time, Quebecers just like Nova Scotians have a government in Ottawa that says what it means and when it says something it does it.

Government Orders

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, does the member who just spoke have any sense of embarrassment whatsoever for saying that the red book was still their Bible?

I heard throughout the campaign and many times here that the immigration level would be 300,000 and it is 200,000; that the GST would be gone; that there would be a renegotiation of NAFTA; and there would be no cuts in social programs.

Unfortunately I am running out of time, but the list is so embarrassingly large that if I had made those comments I could not speak for blushing.

Mr. MacDonald: Mr. Speaker, I agree with the member that there are some embarrassing things going around today, the most embarrassing of which is the dismal performance of the Reform Party's response to the budget that has resulted in its popularity in the country going right down the you know what, Mr. Speaker. We can hear it flushing.

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, I listened with interest to the debate and have come to one conclusion, that Liberals are the only Tories left in Canada.

[*Translation*]

This budget represents a profound change in Canada's basic structures and a total break with the principles that built this country. At issue here is much more than just a simple budget. This is about the kind of country we want to leave to our children. It is about the very essence of our national identity. The Liberal government has just set the parameters of policies that will take us into the 21st century, not as a strong and united Canada but as a fragmented Canada.

The Liberals maintain that we have no choice and that there is only one way to reduce the deficit. The New Democratic Party agrees that debts and deficits are unacceptable and that we cannot continue to live on credit, but we absolutely disagree that this is the way to do it. The Liberals are wrong. There is an alternative.

There are two ways to reduce the deficit: one way is to make decisions collectively, and the other way is to turn the regions, social groups and interest groups in this country into rivals, all competing for the same dollar.

[*English*]

The budget is not straight from the heart. The budget is straight through the heart of the future of the country that I believe the majority of Canadians thought they were going to get when they voted for the government.

(1720)

The minister has said that this is a tough budget. However, it is much more than that. It fundamentally breaks the social

consensus that has been built up over a number of years, often through vigorous debate, to build a country based on bilingualism, multiculturalism and a sense of community that by working together we will accomplish more for each individual.

Many parts of the budget will not be felt by Canadians for one or two years down the road. There is no question that the government has turned its back on much of the Liberal tradition. In a year or two Canadians will be asking what it means to be a Canadian. We should all be concerned about whether we will be citizens of a country or simply citizens of one region or another?

As I mentioned earlier, there is no disagreement about the need to address the debt and deficit. We do not see any serious attempt to deal with the inequities in the tax system. There is some work around the fringes, but there could be much more fundamental work done in the budget.

On the day after the budget individuals earning \$100,000 with a nice subsidized box at the SkyDome and who eat in expensive restaurants were happy because their lives were not touched at all. However there was great cause for concern by senior citizens, single mothers and young people.

A country is more than a bond market or more than just how the economy functions, although that is obviously important. It is about how the economy functions for the people. I want to address very briefly in the time I have several ways in which I feel the budget has made us a lesser nation.

How ironic it is that just two weeks ago we celebrated the 30th anniversary of the Canadian flag. The question people might be asking two years from now is: What kind of Canada will that flag fly over?

Several aspects of the budget have fundamentally changed the social consensus I spoke of earlier. One is the issue of globalization. Globalization is not just economic. It is about Canada's role as an international citizen. It is about the common security between other countries and ours. In many ways the budget largely turns its back on the poor of the world.

A very important part of any country is freedom. I ask my friends on the other side whether they can truly say that the budget has given more freedom to Canadians. Certainly a mother living in poverty has no freedom. An elderly person who cannot get adequate health care has no freedom. A young person who cannot attend college, university or technical school has no freedom. The budget limits freedoms and the potential of citizenship for many groups. Also the budget limits the freedom of such fundamentals as collective bargaining by breaking collective bargaining with the public servants.

The budget does not mention poverty, job creation or youth. It is important to point out that unemployment is not free. It costs the country approximately \$42 billion a year in direct payouts. If the government would have set a target to reduce unemployment by 1 per cent, \$5.16 billion would have been added to the tax

revenue and social spending would have been reduced by \$1.24 billion. There is another way.

Turning to other areas, the government has completely abandoned child care and universality. Independence for the elderly as a principle has also been abandoned, as the previous member spoke about.

Community and regional fairness is another hallmark of what it is to be a country. The flag is not just fabric. It is what we weave together. It is how we make sure that a Canadian standard of service will be available in Newfoundland, Yukon or central Canada. There is no question that as the government has proposed block funding this is gone.

(1725)

Sustainability of the environment is a very important area. Cutbacks to the environment are quite severe in the budget. I think they should be of concern to every Canadian. If we look at countries internationally, for example east bloc countries that ignored the environment to build their economies, we see that they are paying a dreadful price.

Similarly part of the social consensus of Canada has been that we are a country that respects human rights, the dignity of individuals and gender equality. It takes much more than words to achieve that.

In the abandoning of national standards and in the abandoning of a national vision the Liberal government is abandoning us to a balkanized and regionalized country, which will not stand us in good stead in international markets, as we discussed earlier.

[Translation]

Aspects that until now were considered essential to our society are no longer important. Children will not enjoy what we considered to be fundamental principles: they will have no national medicare, they will have no national railway linking communities across the country. Healthy and vigorous rural communities will be a thing of the past. They will not know what it is like to have good public services and a government for all Canadians.

[English]

In summary, the budget has failed the country. It is beginning to dismantle much of what was done to make the country first in the assessment of the United Nations or one of the best places in the world to live.

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I hope my colleague from Yukon will agree that the budget is doing something unusual by proposing cuts to special interest groups.

One such special interest group that may be subject to cuts is the Canadian Labour Congress, which we learned this past week

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is supporting the Quebec Federation of Labour in its campaign to support the separatist cause in Quebec. Some of the money the Quebec Federation of Labour is using is money that comes from the Canadian Labour Congress. It was about \$500,000 and in turn came from Ottawa and the labour education program that pays the CLC \$3 million a year.

In the past the CLC has spent \$1.5 million on supporting the NDP's election campaign, the biggest donor of any political party in the country.

Does my colleague from Yukon feel that cutting special interest groups with a political agenda not in keeping with the majority of the Canadian public is a good thing or a bad thing?

Ms. McLaughlin: Mr. Speaker, the member opposite has been strongly speaking out against what he calls special interest groups. I am not clear whether the member has been equally as strong in including in special interest groups the Business Council on National Issues, the Canadian Chamber of Commerce and the Canadian Manufacturers Association. If he has, he will have done a service.

I object to his term special interest groups. It has now become a Reform Party slogan. Often it is used to marginalize people rather than to include them.

There is a place in a thriving democracy for different points of view to be presented vigorously. As a good Liberal I am sure he would agree that it is necessary to have a functioning democracy in which every part of society has the ability to participate in helping to shape public policy not just during an election but throughout.

The Acting Speaker (Mr. Kilger): It being 5.30 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[Translation]

GRAIN EXPORT PROTECTION ACT

The House resumed from November 24, 1994, consideration of the motion that Bill C-262, an act to provide for the settlement of labour disputes affecting the export of grain by arbitration and to amend the Public Service Staff Relations Act in consequence thereof, be read a second time and referred to a committee.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I welcome this opportunity to take part in the debate on this bill to providing for the settlement of labour disputes affecting the export of grain by arbitration and amend the Public Service Staff Relations Act in consequence thereof.

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First of all, I think it is important to ask ourselves if this bill is beneficial to Canada. Is it worthwhile? Will it improve labour relations in this industry which is vital to Western Canada's economy and that of Canada as a whole?

We, in the Bloc Québécois, do not think so. We think that imposing arbitration will only make the conduct of collective bargaining more complicated in an industry that had bad experiences in the past. Let us bear in mind that this Parliament has already had to bring in special legislation to impose the terms of the final offer to settle labour disputes in this industry and there has been no significant change since. The climate has remained tense and continued to deteriorate for several years, precluding any compromise solution where both sides come to an agreement, which is the ultimate goal of the bargaining process.

This bill also contains ambiguous provisions. For example, clause 3 reads as follows:

—no trade union of employees shall declare or authorize a strike, and no employer of such employees shall declare or cause a lockout, if the strike or lockout would cause cessation of work by any employee whose work is essential to any stage of the progress of grain from the premises of the producer of the grain to export.

This wording is rather vague. It could be open to interpretation as to who these employees are and whether or not their work is performed at any stage of the progress of grain from the premises to export. So, in our sense, such ambiguity is dangerous and could make labour relations more difficult instead of making them easier.

The second point I want to make concerns compulsory arbitration. A typical example people hear about every day is the situation in professional sports. Police forces in Quebec have used the procedure as well. It seems that repeated use of this procedure does not improve labour relations, which tend to deteriorate. There is also a tendency to avoid putting all one's cards on the table, which one should normally do when two parties negotiate, in order to reach an acceptable settlement.

Compulsory arbitration tends to make the parties reason along the following lines: I am not going to show my hand right away, because if I do, when we go to arbitration, the arbitrator will make even more concessions to the other party and I will be the loser in this process.

Compulsory arbitration does not seem to offer any advantages for either party and does not seem to be a satisfactory way to solve these problems.

From past experience, and I speak as a former director of personnel in an educational institution, I would say that prohibiting strikes offers no guarantee that people will not walk out

just the same. In this field, for a law to be successfully enforced, justice must be done and must appear to have been done.

(1735)

The mere fact of imposing arbitration and prohibiting strikes will not work if there is a major stumbling block for the workers or the employer. The employer insist on imposing a lockout or a virtual lockout, or the employees may decide to walk out just the same, which puts them in an illegal position. While in a normal bargaining process they would not have that problem and it would simply be a matter of letting the market decide. We must realize that sometimes good intentions do not achieve the expected results.

We must also find ways to avoid a decline in productivity. My point is, that by prohibiting legal strikes, we may encourage behaviour that is even more damaging and that without necessarily leading to a work stoppage, will be detrimental to production and create a conflict situation in the workplace, which is tantamount to giving the parties a kind of leverage that goes well beyond what is traditionally provided in the legislation.

The last back-to-work legislation passed by Parliament, in the case of the Port of Vancouver, is a good example. Wages were the only item that remained to be settled, but the parties could not agree. When the final offer was put on the table, both parties refused to budge. In this particular case, the employer's offer was accepted, but it could have been the other way around. There have been such cases in other sectors. If the union's offer were accepted because it was reasonable, theoretically speaking, it would not necessarily suit the employer and could interfere with efficient operations, so that the result could be damaging both to the company and the employer.

So these are also things we must consider, and we should realize that, with all our good intentions about settling disputes through arbitration, we may be creating situations that are far more complex. The bill before the House today is an example of the kind of well-intentioned approach that will fail to achieve what we ultimately want, which is better relations in the workplace.

Compulsory arbitration also takes away any interest the parties may have in negotiating, in finding compromises together. A period of negotiations between an employer and a union also includes periods of exploring solutions, which are not formal bargaining sessions but rather periods of exploring how solutions may be reached. Compulsory arbitration will stymie this exploration, because both parties will refrain from putting interesting solution proposals on the table, discussions will be formalized. In the end, people will be more dissatisfied than if they had been able to take the negotiations to their conclusion.

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We therefore need to create a different climate in this industry, a climate in which labour relations will lead to much more interesting results. An example of this is what happens in Canada's major ports. Labour relations there have often been difficult. In the smaller ports, however, agreements are reached because the parties talk to each other and succeed in reaching interesting conclusions.

This House must therefore reject this bill, not because of its intent, but because of the terms proposed in it, which will not improve the situation and which, before long, will require us to reconsider this sort of situation. In conclusion, I will describe the situation with the police force in Quebec, as one example. Compulsory arbitration was commonplace; decisions were made. In the end, the solutions did not permit the employer to assume its obligations satisfactorily. The reverse could have been true as well, with union members finding themselves in an unacceptable situation.

(1740)

The Bloc Québécois is therefore opposed on the principle that the parties' right to negotiate must be respected. There is also a concern for pragmatism and for reaching solutions that lead to joint agreements. When the parties have a signed collective agreement, the parties must bear in mind, during the life of the agreement, that they agreed to the solution reached by both of them. When there is compulsory arbitration, however, one of the parties wins and the other loses. Labour relations between winners and losers is not the way to the future. Rather, we must make the parties face their responsibilities squarely and really oblige them to negotiate.

[English]

Mr. Stan Keyes (Hamilton West, Lib.): Mr. Speaker, on behalf of the constituents of Hamilton West, I have the privilege to speak to Bill C-262, the grain export protection act introduced by the member for Lethbridge.

This bill seeks to make it illegal for anyone, employee or employer, to cause any cessation of work at any stage of the progress of grain from the premises of the producer of the grain all the way to export. It should be obvious that this bill would affect a large number of Canadians, indeed everybody who comes near grain, from the farmer who grows the grain to those on the trains and ships which carry the grain.

At this time I want to focus on one particular aspect of this bill and what it brings to the labour relations atmosphere with the government's own employees. That is the provision in this bill which would amend the Public Service Staff Relations Act by adding new criteria limiting the right to strike.

This bill seeks to add to the Public Service Staff Relations Act in section 2 and section 78(1) words which would have the effect

of prohibiting employees from engaging in any strike activity in areas related to the orderly progress of grain from the premises of the producer of the grain to export.

When the Public Service Staff Relations Act was introduced almost 30 years ago, the legislators included a unique concept to labour legislation. That was the notion of designating employees as essential and denying them the right to strike. That is to say that employees whose duties included functions which were performed in the interests of the safety and/or security of the Canadian public could not engage in a strike. If one was to search the Canada Labour Code or other labour codes, one would not find many examples of such a concept.

In my opinion this is a good, reasonable and justifiable concept. Employees of the federal government and numerous other federal institutions should not be in a position to withdraw services which would cause harm to the safety or security of Canadians. This provision has stood the test of time.

When public servants engage in a strike activity a number of their colleagues continue to work and provide essential services to the public. The last public service strike provided us with many examples of this particular provision.

Both air and marine search and rescue operations continued. Ice breaking continued. Mariners' charts and maps continued to be produced and updated. The all important function of providing notices to shipping carried on. As well, fisheries patrols were maintained and employees involved in this function continued to provide a service to the public.

Air operations continued and airport facilities were maintained. Weather observations continued. Forecasts were prepared and communicated to the users and of great comfort, notification bulletins affecting aviation safety continued to be produced and disseminated.

Naturally, prison guards and correctional services are deemed as essential services and continued to perform their tasks. All those employees, including those who provide care and security for inmates, medical care, food, heating and all those functions necessary to maintain the system continued to perform their duties.

Health care was maintained by designated employees in such areas as poison control, hazardous product identification, medical support at federal hospitals, ambulance drivers, and dental and chronic care in isolated areas. Also designated were some employees who were involved in research related to health care which used laboratory animals.

Essential to Canadians, income security programs such as UI, family allowance and the Canada pension plan continued. This included the processing of new claims as well as the issuance of benefits.

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Employees involved in customs and immigration control remained on the job. Included among these essential jobs were employees responsible for the primary inspection of meat and fish products imported to this country.

(1745)

Not surprisingly, the provisions of the Public Service Staff Relations Act also precluded those involved with national security from striking. Included among those were the civilian federal employees who provide support to RCMP operations.

Of interest to my colleagues in this place, parliamentary operations were designated as an essential service. *Hansard* continued to be printed, along with committee reports and other parliamentary publications. Simultaneous translation services also continued to be offered.

These are some examples of the services considered as essential for the safety and security of the public and for which the public service employees could not withdraw services. The central theme throughout this list is: These services are essential for the safety and security of the Canadian public.

It is evident that the current provisions of the Public Service Staff Relations Act have by and large served the Canadian public well. By tinkering with these provisions and including the notion of economic hardship in the grain industry, are we trying to fix what ain't broke?

It is an unfortunate but accepted reality that strikes will cause inconvenience and maybe even economic hardship to some. However, if we are to accept that employees have the right to strike to put pressure on the employer, then we must accept the results. If it is our view that strikes should not cause hardship to anyone, then it is my suggestion that all strikes be declared illegal.

This bill starts along that road. It is headed in a direction that can only bring grief to employer-employee relations in this country. I would not argue that the movement of grain is not important to Canadians. Obviously it is, but I do not believe the production or movement of grain is essential for the safety or security of the public.

The movement of grain is, like other commercial activities, an important economic activity in this country. If we were to introduce the idea that there can be no strikes or lockouts in the grain industry, which sector would be next? Would it be the auto industry? The shipping industry? How about forestry services? In a certain section of the country, ore production is extremely important. Should we consider banning work stoppages there too?

If we are able to use economic criteria, I am confident that every member of this House could cite an enterprise worthy of

consideration for a bill such as this. I would like to remind members that in many jurisdictions police services are given the opportunity to withdraw from their jobs. Medical practitioners and teachers also have this ability.

As I mentioned, if we accept that employees have the right to strike and to exert pressure on their employer, then they must be permitted to do so. The introduction of a provision in the Public Service Staff Relations Act prohibiting strikes in any one specific area, be it grain handling or some other industry, begins to erode this right. Employees either have the right to strike or they do not. The provision restricting the right to strike in the federal public service to those performing services essential for the safety and security of the public is a restriction, but I think it can be reasonably argued.

In addition, this provision has been in place for almost 30 years and still allows the public service employees to withdraw services. As we saw during the last public service strike, employees still have the ability to exert considerable pressure on the employer.

Times, they are a changing. We have to roll with change. I do not feel the way to begin a positive and co-operative renewal of labour relations is by introducing legislation which begins to erode what labour considers a basic right. If we are going to give labour the right to withdraw services in order to exert pressure in collective bargaining, then we must allow this withdrawal of service to have some effect.

I am sure the member for Lethbridge did not intend anything sinister but was simply advancing a proposal that would protect the interests of the grain industry. While the reasons for desiring protection from strikes or lockouts are noble in themselves, we must look at how we propose to do this and the results such a proposal would bring.

While I agree with the member that the grain industry is an important aspect of this country, as many other industries are, I cannot accept the notion that Parliament legislates protection at the expense of the rights of other Canadian citizens. Despite what I believe are good intentions, the results would be inappropriate and I cannot support this bill.

(1750)

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, I am very pleased to rise today and support Bill C-262. In the course of my speech I will probably deal with some of the things mentioned by the member for Hamilton West.

Going back to the speech by the Bloc Quebecois member, it seemed by the way he spoke that he misunderstood the difference between basic arbitration and being legislated back to work, and having compulsory arbitration and the concept of final offer selection arbitration.

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I am surprised the member for Hamilton West so eloquently spoke against this issue, because the Liberal Party imposed this on a strike last year in the Vancouver docks. I am speaking in favour of this type of settlement, but I first want to explain where the Liberal government made two mistakes in the way it did it.

First, the government waited until there was already significant hardship being imposed, not just on a few people and a few on the sidelines who were involved in the strike, but on the whole economic well-being of Canada. Something that started in the port of Vancouver spread across to farmers on the prairies. It almost shut down mills in the interior of British Columbia that were on the edge. It affected hundreds of thousands of people. It is something we have to examine and decide whether there is a better way. As I said, the first problem was that the government took so long to do something about it.

The second mistake is that the employer and employees in that strike situation negotiated. They then took their strike option and were still considerably far apart.

If we are to impose a change of rules, we should give the people an opportunity to readjust to the new rules. The game was changed in midstream. The parties were not given the time to go back to the table to try and resolve it, to see if they could work together more closely.

That is what final offer selection arbitration is inclined to do. It is not a matter of picking and choosing a piece of this or a piece of that when arbitrating a settlement. The way this works is that the final offer is laid on the table by both sides and the arbitrator then picks either one side or the other. In labour negotiations this tends to move the two sides very close together. This is because if one makes an outlandish proposal and the other is being reasonable, the reasonable side's offer will be accepted virtually every time.

I suggest we look at this in terms of protecting the grain industry in Canada. As the member for Hamilton West said, by all means we should start looking at it in a broader sense.

For example, consider that a house is burning down. A fireman stands by on the sidewalk watching the house burn, perhaps while a young child is inside. He does so because the fire department is on strike. All of us accept that as being absolutely unthinkable. So does the fire department and it accepts this kind of responsibility.

Can we accept the concept of a police officer standing by watching someone get mugged or raped because the police department was on strike? We cannot accept this either.

However let us go to the other end of the scale to a small business with little impact on the community and no impact on the national economy. In that situation we say it is okay for it to be a battle of wills and an economic situation for the two forces

at work there. We will let the employer or the employee, depending on who comes out the victor, use their position of relative unimportance to negotiate a higher wage or to force the employee to take a lower wage.

The difference between the two is the degree of importance. We are saying that if you are important, we will not let you have the same rights as people who are unimportant. Not only for the sake of the grain industry, I suggest it is time we actually started to look at the whole concept of how we settle labour negotiations in this country.

Unlike what the Bloc member said, this is not an unfair type of action that will cause the relationships between employers and employees to deteriorate. If anything, it may turn it the other way and cause them to negotiate in much better faith and try to resolve the differences between them.

(1755)

Employees will not be asking for a 100 per cent raise and the employer saying he wants them to take a 50 per cent cut. They are going to try to move to the most reasonable position possible, so that if it comes down to this final offer selection arbitration they are going to have a fairly reasonable offer on the table in the hopes it will be selected. If they are unreasonable, they are likely going to lose. That is the whole concept of this.

The member for Hamilton West talked about how the Public Service Staff Relations Act works. Let me give an example of how it works.

The air traffic control system in this country is not designated as an essential service. The air traffic control system has the right to go on strike, but if it does, it shuts down the entire air industry in Canada.

The government instead said it had the right to go on strike, but in the event of a strike the government has the right to designate a number of employees to maintain the essential service within the air traffic control system. The controllers said they certainly wanted to maintain the safety of this country, hospital flights, food flights to the north, emergencies and these types of things. They would deal with these, and so they said they had no problem with this concept of designating employees.

Then the government turned around and designated every single employee in the air traffic control system and said that the essential duties were everything that they did. It went to court and the court upheld it. A wonderful system. Now the air traffic controllers can go on strike, which means their contract is no longer valid. The government can pay them anything they want to and they still have to report for duty.

We have to find another system. Without getting into the budget argument right now, we are in a very fragile situation

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economically speaking and we cannot shut the industry of this country down. In the event of strikes, who loses?

The public loses. They are the number one loser. The second loser is usually labour. No matter what kind of settlement they get, if they are off work for any period of time they are likely not going to make that wage back up. The problem is they have to have some kind of hammer to use as a threat if everything else fails. The majority of the negotiations end up with settlement, but when they do not they always have to have that hammer.

We have to invent a new type of hammer, one that is fair for labour and one that is fair for management. We need some system that says you must move your negotiations very close together or chances are you are going to be the loser in this negotiation.

This is a step in the right direction, examining it in the case of the grain. We do not want to come at this all at once as a total revolutionary system for this country. This is a good place to start. This is a good place to work some of the bugs out of the system.

We do have to look for alternatives. Strikes are something that went on in the 1800s. Surely we have to evolve from something that maybe worked last century. We are about to go into the next one. Maybe we need to find new solutions for this country. This is a system that can work, that the unions will look at and I believe they will accept. The primary objector is going to be one or two people at the very top. I believe the worker in Canada will benefit rather than lose from this type of legislation.

Ms. Judy Bethel (Edmonton East, Lib.): Mr. Speaker, I am pleased to have this opportunity to participate in the debate on second reading of the bill proposed by the hon. member for Lethbridge.

The proposed legislation, Bill C-262, would seek to ban work stoppages involving the movement of grain from producer to export and to provide for arbitrated settlement in those cases where parties involved in the grain handling and transportation industry were unable to resolve contract differences.

On the surface one cannot argue against the general object of the bill, that is, to keep Canadian export grain flowing smoothly to overseas markets and not to be stalled or halted by labour dispute. Unfortunately, while my honourable colleague and I share a particular desire to see Canada's reputation as a reliable exporter of grain maintained, we are obviously in disagreement as to how that end is achieved.

The banning of legal strikes and/or lockouts and the imposition of arbitrated settlements are measures which only serve to exasperate labour management relations. It will do little to bring long term solutions to problems which we are attempting to address.

(1800)

I would like to share with hon. members a unique initiative currently under way in the western grain storage and handling industry, one which exemplifies the type of positive and forward thinking which labour and management are capable of applying to human resource issues in the industry.

Following three significant work stoppages in the grain handling and transportation sector, in the fall of 1991 a dialogue was initiated with industry representatives to review the need for improvement in labour-management relations and to consider ways of minimizing disruptions to the movement of grain to export markets. Discussions with the parties led to the conclusion that there was little in the way of support for essential service legislation governing dispute resolution in the grain handling industry. Any system of partial designation would be cumbersome to administer and likely to lead to interminable disputes. A complete prohibition on work stoppages would involve third party determination of contract impasses and effectively remove control of the process from both sides of the industry.

There were two key problems which were identified during discussions with the parties involved in the grain handling industry. First, there was the expectation that government would intervene rapidly to terminate any work stoppages, thus enabling one or both parties to avoid its responsibilities for settlement. Second, there existed a problem of inadequate communications between the parties at appropriate times and levels during the period between bargaining rounds on the longer term issues which, if left unaddressed, might rebound negatively at the bargaining table.

Hon. members will be encouraged to hear that both labour and management expressed agreement on the utility of exploring ways to improve their dialogue and to ensure the future competitiveness of the industry in their own mutual interest, as well as in the interest of the Canadian farmers and the Canadian economy.

At a subsequent labour-management conference for officials of the western grain elevator industry agreement was reached on pursuing the possible establishment of a sectoral council on the industry. A working group with equal representation from labour and management chaired by a neutral government official was established to discuss the possible format in terms of reference for a human resources study which could eventually lead to the establishment of such a sectoral body.

The working group held a series of meetings over the course of the next year which culminated in the submission of an application to the sector studies directorate of the former Employment and Immigration Canada for assistance in carrying out a human resource issue study of the industry. Approval for the study was received and the firm of Deloitte & Touche was chosen by the working group to carry out the industry study.

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Following an initial meeting between the consulting firm and a larger steering committee, representing not only management and labour interests but various agencies concerned with grain handling and transportation, the study was initiated. The process consisted of several phases ranging from employee questionnaires and focus groups through to the establishment of surveys and interviews with senior human resource personnel. The study focused on the educational and skill requirements of the industry and the training and reskilling available to meet such needs. It also looked at various methods of dealing with workforce adjustment within the industry and drew on the industry knowledge of the respondents to assist in predicting industry trends of the future.

During the course of the consultants' work there were regular meetings with the steering committee to ensure that the study was following the direction intended and that the methodology agreed to was being followed. The study has been finalized and will now be turned over to the original working group for consideration and action, including the possible establishment of a sectoral council for the grain storage and handling industry.

This initiative, involving both labour and management in the grain handling industry, is but one example of the co-operative approach which is being pursued by industry participants to meet the challenges they are facing. The fact that the two sides have met and constructively reviewed major human resource issues speaks volumes. Hon. members on both sides of the House should welcome this display of co-operation which we naturally hope will translate into improved labour relations within the industry.

(1805)

Both the Ministers of Human Resources Development and Agriculture and Agri-Food should be commended for ensuring that labour has had an opportunity to play a significant role in respect of department initiatives. The Minister of Agriculture and Agri-Food has ensured that the representatives of unions involved in the grain handling and transportation system are active participants in this May 16 group which meets regularly to ensure that Canada's export grain commitments are being met and that the system is functioning well.

The Minister of Human Resources Development, in addition to the support shown for the possibility of a sectoral initiative in the western grain elevator industry, has encouraged ongoing consultation with labour unions and employers in the federal jurisdiction concerning possible amendments to the Canada Labour Code.

Earlier this year when a work stoppage involving longshoremen at the west coast ports threatened this country's reputation as a reliable exporter of grain and other commodities, the Minister of Human Resources Development introduced legislation to bring about an end to the disruption and provide for a

final settlement of issues separating the two sides. While not a popular measure, the bill introduced by the minister demonstrated the government's commitment to ensuring the well-being of western Canada's agricultural economy.

In conclusion, I would simply suggest that the measures contained in the bill before us are inappropriate and do not reflect current reality in the grain handling industry. Removing the collective bargaining rights of workers and replacing them with imposed arbitration will do nothing to further the positive thrust of the initiatives mentioned earlier.

This government is a strong supporter of free collective bargaining but recognizes that there are occasions when lengthy work stoppage in the grain handling industry could pose significant economic losses for the agricultural economy, as was the case in the recent longshoring dispute. In such cases the government is prepared to intervene in disputes and ensure the resumption of operations and the settlement of the dispute. This type of commitment should preclude the need for the measures proposed in Bill C-262.

I would therefore urge all hon. members not to support the proposed legislation.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I am pleased to say that I do support the private member's bill C-262 because I think there has come a time for real action in the labour management disputes that we have seen in the handling of grain for export markets.

To think that since 1966 the government has had to legislate these workers back to work tells us that the current system is not working. As much as the previous speaker would tell us that they do not want to deny anybody the right to collective bargaining, the point is that we want to enforce and give some motivation for management and labour to arrive at a negotiated settlement within the collective bargaining process. This whole bill is designed to give that a whole push forward. It is to say that if one does not bargain within the collective bargaining system then one may not enjoy the rules imposed by the arbitration process.

What we are talking about here is a simple dispute settlement mechanism. Right now when the two sides cannot agree they appoint an arbitrator. He then sits down, looks at the one side, looks at the other side, sees what is being offered and makes some kind of reasonable determination somewhere between these two sides. It fosters a desire by one side or both to make exorbitant demands or to deny reasonable demands. The arbitrator then has to choose and make a settlement.

If they cannot come to some conclusion within the negotiation process that is free and open, if they agree not to agree, then this bill will require that each put forth their final proposal. Whatever that is they will put forth a final proposal, free, open, entirely their own.

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(1810)

The arbitrator will pick one or the other with the intention that he would pick the one that is most reasonable. It is an incentive to both sides to be very reasonable in their final offer. The arbitrator will pick the one that is most reasonable. Therefore the desire to be as close as possible to reasonableness only makes simple common sense.

That is why when I hear the speeches from the other side, from the government side, the side that runs this country, saying this bill is going to deny free and open collective bargaining I am wondering if those members have even read the bill or even thought about the bill, to see that this is some direction to the arbitration process once everything has broken down and that these decisions do not fall within the parameters of the arbitrator but that he has a choice of one or the other, whichever is most reasonable. That is the incentive that this bill is going to provide.

I will split my time with the member for Wetaskiwin. I am going to stop at this time and allow him to share his views as well.

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, I will pick up where my colleague left off.

Witness the labour dispute at the port of Vancouver in January and February, 1994. For 11 days the grain shipping process was paralysed. Some estimates place the loss to Canada's grain industry at hundreds of millions of dollars.

It is absolutely ludicrous that such losses were allowed to occur. These losses came about as a result of a failed collective bargaining process.

We cannot allow one sector of the grain shipping process to harm everyone else in the chain. When there are disruptions in the grain marketing system individual farmers are not the only ones to suffer. Workers everywhere else along the shipping chain are affected. It has a domino effect on the whole industry.

When a strike occurs grain starts to back up in the system. The system becomes, if you will, constipated. The grain stops its otherwise perpetual flow from farm to market. This is detrimental to numerous people. Whether at the grain elevator or somewhere along the railway many people are forced to endure pain because of the actions of a few. This is not acceptable.

With many unions that are involved in the grain transportation process we are left with the never ending threat of strike action. All too often strikes do occur. When they occur they disrupt the economy.

More than just accepting the measures suggested in Bill C-262, we might also look at further legislation that would require all union contracts affecting grain handling transporta-

tion to come due at the same time. This would simplify things and perhaps put an end to the rotating type of strikes.

No one benefits from a strike. Unionized workers suffer losses of income while on strike. While they may win an increase in their pay, all too often the net result is a loss of income. Employers lose in a strike. They lose money, they lose contracts and they pay demurrage on waiting ships. Besides that, no work gets done.

In the case of grain transportation strikes there are an incredible number of people who are directly harmed: railway and all its workers, dock workers, shipping companies and their employees, and of course farmers are harmed.

This represents only the direct impact of a strike action. Countless others are harmed indirectly as well. The ultimate casualty is the whole Canadian economy. Exports represent a huge sector of our economy. Canada's balance of trade continues to tilt in our favour. We must ensure that we retain this favourable balance.

As borders become more and more meaningless Canada must be prepared to take on the entire world. That means we must achieve competitiveness to attain a dominant position in the global economy. When Canadians are unable to access the world market we all suffer. The thrust of the bill is final offer selection arbitration. I believe these measures will be fair to all sides.

Legislation such as Bill C-262 provides a reasonable answer to endless strikes in the grain transportation sector of the economy. Further it represents a reputable solution when considering legislation that could apply to other areas in the labour market.

(1815)

Historically strikes affecting grain movement take place when markets are good and when prices are up. The use of binding arbitration to settle labour disputes is a good way to avoid unnecessary and crippling strikes. This would go a long way to foster good relations and co-operation between labour and management. With management and labour working hand in hand, our reputation as a reliable supplier of grains and oilseeds would improve with the possible result of increased demand, increased price and perhaps an increase in employment.

Since 1966, as my colleague has already alluded to, we have gone through this process 13 times when the federal government has had to intervene and introduce back to work legislation to keep the grain flowing to market. We need to ensure that never again are such measures necessary.

The bill provides for a dispute settlement process that I believe will be fair to all parties. This bill could not be of more immediate importance or more timely. The looming threat of a

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strike on the national railways again threatens the process of grain handling.

Above all, grain must be able to continue its orderly flow to market. The principle of keeping the economy flowing should be our number one priority. We need legislation like Bill C-262 to ensure that the economy does not face unnecessary crippling work stoppages. Disruptions in the market hurt everyone.

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, for several decades industrial relations in industries under federal jurisdiction in the private sector have been governed by the Canada Labour Code, Part I.

Part I of the Canada Labour Code is a model of how industrial relations should be governed in a democratic country. It has been functioning well and has been an important element at the basis of the political and economic structure during many decades of economic prosperity.

I draw attention to the fact that the grain transportation system has been functioning very well of late. Last winter was one of the most disruptive winters imaginable. It was a winter which reduced the flow of grain from farms to the country elevators. It slowed railway operations. Limits on the availability of grain hopper cars was also a constraint. Still the grain transportation and handling system recovered from a low level of grain exports early in crop year 1993-94 and recorded a 4.7 per cent gain over the previous crop year.

Today the grain handling and transportation system is moving ahead at an impressive pace with new records being set for grain shipments. The Regina *Leader Post* reported early in November on the fact that Canada's grain ports are moving at a pace well above average.

Vancouver and Prince Rupert in October set a new record for the west coast which was 27 per cent that the average for October over the previous five years. Thunder Bay reached a pace not seen since 1991-92. Its handlings for October of this year were 35 per cent above the previous five-year average. This is encouraging news which should impress on us the resilience of the grain handling and transportation system and its ability to cope effectively with adverse conditions.

When the legislation that established the code was adopted by Parliament in 1972, it replaced the industrial relations and disputes investigation act of 1948. It recognized there has been a long tradition in Canada of labour legislation and policies that are designed to promote the common well-being through the encouragement of free collective bargaining and the constructive settlement of disputes.

When it passed the legislation that established the Canada Labour Code in 1972, Parliament indicated that it supported "labour and management in their efforts to develop good

industrial relations and constructive collective bargaining practices" and "it deemed the development of good industrial relations to be in the best interests of Canada in ensuring a just share of the fruits of progress to all".

(1820)

These principles were so fundamental to industrial relations that they were specifically mentioned in the preamble to the code. The bill before us proposes to make a very radical departure from these principles. It proposes to significantly alter industrial relation practices in the federal private sector.

Bill C-262 zeros in on the dispute settlement mechanism as it would apply to industries involved in grain handling and transportation. It would remove the right to strike or lockout and replace the present dispute settlement mechanism with a final offer selection of compulsory arbitration.

This might be an appropriate point to take a closer look at arbitration and see what the ins and outs of the process might be. Typically a hearing is conducted and is presided over by a third party neutral. The parties present their positions in an established, formal procedure. The neutral listens to the positions of the parties, weighs the evidence carefully and drafts a decision that he or she feels to be fair to both parties involved. In an arbitration proceeding the decision of the arbitrator is final and binding on both parties.

There is a certain advantage to arbitration in that it brings a sense of finality to the bargaining process. The parties may not be happy about the results that will be imposed on them but it does provide for a solution.

Some very clear weaknesses to the arbitration process should not be overlooked. First, it is not inconceivable that one party or the other could reject an arbitrator's award. It might possibly resort to strike or lockout action to vent frustration or to express rejection of the result of the process. For that matter, it is very possible that both parties may be dissatisfied with the arbitrator's ruling and not have recourse to any other dispute settlement process. The arbitration process is not perfect.

While evidence supports the perception that the use of arbitration can reduce the number of strikes, it is not likely that strikes or lockouts can be eliminated entirely.

A further disadvantage of arbitration that we are likely familiar with because it has been repeated over the years, is the fact that in adopting or having arbitration imposed on them, the parties have to give up their authority to make decisions concerning the issues in dispute.

Union leaders give up their right to seek the support of their membership on key issues and management gives up its ability to control costs as it sees fit in the course of company operations. This leads me to believe that management and labour in

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the grain industry are likely to have serious reservations about their support for a bill such as the one we have before us.

A further consideration that I feel is very significant to the whole collective bargaining process is the fact that compulsory arbitration is very likely to undermine the collective bargaining process between a particular company and a union. If arbitration of final settlements is imposed on the parties, fewer and fewer items will tend to be resolved by the parties themselves before going to arbitration. The tendency is for the number of outstanding issues to build up before reaching the arbitration stage with each successive round of bargaining.

Evidence suggests that labour and management tend to use the same approach to dispute settlement with each round of bargaining. This means that the parties may tend to become addicted to arbitration and this can undermine an otherwise health collective bargaining relationship.

Another area in which arbitration takes some criticism is on the size of monetary awards. The charge is sometimes heard that wage settlements are higher in arbitrated settlements than in negotiated settlements. The evidence on this point apparently is inconclusive but I would suggest it is a point on which management in the grain handling and transportation industry is likely to object to Bill C-262.

I do not want to leave the impression that there is not a role for arbitration in our system of collective agreement dispute settlement mechanisms. The Canada Labour Code, Part I, already contains provision for the peaceful settlement of disputes during the term of collective agreements by arbitration or some other mechanism. Our system of compulsory collective agreement settlements during the term of agreements through arbitration or some other peaceful means contributes to a high degree of stability in our industrial relation system.

(1825)

I would like to draw the attention of the House to section 7(1) of Bill C-262. It reads:

An arbitrator appointed under section 6 shall forthwith require the union and the employer to provide to the arbitrator, in writing, within fifteen days

(a) a list of the matters agreed upon, and a proposal in contractual language to give effect to them; and

(b) a list of the matters remaining in dispute and a final offer in contractual language in respect of the settlement of all of them.

It appears to me that there is very little, if any, room in this process for the parties to negotiate a settlement even if they wanted to. Neither does there appear to be room for the arbitrator to assist the parties to come to a negotiated settlement. In fact, there does not appear to be any room for negotiation at all, aside from the arbitrator being provided by the parties with a list of matters they agree on and a list of matters they do not agree on.

If we continue on with section 7(2), it indicates that the arbitrator has 60 days within which to determine the matters on which the trade union and the employer are in agreement, determine the matters remaining in dispute and then, according to the wording in section 7(2)(c), "decide the matters in dispute by selecting either the final offer submitted by the trade union or the final offer selected by the employer". Again there does not appear to be any room for negotiations between the parties when they appear before the arbitrator. If there is, why is it not provided for in the process?

I have to ask why the process would be structured in this way. Presumably the bill would ensure that any disruption to the flow of grain would be brought to an end by invoking the legislation if the bill were passed. That being the case, I fail to see why allowance could not be made for the parties to negotiate under the guidance of an arbitrator, acting more like a mediator early in the process, and yet retain the authority to render an award on unsettled issues. All the advantages of negotiated settlements on particular issues could be retained in the interests of the parties collective bargaining relationship. At the same time we would have the certainty of a final solution being worked out through arbitration.

We should take a further look at the form of arbitration that is proposed by the bill. Earlier we heard about some of the advantages and disadvantages of arbitration in general. Other considerations should be mentioned specifically in connection with final offer selection and this might be a good time to do so.

It seems that final offer selection was developed to deal with some of the criticism that traditional arbitration acquired over the years. For example, in conventional arbitration in which the arbitrator is free to determine the content of an award, arbitrators sometimes get accused of splitting the difference in the parties' positions. Conventional arbitration encourages the parties to stay as far apart as possible during negotiations, especially on wages and other monetary items.

It has been argued that final offer selection, in contrast, is supposed to provide encouragement to the parties to move closer together in the course of bargaining. Under final offer selection there is said to be an incentive for either party to know as much as possible about the other's bargaining goals and their real bargaining position.

It should be noted that there are several variations on the form of final offer selection that we find being practised. For example, there is a form of final offer selection in which the total package of items forms the position of either party. The arbitrator takes the package of either labour or management, in total, and cannot mix and match as he or she might consider advisable in the interests of the parties. This form of final offer selection on a package of issues may be more easily applied to a few monetary items at any one time but it is less well suited when an arbitrator has to deal with the package that includes matters of principles to either side.

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(1830)

For this and many more reasons I have no hesitation in recommending that the bill not be passed by the House.

The Acting Speaker (Mr. Kilger): The time provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 93, the order is dropped to the bottom of the order of precedence on the Order Paper.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

WORLD SUMMIT FOR SOCIAL DEVELOPMENT

Hon. Warren Allmand (Notre-Dame-de-Grâce, Lib.): Mr. Speaker, on February 21 I asked the Minister of Foreign Affairs if Canada would support the 20:20 vision proposal and action plan to be considered at the World Summit for Social Development which will take place in Copenhagen later this month.

The goal of the summit is to attack global instability due to third world poverty and social injustice. The challenge is enormous. At this time 1.3 billion people in the world live in debilitating poverty; 550 million people end each day hungry; 1.5 billion people lack safe water and sanitation; and 800 million living in developing countries and 335 million in industrial countries are unemployed or underemployed.

As I said at that time these conditions threaten world stability and peace. It is in the interest of all countries to take action against them. The 20:20 vision proposal and action plan must be supported by Canada and all countries at the summit.

Will the minister or the parliamentary secretary state clearly that Canada will support these proposals and that the overall goals of the summit will be supported as well? I would also like to know that Canada would give the work of this summit and its goals the highest priority.

Mr. Lyle Vanclief (Parliamentary Secretary to Minister of Agriculture and Agri-food, Lib.): Mr. Speaker, it is a pleasure to respond to the hon. member's comments and expansion on the question directed to the minister some days ago.

The World Summit for Social Development is to take place next week in Copenhagen. It will be the first major international event to propose a vision for social development that has taken place in the 21st century.

Over a period of 18 months the federal government has been working with provincial and territorial governments, labour, business, aboriginal organizations and non-governmental organizations to prepare the Canadian participation and make the summit a success.

Many Canadian objectives are incorporated in the summit documents. I would like to list some that Canada will be supporting: reduction of poverty through job creation; economic security for people through productive employment; respect for human rights and fundamental freedoms; respecting women's equality; respecting and valuing cultural diversity; and spending less worldwide on military hardware and more on investing in people, in other words to be less concerned about the security of the state and more concerned about the economic and social security of individuals.

In this context the 20:20 formula the member referred to will be discussed in Copenhagen. It is certainly of interest to Canada. Donors would allocate 20 per cent of their official development budget to meeting the basic needs of other countries. Recipient countries would allocate 20 per cent of their national budget to programs aimed at meeting the human needs of people. However in Canada we plan to allocate 25 per cent of the CIDA budget to meeting basic human needs.

In an increasing global environment international security and stability have an important impact on Canadian people and Canadian prosperity. Actively promoting social justice, poverty alleviation, good government and human rights at home and abroad is an investment in Canada as well as assistance to those in greater need.

(1835)

THE BUDGET

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, yesterday in the House of Commons I expressed my concern and outrage over the pending loss of the Crow benefit.

As far as a great number of Saskatchewan farmers and I see it, the federal government's abandonment of its responsibilities under the terms of the Western Grain Transportation Act is the single most damaging element of this week's federal budget.

In fact the headlines in Saskatchewan newspapers this week bear this out. The Regina *Leader-Post* states it best with its single word headline "Devastated", followed by the subheading "Budget leaves farm leaders reeling".

In today's newspaper the premier of Saskatchewan, Mr. Romanow, is quoted as saying:

If this goes through in the next four or five years we will see the most massive restructuring of rural Saskatchewan with respect to trading patterns, towns, villages, cities—since 1905.

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We all remember it was the Liberal Party that originally began the process of getting rid of the Crow rate. The names Otto Lang and Jean-Luc Pepin still bring out emotions full of hard feelings on the prairies.

Although the Liberals failed originally to destroy the Crow, they did succeed in weakening it enough so that today just one decade later they could finish it off. This is absolutely horrible.

The loss of the Crow benefit is bad enough by itself, but the government has compounded our prairie anger in two other ways. First, it has abandoned the farm economy without any plan or structure in place to help the economy recover. Second, it has offered a one-time payout which is not only inadequate but is inappropriately targeted only to land owners.

I have already argued elsewhere that loss of the Crow benefit without a long term plan to replace it could lead to the erosion of land values, a loss of farmers and farms, a reduction in the rural tax base and therefore a reduction in the support for the maintenance of the rural infrastructure, and with this a further loss of quality of life in rural Saskatchewan.

The Crow benefit just two years ago was providing a net annual benefit to the province of Saskatchewan of \$400 million. It will take a pretty hefty investment in diversification and value added production to replace that \$400 million just to remain economically stationary.

The Liberals have made no provision for that investment. Our problem on the prairies has never been the Crow rate. It has been a lack of investment capital. The will has always been there for value added production but the money to make it happen has been absent.

The fight to save the Canadian Wheat Board has not been considered in all of this and if the supply of wheat is threatened then so too is the future of the board. Can we consider this in our long term equation?

I want to know if the federal Liberals have taken any time at all to properly think out the long term implications of this decision. If they have, I want to see their documented evidence and reasoned conclusions. If they have not, shame on them.

At the same time I want to note that the Liberals are preparing to pay out \$1.6 billion in compensation, even though they know that \$7 billion to \$9 billion is required if there is to be any fairness in the system at all.

Not only has the government failed to meet this fairness test, but it has also said that the money will be paid only to land owners. Does the government not realize that about one-third of the seeded acreage is currently under lease to banks or other financial institutions including the Farm Credit Corporation?

The people who have been paying and will continue to pay the freight costs of grain sold for export and are leasing their land from a government owned corporation will not see a single cent of this payout, no matter how important it is.

The Liberals have demonstrated a complete lack of understanding of the prairie farm economy. With this single move in the budget I hope they are prepared to reconsider now what they have done before it is implemented and before the ultimate damage is done.

Mr. Lyle Vanclief (Parliamentary Secretary to Minister of Agriculture and Agri-food, Lib.): Mr. Speaker, it is a pleasure to respond to the hon. member's comments. I only regret that it is two minutes and not twenty, because I think I could help him understand. I am sure in the end he would understand and appreciate the action we have taken.

The hon. member is suggesting that the elimination of the Crow will have a damaging effect on the prairie economy. In fact, this government is certainly committed to restoring the economy in western Canada to its full potential. The document that has been put forth for discussion purposes, and I stress that, would see approximately half or about \$800 million of the \$1.6 billion ex gratia capital payment going to Saskatchewan.

(1840)

The share will be representative of Saskatchewan's share of prairie grain movement. Farmers will also benefit from the capital gains tax advantage.

The government's assistance however is not limited to that. There will also be a share in the \$300 million adjustment fund. That will be available for some areas in Saskatchewan as well.

These initiatives are only part of this government's plan to restore the prairie economy and help make this region an integral economic force in an increasingly competitive global marketplace. Changes with respect to freight rates have the potential to encourage diversification and value added production throughout the west.

I might interject here. I just got off the phone with a friend in a riding next to mine whose company is in the livestock industry. It had three orders from pork producers in western Canada today to increase and make some changes in those operations because of what this is going to do. It is indeed going to follow up on diversification.

Only days after the announcement, and the above is a good example, that potential is being recognized. Industry groups are already talking about moving into other crops and diversifying their operations.

It is not only farmers who are adjusting. Transportation industries ranging from trucking companies to seaports are closely examining the services they offer in order to increase

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their efficiencies. Some are already offering suggestions for alternate commodities based on the transportation costs of these products.

These activities, coupled with the government's assistance to help farmers adjust to the short term impact of the loss of the WGTA will inevitably lead to long term economic growth in the prairies.

I ask the hon. member not to underestimate the skills and resources of all those involved in the prairie economy. These factors along with the financial assistance being provided will ensure a rapid adjustment to changes in the WGTA and the long term economic benefits for the prairies and for all Canadians.

[*Translation*]

THE BUDGET

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, yesterday, March 1, I received an unsatisfactory response from the Minister of Human Resources Development.

I asked him whether the human resources investment fund infringed on the powers of the provinces and perpetuated the inefficient management of the labour force.

The minister's answer was very vague. He told me that my question had nothing to do with the fund's goal.

Since then, I acquired a copy of an information sheet for the staff of the human resources department which gave examples of some activities that could become part of the human resources investment fund. I will list them: putting more emphasis on employment development services, literacy and basic skills training, training and on-the-job training, assistance for child care and the earned-income supplement.

If the human resources investment fund will be covering these kinds of activities, how can the minister say that the fund will not infringe on the provinces' jurisdiction over manpower?

When it comes down to it, we can say that the minister made the same error during the debate on Axworthy's social program reform: the situation was properly diagnosed, they realized that the current system did not work, but they prescribed the wrong treatment.

Once again, they have decided that Ottawa must manage the fund, even though it is well known that the provinces manage areas directly related to manpower training much more efficiently.

Another possible activity is implementing a national strategy based on the job market. How can the minister suggest such an option when we all well know that, for years now, there have been 1.5 million jobs available in Canada for approximately 500,000 unemployed people, and that the breakdown in the equation lies between the job market and training.

The solutions suggested to us are the same old solutions, the federal government will come and tell the provinces how to do their job in their areas of jurisdiction. Does the minister not realize that this kind of attitude is entirely out of touch with our solutions for the future, for the 21st century, a future in which the idea that "small is beautiful" will be much more relevant than huge structures with national bureaucracies telling the local workforce should adjust?

With this fund, is the minister not going to perpetuate the same vision he has today, so that at a local level, in each community, manpower management committees will have to be devised to try to bring together again all the stakeholders and achieve what this federal system is unable to achieve, assuming of course that it can be done at a local level at least? Could the minister not take another approach, an approach to truly put manpower training back into the hands of the provinces who express such an interest, as Quebec has, where there is a consensus among unions, employers and the education sector.

All stakeholders involved in the manpower sector in Quebec have been saying for a long time that the best way to address the unemployment problem is to ensure a good fit between training, job creation measures and the unemployed who are waiting for a job. So could the minister not reconsider his decision and ensure that people at the grassroots who have the means to find solutions are allowed to do so, that is in Quebec and in the other provinces seeking the same types of responsibilities in the area of manpower training?

[*English*]

Mr. Lyle Vanclief (Parliamentary Secretary to Minister of Agriculture and Agri-food, Lib.): Mr. Speaker, I am pleased to have the opportunity to respond to the question posed by the hon. member on the human resources investment fund that was recently announced in the budget.

The human resources investment fund will build on the strengths of its initial program components. Those program components include employment programs and services, social development programs in such areas as literacy and participation of disabled persons, the Canada student loans program and youth programs such as Youth Service Canada and Youth Internship.

The terms of the fund's operation will be developed in the coming months in consultation with the provinces with whom the government has already indicated its willingness to work.

The objectives of the fund may in some cases be best achieved through the direct delivery of services by the federal government. In other cases provinces or at times even local authorities may be best placed to achieve our common goals.

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Based on what we have learned through the broad consultation process associated with social security reform, the new fund will establish certain principles. It will help create opportunities for people to develop skills, secure employment and adapt to change. The fund will better equip Canadians to keep their jobs in a changing world and provide the skills to find a new job quickly if it becomes necessary.

The new fund will focus on individual and local needs instead of trying to fit people into programs with rigid eligibility criteria. Programs will be tailored to meet the needs of the individual. At the same time the fund will encourage people to take charge of their own lives, establishing mutual responsibil-

ity. Individuals, employers and local communities will have as much at stake in the employment initiatives as governments.

The human resources investment fund will strengthen partnerships and create an effective division of responsibility between levels of government as well as among governments and the private sector.

[*Translation*]

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(1).

(The House adjourned at 6.48 p.m.)

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