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OFFICIAL REPORT
(HANSARD)

Thursday, March 7, 1996

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Thursday, March 7, 1996

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

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

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[*Translation*]

GETTING GOVERNMENT RIGHT: A PROGRESS REPORT

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I have the honour to table, in both official languages, a document entitled "Getting Government Right: a progress report".

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PROGRAM EXPENDITURE DETAILS: A PROFILE OF DEPARTMENTAL SPENDING

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I also have the honour to table a second document in both official languages entitled "Program Expenditure Details: a profile of departmental spending".

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MAIN ESTIMATES, 1996-97

A message from His Excellency the Governor General transmitting Estimates of the sums required for the service of Canada for

the fiscal year ending March 31, 1997, was presented by the Hon. the President of the Treasury Board and read by the Speaker of the House.

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I would also like to table, in support of the estimates, Part I, "The Government Expenditure Plan".

In addition I will table with the Clerk of the House on behalf of my colleagues Part III of the estimates consisting of 76 departmental expenditure plans. These documents will be distributed to the members of the standing committees to assist in their consideration of the spending authorities sought in Part II of the estimates.

EXPLANATORY STATEMENT BY PRESIDENT OF THE TREASURY BOARD

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I have the honour of tabling and presenting, for the approval of the honourable members of this House, the main estimates of the Government of Canada for the 1996-97 fiscal year.

This is my first occasion to address this House as the President of the Treasury Board. And if I may say so, I am very pleased to be here in this capacity, although I am very aware of the many responsibilities that this position brings with it.

The control of the government's expenditures, the delivery of public services adapted to the needs of Canadians, and the well-being of a dedicated and efficient public service are all significant challenges facing the Treasury Board. They are issues that I was able to examine in depth in my former portfolio of President of the Privy Council and Minister responsible for Public Service Renewal.

I would like to take the opportunity, today, not only to discuss the content of the estimates tabled in this House, but also the process and initiatives that preceded them.

In particular, I would like to highlight the program review begun two years ago and the prospects it offers for today, the many alternatives for delivering government services, and our vision of a renewed, dynamic, and efficient public service.

• (1010)

The estimates submitted to this House reflect the government's main priority—which encompasses all of the others—and that is to put Canada back on the right track a track characterized by fiscal

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responsibility, by more effective program and service delivery, and by harmonious and productive relations between the federal and other levels of government.

When we assumed responsibility in 1993, the government was struggling with two major, endemic problems: a deficit and a debt that were out of control, and a lack of clarity in the roles and responsibilities of the federal government. To put the country back on the right track, we had both to reduce the budget deficit and clarify the roles, responsibilities, and priorities of the Government of Canada.

Canadians clearly would not be satisfied with cosmetic solutions. They expected us to act methodically and with good judgment. This was the framework in which we launched a comprehensive review of all federal government programs and services in 1994.

We based this review on six specific criteria. First, the criterion of public interest: Was the activity still serving the public? Second, the role of the government: Did the government have a necessary and legitimate role in this activity? Third, the criterion of federalism: Could some other level of government deliver the program more effectively? Fourth, the criterion of partnership: What activities or programs could we transfer, in whole or in part, to the private sector or a volunteer organization? Fifth, the criterion of efficiency: How can we enhance the efficiency of the activity or program? And sixth, the criterion of affordability: Can the government still afford this type of activity?

This program review has been a success on many fronts. First, it has enabled the government to reduce its spending significantly. By the end of 1998-99, program review measures will have reduced program expenditures by \$9 billion.

[English]

The program review decisions have also enabled the government to refocus its efforts and to concentrate on its priorities. For example, there have been almost no reductions in the programs for aboriginal peoples and those for corrections and the justice system. In contrast we have cut spending on natural resources and defence substantially and eliminated many subsidies to business.

The program has opened the door to very interesting prospects in federal-provincial relations. In particular, federal departments have a much clearer picture of their roles and responsibilities. This new vision is based on a recognition of the federal government's true spending capacity and a clear understanding of its priorities.

Our vision was evident in last week's throne speech and the subsequent statement by the Prime Minister. We are confident that it will have a positive impact on relations between the federal and other levels of government and will strengthen Canadian unity.

I have also tabled in the House, along with the estimates, a document entitled "Getting Government Right" which summarizes the government's approach to its review process and highlights the key results to date.

[Translation]

In addition to redefining its role and responsibilities, the Government of Canada must also attack another fundamental issue: What are the most efficient and least costly ways to deliver its programs and services? Like most organizations in the world, the government has rethought the way it delivers its services based on what many call the "client approach."

The government continues to develop ways to measure performance. It is making more use of modern technology to reduce costs and enhance service quality. And more and more, it is seeking feedback from Canadians on the quality of the services they receive. As a service provider, we must be flexible if we are to meet the expectations of our citizens. That is why we must be open to other ways of delivering our services.

• (1015)

But this does not mean that the government's presence will no longer be important, because it will continue to play an active role. Alternative delivery will not be appropriate for all federal programs or services. The Treasury Board will review carefully individual programs or services put forward as candidates for alternative delivery.

The government will continue to restructure service delivery where this is a sensible thing to do. A few examples will illustrate some of the ways in which we have experimented with alternative service delivery.

[English]

For example, for some years the government has been shifting its role from an operator of the transportation system to focus on developing policy and legislation and enforcing standards for safety and security. This has led to the transfer of airports to local airport authorities and the proposed sale of Transport Canada's air navigation system to a not for profit operator.

The sale of both Petro-Canada and CN Rail illustrates situations where it makes sense to privatize government assets or activities that the public sector no longer needs to retain.

Using an alternative delivery model, Canada business service centres provide single window services to small businesses from 21 federal departments and agencies and related provincial services.

Recent announcements have enhanced the development of new approaches to services. The government has announced the cre-

ation of three new organizations, a parks agency, a single food inspection service and a Canada revenue commission. These organizations, which will remain within the public sector, will be established under separate legislation.

As our experience with these new structures increases, we expect other departments and agencies to submit more candidates for alternative program delivery.

In addition, the Treasury Board has recently established a new policy for employee takeovers which will make it easier for groups of employees to take over activities their departments previously did. We already have some early examples of this process. We see real potential here to privatize or commercialize certain functions in a way that protects the jobs of former public service employees and yet allows the government to reduce costs.

Our approach to service delivery is pragmatic. Our goal is to identify flexible and efficient delivery options so that we can continue to offer Canadians the services they expect.

Each case must be evaluated on its merits and the solution made to measure in the spirit of innovation, efficiency and service to the client.

[*Translation*]

The past six years have been difficult ones for the Public Service of Canada. As a former career public service employee, I am very much aware of this fact. The significant reductions in the number of jobs have created uncertainty and anxiety among employees. For those who remain, there has been no collective bargaining and their workloads have increased. Salary increases have been suspended for five of the last six years.

I am pleased to say, that we can now see the light at the end of the tunnel. Not only do we wish to treat our employees fairly, we what them to be motivated and feel valued for the work they do for the public service.

In the near future, we will introduce measures that will help to recognize our employees' contributions and modernize our human resources practices.

I am pleased to announce that the Public Sector Compensation Act will not be extended and will expire as scheduled. This act was introduced as a temporary measure in 1991, and has been subsequently extended and broadened in its application. It has been an important component of accomplishing much needed fiscal objectives.

As the Minister of Finance confirmed in the budget yesterday, the government is on track with its fiscal targets. Now it is time to resume more sustainable compensation practices. This means that, beginning this June, we will lift the two-year suspension of annual increments, as was promised when this provision was introduced.

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• (1020)

At the same time, we will reintroduce performance pay, the equivalent of such increments for more senior employees, which has been suspended since 1991.

Because of the timing of the application of the Public Sector Compensation Act, some junior ranks in the Canadian Forces have a salary shortfall when compared with other public service employees. We will compensate these groups by lifting the freeze on them sooner. My colleague, the hon. David Collenette, will announce details shortly.

[*English*]

The government is committed to returning to collective bargaining in a way that is fair to employees and to taxpayers. Many critics say collective bargaining cannot work in the present public sector environment. The success we have had with most of the unions in negotiating terms for alternative service delivery gives us cause for optimism. It shows that collectively it is possible to find better solutions to difficult issues when both sides are prepared to make a reasonable compromise, the very essence of collective bargaining.

We need to bring together at one table issues such as wages, benefits and employment security which have a cost for the employer and economic value for employees rather than dealing with them separately. Where we can increase efficiency by streamlining existing policies and practices such as the travel and foreign service directives, we will share the savings at the table.

We will ask the unions to sit down with us shortly to design such a process. However, given the difficult times ahead of us we must be cautious. Obviously with our continued need for fiscal responsibility we cannot leave determining the results of collective bargaining to a third party unaccountable to Parliament. For this reason we will introduce legislation shortly to suspend the binding arbitration in collective bargaining for the next three years.

[*Translation*]

It is clear that both the services of government and how these services are delivered must change. While it is not possible to guarantee continuing employment for all public service employees, we want to protect employees when arrangements are made to transfer activities out of public service departments to alternative service delivery structures, whether they are inside or outside the public sector.

We will introduce legislation to provide fair and reasonable conditions for employees who transfer to a new employer in such situations. We will enhance these arrangements for employees in unions with which we have entered into agreements on such transfers.

We will also introduce a series of amendments to the Public Service Superannuation Act to provide for pension vesting and portability arrangements that meet the requirements of the Pensions Benefits Standards Act. This will give public service em-

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ployees the same range of pension options that other employees have when they leave their employees.

Yesterday, my colleague, the Minister of Finance, noted in the budget that more employment reductions are likely. We do not anticipate that these reductions will be as big as those resulting from previous decisions. Departments will decide during the coming months where to make these reductions for 1998-99 and establish what impact the reductions will have on employment.

We do not expect to have to extend the early Departure Incentive and early retirement incentive programs beyond their current expiry dates.

The Public Service of Canada has always been known for its competency, integrity, and hard work. I am confident that the men and women of the public service will continue to display these qualities of professionalism.

I would now like to highlight the key elements of the 1996-97 Estimates. This year's estimates package responds to concerns of parliamentarians and the auditor general about the need to make the estimates document more strategic, easier to read, and less oriented to accounting.

• (1025)

We have included in the package six pilot Part IIIs that test the new approach. Part III has been simplified and arranged to bring together in one section all the information related to departmental performance. We shall continue to work with parliamentarians and others to evaluate this new way of presenting information. If it is effective, we shall update the information and table more departmental performance reports in the fall.

[English]

The estimates provide details to support \$157 billion in expenditure authorities for the 1996-97 fiscal year. Of this total, \$45 billion must be voted and authorized through an appropriation act. The remaining \$112 billion is statutory and has been approved previously by Parliament in various pieces of legislation. All those statutory programs do not require Parliament's approval.

The estimates provide information on how these programs are proceeding. Although the Minister of Finance presented planned program spending of \$109 billion in his budget yesterday, this figure and the total in the estimates differ significantly.

In particular, the estimates do not include any program spending changes that require legislation. These technical differences between the estimates and budget figures can obscure the information parliamentarians need to examine departmental spending plans.

Therefore this year I am introducing a new document entitled "Program Expenditure Detail: A Profile of Departmental Spending" which provides information on program expenditures at

departmental and agency levels. This document will undoubtedly help people who use the estimates to understand the implications of the program review and other changes in spending plans for the coming fiscal year.

The move to a smaller, more effective federal government means spending on programs and services will continue to drop. The government plans to spend \$109 billion on programs and services in the coming year. This is almost \$5 billion or about 4.4 per cent less than in 1995-96.

[Translation]

Let us now take a look at the challenge ahead. This government has taken a straightforward approach in its efforts to put Canada on the right track. First, we must get the deficit under control so that we have a reasonable margin to manoeuvre in responding to the issues facing Canadians. Second, we must enhance our ability to assess and respond to the new pressures on Canadian society.

Finally, by relying on a motivated and dynamic public service, we must provide Canadians with a government that knows how to deliver its programs and services more efficiently and more flexibly. I know we are on the right track.

[English]

Mr. Strahl: Mr. Speaker, on a point of order. Given the size of the estimates, the dollar amount of the announced national debt and the impact this will have on Canada's social programs and future taxation, would it be appropriate to ask for a moment of silence to allow the minister personal reflection—

The Acting Speaker (Mr. Kilger): Clearly the hon. member does not raise a point of order.

[Translation]

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, the President of Treasury Board this morning tabled the Estimates of nearly \$157 billion, of which \$76 billion is earmarked for various transfer payments to individuals and the provinces primarily and nearly \$48 billion will go to service the public debt, which is the government's largest budget item each year.

The minister said that deficit control, improved government ability to assess and react in time to new pressures exerted on Canadian society and support for a motivated and dynamic public service are the three main pillars underlying the 1996-97 Estimates.

• (1030)

Let us have a closer look at the merits of the minister's objectives and try to assess the means he will use to achieve them.

To control the deficit, they talk of controlling government expenditure through program review. What has come of these

program reviews? We should point out that all major regional development agencies are seriously affected in this time of high unemployment, when young people are leaving the regions for the cities.

There is, for example, the Enterprise Cape Breton Corporation, whose budget has been cut by 36.1 per cent; the Western economic diversification program, cut by 24.3 per cent, and the Federal Office of Regional Development—Quebec, the hardest hit by a budget cut of \$102 million or 21.3 per cent of its total budget.

Meanwhile, the budget of the Office of the Commissioner for Federal Judicial Affairs has been increased by \$6.3 million, an increase related to judges' salaries, allowances and pensions.

Although cut, defence spending still represents 21 per cent of direct program expenditures, excluding transfer programs. This is still far too much in a post cold war period.

The minister says we have to look and see whether, in the federal context, another level of government would be better placed to deliver a specific program more effectively. I would say to the minister that 11 years as councillor with the city of St. Lambert, a city in my riding, 13 years as a Quebec provincial official and two years here in this House as a federal elected representative have shown me very clearly that the closer a government is to the people, the more effectively it delivers a program and that the client approach the minister seems to favour requires the transfer of as many powers as possible to the provinces, the regions and the municipalities.

The increased control the government is preparing to exercise is what hurts the most. While it is talking about a client approach, the government is planning to create three new agencies, as mentioned this morning by the minister: a national parks board, a single food inspection agency and a national revenue commission that will be competing directly with Revenue Quebec, which already collects the GST and the QST on its territory.

There is a lack on consistency between the goals set by the minister and the means he intends to use to meet them. The government is talking about flexible arrangements with the provinces, but whenever it has a chance, it tries to centralize.

Similarly, we are told that, by the end of the 1998-99 fiscal period, the new measures brought about by this year's program review will allow the government to cut its program spending by \$9 billion. However, the documents tabled yesterday in this House by the Minister of Finance clearly show that, due to the reallocation of funds to other programs, the net result of the program review will be a net increase of \$34 million this year and a drop of barely \$200 million next year, as the effect of this year's new measures will obviously be felt only in two or three years.

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In short, cuts are badly targeted, reallocations are badly targeted, and, for the time being, these new measures have absolutely no impact on the fiscal situation.

To conclude, I would like to ask the minister how he thinks he will be able to rely on a motivated and dynamic civil service, when a more generous package is being offered to employees belonging to the unions with which the government has reached a settlement regarding the transition to a new structure, and when the Minister of Finance announced in yesterday's budget the possibility of more layoffs?

• (1035)

[English]

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I will start by congratulating the minister on his appointment as President of the Treasury Board. I also congratulate the department on the six pilot projects on the reformatting of the part IIIs so that parliamentarians can more fully enjoy and appreciate what is going on in the departments. We hope this progress will continue and that parliamentarians will be able to have useful documentation in order to analyse what the government is doing. Unfortunately my compliments seem to stop there.

The government is spending \$157 billion and the minister gave a fairly short speech to cover how the government intends to do that. He boasts about the fact that program spending is coming down by about \$9 billion, but interest on the debt is going up by \$9.8 billion. It is not even a saw-off; we are spending more money. That was quite evident in the budget which was tabled yesterday by the Minister of Finance. We saw quite clearly that the deficit is coming down on the backs of the taxpayers because as the deficit has come down by \$25 billion, tax revenues have gone up by the same amount.

He talked about program review. In the last session of this Parliament I tabled Private Member's Bill C-289 which talked about program review. I said that four things have to be done. We should be looking at programs and reviewing programs on a cyclical basis, based on the following: What is a program designed to do? Is the program meeting that definition that we intend to serve society? Is it being done efficiently? Is it a better way to accomplish the same service to society at a lesser cost?

The program review which has been done by this government has been done behind closed doors. It has been politically motivated. We have not seen very much in the way of efficiencies and improvements. Yet the government continues to slash across the board each department by 2 per cent, 3 per cent and 4 per cent. That is not program review; that is management without intelligence. It is basically cost cutting for the sake of cost cutting. It does not focus on service to Canadians.

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If we look at the main estimates which were tabled today, we wonder why the status of women and the office of the co-ordinator get almost a 9 per cent increase, up by \$1.3 million, while every other Canadian has to do with less.

The Department of Citizenship and Immigration will get another \$8.6 million, which is an increase of 3.8 per cent. That amounts to \$8.6 million extra with the concept that it is going to save money. It seems rather strange.

We all know what is happening in the fisheries, but the government is going to give an extra 47 per cent to the Department of Fisheries and Oceans. Maybe that is just to go out and look for some fish. We need programs that work and programs that help Canadians. Giving another 47 per cent to the Department of Fisheries and Oceans is not going to bring back the fish as far as I am aware.

The Department of Foreign Affairs and the Canadian International Development Agency are both up, while Canadians get less. We want to maintain this facade of an image abroad that Canada is a wonderful place and that it has money to spend, while Canadians pay more and get less.

These are the types of things that have to change if the government is going to get it right. One of the documents which the minister tabled this morning was: "Getting Government Right". I think that getting government right is spending on Canadians, not maintaining this facade abroad by spending our money on other people.

It says here that the Department of Indian Affairs and Northern Development had a 20 per cent reduction in its budget, but yesterday the Minister of Finance said that the government was going to spend more. Money is going up and the numbers are going down just because they fudge it and move it elsewhere.

These are not the types of things we like to see in the estimates. We like to see some real solid facts and continuity from year to year so that parliamentarians can understand what the government is doing.

His own department, Treasury Board Secretariat, is going to get another \$160 million. That is the department which is in charge of downsizing government, but he takes another \$160 million for his own department to do that. It is incongruous that we see these types of numbers in the estimates.

• (1040)

I was glad to see the minister intends to remove the wage freeze next year. We have already called for the government to do that and we are glad to see it is doing it. At the same time we called for the unions to give up the job guarantees. We want to see merit in the civil service where people who do a good job are recognized. We

want every civil servant to know that if they are doing a valuable job and doing it well, job security is there on that basis. We have to tell them that.

However, the government has gone one step further. It has suspended binding arbitration. It has said it is prepared to talk about an increase in wages, but it will suspend binding arbitration which simply says: "We are going to compromise, but we will do it our way". I do not think that is the message the government should be sending to the civil service. It is like the sword of Damocles.

Last year the Minister of Finance announced 45,000 job cuts. Tens of thousands of jobs were going to disappear and the civil service took it on the chin and carried on knowing that the morale was low because so many of their colleagues were going to go. Yesterday the Minister of Finance said: "That is not all. More are going to go". We do not know how many are going to go or when.

The minister said this morning that the civil service is known for its competency, integrity and hard work. The government has maintained the wage freeze during the two and a half years it has been in office. It has said it is going to eliminate 45,000 jobs and it has said it is going to eliminate more. It is going to deny binding arbitration to the civil service. I wonder how long Canadians can expect competency, integrity and hard work from those in the civil service while the government continues to treat them this way. That has to change. We have to treat our civil service well. We have to recognize that those employees are working under difficult circumstances and they deserve better treatment.

The minister talked about client approach. Client approach in the government has to serve Canadians. As a businessman I always knew I could look after my customers. Accountability and service delivery has to be number one. While the minister talks about it, what do we find?

The Canadian health and social transfer is being maintained at a constant level by the Minister of Finance. He said so yesterday. There is no accounting for inflation which means that the extra costs are going to have to be borne by the provinces. That is not service.

We have seen cuts to medicare from the 50 per cent that was guaranteed by the Liberal government many years ago. It is now down to the fact that it is only paying 23 per cent of health care. And the minister calls this client approach service delivery. Hospitals are closing, people are waiting for surgery everywhere. That is not a service delivery approach. It is budget cutting and Canadians suffer.

Total spending is \$157 billion in these estimates and we know there will be more coming in the supplementaries. There is \$112 billion in statutory spending and we as parliamentarians are going to vote on \$45 billion. That is a disgrace. It is absolutely intolerable

that with the fiscal situation we are in today we as parliamentarians can only vote and express an opinion on \$45 billion out of \$157 billion.

We know from past experiences over the last two years that the government has maintained that absolutely not one nickel can change in the estimates regardless of what people on this side of the House say. That has to change. I look forward to the day the Reform Party is over on that side and introduces some meaningful change so that parliamentarians on both sides can have input on how money is spent in this country.

According to the minister, spending will continue to drop. Taxes are going to remain high. We got no tax relief yesterday. The amount of money being spent on programs is going down and down every year by the government's own admission and there is no tax relief. It points out that the Reform Party had it right when it told the government to balance its budget as quickly as possible. Every dollar that Canadians are denied from tax revenue is being spent on bankers abroad. There is no way the government can deliver or continue to deliver social services to Canadians that are so dearly needed. The government promised jobs and it has yet to deliver on that promise.

• (1045)

I see government is spending another \$111 million on CIDA, the Canadian International Development Agency. The estimates say aid is going up and yet the Minister of Finance said yesterday it is going down \$150 million over the next two years. This is yo-yo accounting. One year the government jacks it up, the next year it cuts down and says it is saving money. This is no way to do things.

Let us be realistic. If cuts are to be made, let us cut, let us cut now and let us get the benefits so that we can ensure that things are going well.

My last point is defence. I have some correspondence from the minister of defence. Last year he said that the estimate to build a new range in CFB Gagetown was \$2 million. I see in the estimates it is going to cost \$3.5 million. That is a 75 per cent increase over the estimate in one year.

In Shilo, Manitoba, construction estimates according to documents that I have was \$29.9 million last year and is now going to cost \$47.2 million. That is increase of 58 per cent over the estimate of less than one year ago. There is no management in defence. In the meantime it has been cut overall by 21 per cent. There are morale problems in the ministry of defence. The chief of defence staff has said he cannot even fight a war to defend Canadians. Budgets are being cut and the estimates are out to lunch. There is a problem in the management of the department of defence. It should be fixed and fixed now.

I look forward to examining these estimates in committee over the next few months. Reform members will be calling the government to task. We expect that if we point out real, meaningful and

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intelligent savings that government members will agree to them and amend these estimates when we vote on them in the months to come.

* * *

[Translation]

HOUSE OF COMMONS, 1996-97 ESTIMATES, EXPENDITURE PLAN

The Acting Speaker (Mr. Kilger): Dear colleagues, I have the honour to lay upon the table the Expenditure Plan in relation to the 1996-97 Estimates for the House of Commons.

* * *

[English]

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have the honour to present the fourth report of the Standing Committee on Procedure and House Affairs regarding the membership and associate membership on the Standing Committee on Official Languages.

If the House gives its consent I intend to move concurrence in the fourth report later this day.

* * *

[Translation]

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT ACT

Hon. Douglas Young (Minister of Human Resources Development, Lib.) moved for leave to introduce Bill C-11, an Act to establish the Department of Human Resources Development and to amend and repeal certain related Acts.

This bill is in the same form as Bill C-96 of the first session at the time of prorogation. Therefore, I request that this bill be reinstated as provided in the special order adopted on March 4.

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

The Acting Speaker (Mr. Kilger): The Chair is satisfied that this bill is in the same form as Bill C-96 at the time of prorogation of the first session of the 35th Parliament.

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Accordingly, pursuant to order made on Monday, March 4, 1996, the bill is deemed to have been read the second time and referred to the Standing Committee on Human Resources Development.

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EMPLOYMENT INSURANCE ACT

Hon. Douglas Young (Minister of Human Resources Development, Lib.) moved for leave to introduce Bill C-12 entitled An Act respecting employment insurance in Canada.

● (1050)

Mr. Speaker, this bill is in the same form as Bill C-111 at the time of prorogation of the last session. Therefore, I request that this bill be reinstated pursuant to the special order adopted on March 4.

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

[*English*]

Mr. Williams: Mr. Speaker, a point of order. I would like clarification from the Chair that these bills can be reintroduced without the consent of the House. Could you please give me the rules on that?

The Acting Speaker (Mr. Kilger): I believe that a few days ago there was a vote on a motion regarding the appropriate procedure by the government to bring back certain bills from the previous session.

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

The Acting Speaker (Mr. Kilger): The Chair is satisfied that this bill is in the same form as Bill C-111 was at the time of prorogation of the first session, 35th Parliament.

Accordingly, pursuant to order made Monday, March 4, 1996, the bill is deemed to have been referred to the Standing Committee on Human Resources Development.

(Bill deemed referred to a committee.)

* * *

BELL CANADA ACT

Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.) moved for leave to introduce Bill C-227, an act to amend the Bell Canada Act (construction charges).

He said: Mr. Speaker, I rise today to introduce my private member's bill which is entitled an act to amend the Bell Canada Act (construction charges).

Rural Canada is put at a disadvantage by inadequacies in the cost and accessibility of advanced communication technologies. In

rural Canada this disadvantage extends to the simple provision of telephone service. Rural Canadians often face steep costs for service provisions because of their increased distance from existing lines. Right now service is mandated to customers within 62 meters of distribution facilities.

This bill proposes that service be provided for customers up to 1,000 meters away from existing lines and that beyond that construction charges be capped at a reasonable amount.

Phone service is an essential service. It should be affordable to rural Canadians. I ask all members of the House to support the bill.

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

* * *

YOUNG OFFENDERS ACT

Mr. Jay Hill (Prince George—Peace River, Ref.) moved for leave to introduce Bill C-228, an act to amend the Young Offenders Act and to amend certain other acts in consequence thereof.

He said: Mr. Speaker, first I would like to thank my hon. colleague for Fraser Valley East for seconding this bill.

The purpose of this bill is to lower the age limit which defines who is a child or a young person for the purposes of the Young Offenders Act. It will now include young offenders age 10 and 11.

Currently the police cannot charge 10 or 11-year-olds who are picked up for robbery or for viciously beating innocent victims. Eleven-year-olds are deliberately recruited by gangs because the law cannot touch them. These youth need help but the system is failing them. They are falling through the cracks and we cannot get them into the appropriate counselling or rehabilitation programs because the current law says they are too young.

If they are old enough to pack a gun or a knife, sell drugs or their bodies, then they are old enough for the justice system to address their problems. The sooner they get relevant help, the easier it will be to reverse their criminal behaviour.

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

* * *

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if the House gives its consent, I move that the fourth report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

(Motion agreed to.)

• (1055)

[Translation]

MAIN ESTIMATES 1996-97

REFERRAL TO STANDING COMMITTEES

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, pursuant to Standing Order 81(4) as revised for fiscal year 1996-97 and to Standing Order 81(6), I wish to introduce a motion concerning referral of the Estimates to the standing committees of the House.

Since 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 has been read.

Therefore I move, seconded by Hon. Ron Irwin:

That the Main Estimates for the fiscal year ending March 31, 1997, laid upon the table on March 7, 1996, be referred to the several standing committees of the House in accordance with the detailed allocation attached.

The Acting Speaker (Mr. Kilger): Is there unanimous consent?

Some hon. members: Agreed.

[Editor's Note: The list referred to above is as follows:]

That the Main Estimates for the fiscal year ending March 31, 1997, laid upon the Table on March 7, 1996, be referred to the several Standing Committees of the House in accordance with the detailed allocation attached:

To the Standing Committee on Aboriginal Affairs and Northern Development
Indian Affairs and Northern Development, Votes 1, 5, 10, 15, L20, L25, L30, 35, 40, 45 and 50

To the Standing Committee on Agriculture and Agri-Food
Agriculture and Agri-Food, Votes 1, 5, 10 and 15

To the Standing Committee on Canadian Heritage
Canadian Heritage, Votes 1, 5, 10, 15, L20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105, 110, 115, 120, 125, 130 and 135

To the Standing Committee on Citizenship and Immigration
Citizenship and Immigration, Votes 1, 5, 10 and 15

To the Standing Committee on Environment and Sustainable Development
Environment, Votes 1, 5, 10 and 15
Privy Council, Vote 30

To the Standing Committee on Finance
Finance, Votes 1, 5, L10, L15, 20, L25, 35 and 40
National Revenue, Votes 1, 5 and 10

To the Standing Committee on Fisheries and Oceans
Fisheries and Oceans, Votes 1, 5 and 10

To the Standing Committee on Foreign Affairs and International Trade
Foreign Affairs, Votes 1, 5, 10, 15, 20, L25, L30, 35, 40, 45 and 50
Public Works and Government Services, Vote 40

To the Standing Committee on Government Operations
Canadian Heritage, Vote 140
Governor General, Vote 1
Parliament, Vote 1
Privy Council, Votes 1, 5, 10 and 35
Public Works and Government Services, Votes 1, 5, 10, 15, 20, 25, 30 and 35
Treasury Board, Votes 1, 5, 10, 15 and 20

Routine Proceedings

To the Standing Committee on Health
Health, Votes 1, 5, 10, 15, 20, 25 and 30

To the Standing Committee on Human Resources Development
Human Resources Development, Votes 1, 5, 10, 15, 20, 25, 30, 35 and 40

To the Standing Committee on Human Rights and the Status of Persons with Disabilities
Justice, Vote 10

To the Standing Committee on Industry
Industry, Votes 1, 5, L10, L15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105, 110, 115, 120, 125 and 130

To the Standing Committee on Justice and Legal Affairs
Justice, Votes 1, 5, 15, 20, 25, 30, 35 and 40
Privy Council, Vote 40
Solicitor General, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45 and 50

To the Standing Committee on National Defence and Veterans Affairs
National Defence, Votes 1, 5 and 10
Veterans Affairs, Votes 1, 5 and 10

To the Standing Committee on Natural Resources
Natural Resources, Votes 1, 5, 10, L15, 20, 25 and 30

To the Standing Committee on Procedure and House Affairs
Parliament, Vote 5
Privy Council, Vote 20

To the Standing Committee on Public Accounts
Finance, Vote 30

To the Standing Committee on Transport
Privy vote 15
Transport, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40 and 45

To the Standing Joint Committee on the Library of Parliament
Parliament, Vote 10

To the Standing Joint Committee on Official Languages
Privy Council, Vote 25

(Motion agreed to.)

* * *

PETITIONS

TAXATION

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, pursuant to Standing Order 36, I am pleased to table a petition signed by some of my constituents of Bourassa, residents of Montréal-Nord and the surrounding area. They are mostly motorists who are asking the government not to raise the excise tax on gasoline. Needless to say, I fully support this petition.

[English]

FOOD PRODUCTS

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, I rise, pursuant to Standing Order 36, to present petitions on behalf of all British Columbians.

The first petition I present this morning, and I am honoured to do so, is due to the many changes to food and food products as a result of the current rise in genetic engineering.

Canadians request Parliament to ensure that all transgenic foods and food products be clearly labelled that they are transgenic foods.

Routine Proceedings

DIVORCE ACT

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, the second petition, pursuant to Standing Order 36, deals with Bill C-32, the grandparents issue.

The petitioners request Parliament to please look seriously at the Divorce Act to consider changing it in order to allow grandparents standing in the court to ask for access.

YOUNG OFFENDERS ACT

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, the third petition is from petitioners asking for changes to the Young Offenders Act, looking at things such as deterrence of the offender, accountability of the offender and rights of the victim.

CONSCIENTIOUS OBJECTION ACT

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, I rise, pursuant to Standing Order 36, to present a petition today on behalf of Helen Hawthorn and 25 other residents of North Vancouver and Vancouver.

The petitioners draw the attention of the House to the fact that the Constitution Act of 1982 guarantees freedom of conscience and religion in the Canadian Charter of Rights and Freedoms, and that recognition of conscientious objection exists in Canada.

They pray and call on the Parliament of Canada to establish peace tax legislation by passing into law the private member's bill of the member for Burnaby—Kingsway, the conscientious objection act.

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I wish to present three petitions to the House.

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

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

HEALTH

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

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

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

CRIMINAL CODE

Mr. Paul Szabo (Mississauga South, Lib.): The third petition, Mr. Speaker, has to do with corporal punishment.

The petitioners point out that whereas section 43 of the Criminal Code allows school teachers, parents and those standing in the place of a parent to use reasonable force for the correction of pupils or children under their care; and whereas the 1994 study in Ontario found that 85 per cent of all reports of physical abuse of children began as attempts to discipline; and whereas the use of force for correction teaches children that violence is an acceptable method of dealing with conflict, the petitioners call on Parliament to end legal approval of this harmful, discriminating practice by repealing section 43 of the Criminal Code.

* * *

● (1100)

QUESTIONS ON THE ORDER PAPER

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

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

Some hon. members: Agreed.

[Translation]

The Acting Speaker (Mr. Kilger): Before we move on to debate I wish to inform the House that due to the statement by the minister, Government Orders will be extended by 39 minutes.

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[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from March 6 consideration of the motion that this House approves in general the budgetary policy of the government.

Mr. Blaikie: Mr. Speaker, I rise on a point of order. Pursuant to a discussion we had the other day in the House I rise to seek the unanimous consent of the House that the NDP be allowed to respond after the spokespersons of the three official parties in the House.

The Acting Speaker (Mr. Kilger): Is there unanimous consent?

Some hon. members: No.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, we often say that we should sleep on something, and I did. However, I am still of the same opinion as yesterday, and I have the same arguments against the last budget of the Minister of Finance.

To us, this budget is window-dressing. It was a big production meant, first and foremost, to hide the real damaging effects of the finance minister's measures on the economy and on jobs, and to hide also the real state of the federal government's finances.

The minister who, for months, has been saying that he is a good manager, that he will reach his budgetary targets and make sure we see a definite improvement in public finances, forgot to tell us that the accumulated debt will top \$600 billion this year. He forgot to tell us also that since he has been in the job, and after three consecutive budgets, he has added more than \$110 billion to the debt. Is that good management of public finances? Is that controlling the medium-term debt? Is that having regained control of public finances? I wonder whether it is not the contrary. I does not make any sense.

If it had not been for the Unemployment Insurance Fund which, after a reform that everybody is denouncing across Canada, produced an annual surplus of \$5 billion; if it had not been for the systematic transfer of deficit problems to the provinces; if it had not been for the economic growth of the last two years, the Minister of Finance would certainly not have reached his target for the deficit, which is 3 per cent of GDP.

It is by tampering with reality, by dipping into a fund to which it does not contribute any more—the unemployment insurance fund—by dumping its responsibilities onto the provinces and by

taking into account the evolution of the economic situation only that the Minister of Finance gets to present this overall picture.

But this is no way to improve public finances. This is no way to put public finances back on the right track. There are two ways, and both involve systematic elimination of the shameful waste that we have seen for the last two and a half years. Since we have been elected, we have come to know the machinery of government. We know there is waste, we know there is duplication, we know there is a lot of overlap.

• (1105)

As far as this first way of really improving public finances, the Minister of Finance announced yesterday that the fight against waste is over. This is no joke. Even in his budget plan, we see in his table on page 14 that, in the direct budget savings for 1996-97, he expects additional cuts in the government machine of 0.0; that means zero. There are no cuts this year. It is over. There is no more waste, no more duplication, no more overlap, no more fat anywhere. It is zero.

Next year, it will be 0.2; what does it mean? It means \$200 million in a budget of over \$150 billion. It is an insult to taxpayers in Quebec and Canada to present such a plan for reducing waste, for downsizing the cumbersome government machine. And the Minister of Finance claims to be a good manager of public finances.

Why, for example, did he not follow the suggestions of the official opposition, which asked him, among other things, to continue to make massive cuts in national defence? It is not normal that, in peace time, the armed forces still require an investment of tens of millions, even hundreds of millions of dollars in different types of war time equipment. There is talk, for example, of anti-tank missiles or ultra sophisticated equipment for submarines.

There is talk of investing in all kinds of weapons and equipment, when all experts agree that we could cut \$1.5 billion from the defence budget and amend DND's mandate so as to provide for the maintenance of peacekeeping forces around the world. That is the way to make public finances healthier and more rational—common sense would also prevail.

Why did they not propose, for example—and I am sure that most taxpayers in Canada and Quebec would be agreeable—cutting the nearly \$50 million allocated to the other House, to parliamentarians who doze off during the throne speech? People noticed that, too. The time has come not only to get rid of the deadwood but also to give in to official opposition demands to eliminate, once and for all, all appropriations to these people who are paid to do nothing or to sleep.

As for the “jobs, jobs, jobs” that were promised in the last three years, this slogan can still be heard but it is getting fainter and fainter as the months go by, for the very good reason that this

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government not only did not put forward significant measures to create good, lasting jobs but also made cuts, in the finance minister's last budget, that apply to the levers or ways used to create jobs.

Let us take, for instance, the finance minister's attack on labour sponsored venture capital funds. This is incredible. The Fonds de solidarité des travailleurs du Québec, for example, works well and helps maintain 40,000 jobs. Yesterday, the finance minister decided to pull the rug out from under their feet—this also applies to the newly created CSN fund—thus undermining this instrument that is so important to Quebecers. This is not normal.

It is not normal to talk about creating jobs while at the same time undermining the basic tools used to create jobs and spread the benefits of economic growth throughout Quebec. The same goes for Canadian funds in all parts of Canada. This is what they call taking measures to promote employment? Had we known this, we would have explained to the people that when they were talking about “jobs, jobs, jobs”, what they really meant was job cuts. That is what the government was proposing.

• (1110)

Student summer employment, that too is to laugh at the face of students in Quebec and Canada. A sum of \$120 million has been earmarked for student employment creation, it is true. But did you know how much money was taken away from students through transfer cuts to post-secondary education and so on? This year, the government has cut or plans to cut \$150 million.

Do you know how much will be cut next year? Approximately \$500 million. On the one hand, \$650 million is taken away from students over two years, while, on the other hand, \$120 million will be provided to create summer jobs. I can understand why they are upset and why they came out, Mr. Rebello first, to denounce the government's attitude. They are being laughed at.

Another measure designed to discourage job creation was announced yesterday in the finance minister's speech. As you know, to maintain one cent of the employees' or employers' contribution to the UI fund, the jobs of 6,000 Quebecers or Canadians have to be sacrificed.

The Minister of Finance could have announced yesterday plans to substantially reduce the unemployment insurance premiums paid by employers and employees. Instead of appropriating the UI fund surplus he could have announced that it would be used to alleviate some of the problems faced by the economy these past couple of years in creating employment. He could have come out and said: “We will balance our budget by systematically eliminating waste and create thousands of jobs by lowering employer and employee premiums”.

Instead, premium levels remained unchanged. When we hear that this government is about jobs, never has it been more obvious

than yesterday that this government is working against the creation of the thousands of jobs our economies need, in Quebec and Canada.

Regarding the Canada social transfer, the minister announced, and immediately recanted—but it is nonetheless written on page 59 of his budget plan—that cuts would be shared among the provinces on the basis of population.

What does this mean? I will repeat it over and over again: This means that Quebec, which represents about 25 per cent of the population, will support 40 per cent of the cuts to the Canada social transfer. On page 59 of his budget plan, the minister said, and I quote: “—each province's allocation will be further adjusted to more closely reflect its share of Canada's population”.

Solutions are thus being delayed by a few years, but the machinery is clearly on the move to have Quebec absorb 40 per cent of the cuts to be made under the social program transfer.

Yesterday, the minister told us: “Do not worry. The issue will be discussed. Nothing is definite yet”. Well, maybe nothing is definite, but there seems to be a clear and precise intent in the budget toward making cuts based on population, and Quebec would clearly lose out if other criteria than population were applied. That is unacceptable.

Does anybody know what the cuts imposed by the federal government on the provinces will amount to this year and the next? These cuts of \$2.5 billion plus \$4.5 billion will total \$7 billion in the next two years, and Quebec alone will lose \$650 million this year, more than \$1 billion next year, and 5 billion over the three following years. For the government, stabilizing public finance means offloading its deficit onto the provinces and making Quebec pay more than its fair share.

With this budget, not only harmful budgetary measures are being introduced, but principles are being trampled.

• (1115)

Some struggles lasted for decades, but now the gains that were made are simply pushed aside. I am referring to the measures proposed in the budget regarding old age security and women.

The Minister of Finance decided that the progress made by Quebec and Canadian women was not important. In just three lines, he pushed aside what was gained over 50 years of hard struggle to promote gender equality and financial independence for women by making these priorities secondary issues and moral values for Quebecers and Canadians.

The minister proposes to use the family income as a criterion to determine the level of benefits to be paid to Quebec and Canadian households. This clearly penalizes women. Earlier today, I listened

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to the reaction of some women. They were outraged by the fact that the government's action will set them back several decades behind.

Remember, not that long ago, when a woman had to get her husband's signature to borrow money at the bank. What difference is there between using the household income, to which the man is usually the main contributor, and the way loans were granted to women a few years ago? In terms of principles involved, it is a shame to have included such a measure in a budget.

Let us now take a look at the tax system. Yesterday, the official opposition made what I would call a small gain. Why? Because the Minister of Finance has finally understood that there were inequities in Canada's tax system, that there were all kinds of loopholes in the corporate tax system, and that, ultimately, every Quebec and Canadian taxpayer pays for the loopholes used mostly by major corporations to avoid paying their due to Revenue Canada.

After urging and pressuring the government and the Minister of Finance for two and a half years, we have finally convinced them that it is necessary to do a major clean-up in the corporate tax system, whose exemptions cost us at least \$10 billion annually—and this figure is based only on the measures that are known, because we do not know the impact of just as many loopholes.

The minister has just realized that you clean up government finances not by making cuts that impact on provinces, not by making cuts in the unemployment insurance account, not by surfing on the economic conditions, but by taking action in an area which I feel is fundamental, taxation.

We see that, while he realized that, he does not really intend to do anything to remedy unfairness in the tax system. Why? For two reasons. First, he proposes to establish a working group, which he calls a technical committee on business taxation. The members of that working group will be mandated to work behind closed doors, in camera, without anybody knowing where their discussions are going and exactly what tax breaks are available to businesses—some might no longer have any justification—and the cost of these tax breaks to the public purse. If they work behind closed doors, it may be to hide a little strategy that would go like this: change two or three tax breaks; then, once two or three of them have been changed, say that nothing more can be done.

That is not what the minister was asked to do. That is not what Quebecers and Canadians expected from the finance minister. We asked for an open process, for a special parliamentary committee that would swiftly review, in the open—that is what democracy is all about—the whole range of tax breaks available to big corporations at a cost of billions of dollars to the public purse, year after year.

• (1120)

This is what we wanted and what the people want. Instead of that, we are faced with a closed process, a review that will take

place behind closed doors. What kind of credibility can such a review have? How can we trust it?

There is something far worse than that, however. If one looks at the membership of this working group, one realizes that it does not make any sense to have people from corporations or universities who not only have their own set agenda, but may also be in a conflict of interest because of the committee's mandate. We notice for example that one member comes from the Simon Fraser Institute, an institution not particularly well known for social-democratic leanings. It is not known to favour big business having to pay its fair share of taxes. It clearly came out in favour of cuts in social programs as the only means to get our financial house in order. Here we have a representative of that venerable institution on a committee whose mandate is to review the corporate tax system and point out to us unfair aspects of the system we can deal with so that all corporations, and not only some of them, pay their fair share. That is quite something. It certainly does not do much for the credibility of this working group.

But there is even worse than that. People from Ernst & Young and Price Waterhouse will sit on this technical committee whose mandate, I repeat, is to find out how we can close loopholes corporations and big taxpayers use to avoid tax. One of these is tax havens. For the last two years and a half, we have been decrying the tax treaties Canada has signed with countries that are considered like real tax havens, such as the Caribbean or many others. In these 11 countries, corporate income tax rates are a lot lower than ours, something like 10 per cent of the Canadian tax rate. Therefore, profits are transferred to affiliates set up in these tax havens, taxed at a much lower rate than the Canadian one, and then sent back here. These profits are not subjected to any further taxation measure. By transferring their profits and losses in this way, corporations manage to avoid paying any taxes to Revenue Canada.

Well, can you believe that the two companies I referred to earlier, Price Waterhouse and Ernst & Young, both have affiliates in countries considered as tax havens? That is unbelievable.

As the Leader of the Opposition put it so eloquently yesterday and again today, that is like inviting the fox into the henhouse, and I would even go so far as to say that it is like inviting the fox to lunch.

“Price Waterhouse, P.O. Box 3910, Nassau”. Do the hon. members want the phone number? I have it. “Ernst & Young, Nassau, the Bahamas”. “Ernst & Young, Gibraltar”, that is another country considered to be a tax haven. “Ernst & Young, the Cayman Islands”, the best of all tax havens, with 28,000 companies for 30,000 people. Incredible, right? “Ernst & Young, rue d'Italie, Geneva”, Switzerland being another famous tax haven. “Price Waterhouse, Les Échelons Street—nothing to do with taxation echelons, as we call them in French—, Guernsey”, the British Isles; another marvellous tax haven. “Price Waterhouse, P.

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O. Box 3910, Nassau, the Bahamas”, again, I have the fax and phone numbers for those who think it might be useful.

That does not make any sense. Quebecers and Canadians are being laughed at. The minister no longer has the political will to solve the problems related to corporate income tax. He no longer has the political will to do so. This hare-brained scheme, this creation of a closed group with obvious conflicts of interests, proves it. They talk of a delay in the production of a paper, which could come out sometime by the end of the year, because it is still on the agenda. This paper will probably be released after the election.

• (1125)

This reminds me of the initiative that the Minister of Finance announced last year concerning family trusts. He said: “Yes, we will abolish some privileges associated with family trusts but only in 1999”, giving all those with millions and millions of dollars stashed in these luxury tax exemptions enough time to find other tax shelters, thus denying the government any new money, since capital will have fled by 1999 to other tax havens in order to avoid taxation.

The only tax initiative in this paper by the Minister of Finance is the creation of the Canada Revenue Commission. The only purpose of this sole initiative is to once again isolate Quebec. In his paper titled: *Budget Speech*, which he read to us yesterday, the finance minister told us: “Canadians know full well that there is only one taxpayer. A number of provinces have asked us why there was not, as well, only one tax collector?”

This is the object of the Canada Revenue Commission.

Has anyone realized what we are saying in these two sentences to Quebec, which is the only Canadian province to levy its own income tax, the only one that acquired, the very hard way, since Mr. Jean Lesage, the tax autonomy that it had always wanted and that went with Quebec’s distinct society?

Does the minister of Finance realize that what he is saying about the possibility of setting up a national revenue commission, combined with the provision in the speech from the throne concerning the possibility that the federal government would create a Canada-wide program in areas of exclusive provincial jurisdiction, where a majority of provinces agree, makes for a very explosive mixture? Does he realize that?

Sometimes, I wonder if the minister of Finance is aware of the impact of his budgetary policies. Ever since taking power, he has announced a whole series of measures aimed at, firstly, isolating Quebec, and secondly, further centralizing all aspects of social, economic and political life in this country.

He has announced a national securities commission, in a field of exclusive Quebec jurisdiction. No problem, let us do it! Last year, he announced Bill C-100 on financial institutions. Once again, the Bank of Canada and other federal institutions are moving in and even shoving aside institutions such as the Quebec Securities Commission or the Inspector General for Financial Institutions.

Now we are being told that it might be a good idea to do away with duplications and overlaps, and why not, while we are at it, do away as well with the tax autonomy of the Quebec government. Now that takes a lot of nerve! On top of that, he has something planned which has been in the works for about two years, and that is the implementation of a Canada-wide sales tax.

This national sales tax would be administered by the Canada Revenue Commission; as a result, if the government of Quebec decides it does not want this second version of the GST, it will be forced to accept it because it is said clearly in the speech from the throne that if a province wishes to opt out of this new national program, it could do so only if it proposed to apply exactly the same program with the same criteria or equivalences in the province.

• (1130)

In other words, if the federal government decides to create a new national sales tax that is not wanted in Quebec because the Quebec government wishes to control its tax base, what goods and services to tax or not to tax, it will not be able to do so because it will be forced to accept the new tax, a majority of provinces having decided otherwise in its place. Those are the hidden intentions behind the budget speech and the orientations of the speech from the throne.

When we are talking about disguising, that is also what we mean. And it is ironic, as I said yesterday, and I will say it again today, that when it is speaking of eliminating duplications and overlaps, the federal government is not looking in its backyard, but in the provinces’ backyards. That is where, in its opinion, duplications and overlaps are to be found, even in strictly provincial fields of jurisdiction. That takes the cake!

One last point on which I would like to inform the people of Quebec, and of Canada as well, is the treatment of the milk subsidy, which affects particularly Quebec’s milk producers.

You will recall that, last year, the minister of Finance cut \$32 million in the budget for Quebec’s milk producers. While cutting \$32 million in the budget for Quebec’s agricultural sector, it planned to increase by \$2.9 billion the credits extended to the Prairie provinces. It planned to make \$32 million worth of cuts in

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Quebec while increasing by \$2.9 billion the credits allowed to the Prairie provinces. Such is the Canadian agricultural policy.

What the minister told us yesterday is that not only did Quebec pay more than its share while the Prairies received several billion dollars more, but also that the government has made a unilateral decision to cut all subsidies to dairy producers in Quebec and Canada. This decision affects Quebec producers in particular since approximately 47 per cent of industrial milk production subject to subsidies comes from Quebec. Strangely, this measure hurts Quebec. There are no phoney committees set up, no panels of experts who are in a position of conflict of interest and who are prejudiced. The government has decided to cut and that is all there is to it.

Do you know how much Quebec dairy producers will lose? Between \$80 and \$100 million. In tough times, at a time when they have to adjust to the new rules imposed by the recent World Trade Organization agreement, to the opening of the borders and to stronger competition, at a time when they have to consolidate their industry to be more competitive in a global trade environment, the government is depriving them of \$100 million, and we are supposed to think that this is a good budget. That is going a bit too far.

The conclusion is the same as yesterday. I hear my Liberal colleagues who are laughing. They think that this inequity, this unfairness toward Quebec is funny.

In closing, I move the following amendment:

That the motion be amended by replacing all the words after the word "That" with the following:

"the budget statement by the Minister of Finance be rejected by this House because: it proposes no real job creation initiatives and does not reduce government spending, most notably the approximately \$50 million appropriated annually to the Senate; it uses the Unemployment Insurance Fund surplus to reduce the budget deficit and reduces social transfers to the provinces; it undermines labour sponsored venture capital funds, such as the FTQ and CSN funds; it does not propose a transparent process for achieving genuine reform of corporate taxation, or an unequivocal determination to undertake such reform; it undermines the provinces' fiscal autonomy; it eliminates subsidies to dairy producers without offering them adequate financial compensation; it jeopardizes women's financial independence by adopting household income as the basis for determining seniors' benefits."

● (1135)

[English]

The Acting Speaker (Mr. Kilger): The amendment is in order.

We now move to the next stage of debate where members will be entitled to a 20-minute intervention subject to 10 minutes of questions or comments, unless there are other indications as to whether members might be splitting their time.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, I will be taking 10 minutes.

Mr. Speaker, do you remember a time when you had aches and pains and went to the doctor for help? He may have given you some bitter tasting medicine and assured you that you would be well in two weeks. When you left the doctor's office you probably already felt better because your worries were relieved and you knew that all would be well within a definite period of time.

Canadians feel the pain and are worried about their economic situation. There are 1.4 million of them who are unemployed. Their neighbours who work for the government are expecting a pink slip any day. The daughter graduating from university has no job yet. There is a long wait at the hospital for the operation needed by one of their relatives. There is disturbing talk about the viability of the Canada pension plan. This is only a partial list of what worries and pains Canadians in 1996.

Canadians expect their doctor, the government, to help them. They expect the budget to offer relief and hope. They were disappointed. The doctor said: "Keep on taking the bitter medicine I prescribed for you last year. Sorry, while I think you will be all right, I cannot give you a definite date when you can stop taking the medicine and stop worrying".

Canadians are not satisfied with the measures by the government in this budget. The measures are not adequate to restore fiscal balance within a definite time frame. The uncertainty continues as there is increasing talk about a recession, another Quebec crisis or international financial upheaval.

Just a tiny bit more medicine in the form of spending reductions in this budget would have done the trick. Canadians were ready for it. They want to get it over with. They want to get back to normal. What did they get instead? A budget that interrupts a momentum gained by last year's tough love measures.

No one believes that next year's budget leading up to an election will restore this momentum. These facts are also known to international investors. They will not give up their demand for getting at least one or two points more on Canadian bonds than they can get on U.S. bonds.

● (1140)

As a result there is no interest rate relief. High interest rates are the main obstacle to job creation. They burden Canadians with higher mortgage payments and leave them with less income to spend on consumer goods and services that would result in the hiring of more Canadians. Investors cannot afford to build those factories. The interest costs make them non-competitive in international markets.

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What worries Canadians also is what a number of media reports noted. The budget signals a shift away from deficit fighting into an election mode. The traditional Liberal methods for buying votes have reappeared.

Money we do not have is being spent to help summer student employment. I feel sorry for those students when in a few years they become taxpayers and have to repay these gifts from Ottawa in full, plus an awful lot of interest on top.

Money we do not have is going into the support of high tech industries. There are pious assurances that the money goes out through recoverable loans and in partnership. Some leaders of high tech industries say they do not want such programs. They do not like having to pay general taxes so that money can be given to competitors who will make life tougher for them. They know there are plenty of venture capitalists out there who lend money to those with economically viable projects and who are large enough to spread the risk.

It is only the high tech ventures that are rejected by the private investors as being too risky that the government will support. Almost by definition, a collection of them will end up not earning enough to repay the government. This is how loans made by the government inevitably turn into subsidies.

Finally, I am on a personal crusade to point out the almost criminal injustice that is being perpetrated on future generations of Canadians. They do not have a vote in Parliament. No one in the system is representing them. They can be taxed without cost to sitting politicians.

We are passing on to the helpless future generations not just a visible debt which already requires to service it about \$50 billion of interest every year or 35 per cent of current tax revenues, but we also have burdened them with the cost of services for the elderly. It has been estimated that when the bulk of baby boomers retire in 2030, young or unborn Canadians will be required to pay another \$50 billion for medicare, old age security benefits and the Canada pension plan.

Only economic growth, expected to be small, will relieve them of the burden of having to pay at least 70 per cent of tax revenue on the visible and hidden debt they are inheriting. The interest of these unborn or young Canadians obviously does not carry any weight in the minds of those who designed this budget.

It may be on target, as the minister keeps on boasting, but it is also adding shamelessly \$90 million a day to the visible debt. I ask the minister and his colleagues: Where is the vaunted Liberal compassion? Does it get applied only to those who can vote for them in the next election? Do the young and future generations count for naught because they cannot vote?

Let me summarize Reform's and my objection to this budget. It coasts. It is giving up momentum in the move to a balanced budget. It fails to provide a definite end to the nation's trauma and uncertainty. It delays the time we are out of the tunnel and the sun shines once more on the possibility of lower interest rates, more jobs, tax reductions and a return to the good old times when budgets are balanced. It sends the wrong message by starting the traditional Liberal spending that precedes an election. It shows no compassion for future generations. It is a bad budget for the current generation; it is a terrible one for future generations.

• (1145)

I move:

That the amendment be amended by adding after the word "Senate" the following: "and in particular, its impact on investor confidence results in these investors continuing to demand high interest rates on Canadian bonds, which delays economic and normal job creation" and;

By adding after the words "transfers to provinces" the following: "and in particular it does not offer Canadians a definite date within this government's mandate in which the deficit is eliminated, and in which economic growth once again would make feasible discussions about tax cuts, debt reductions and the restoration of social program spending".

The Acting Speaker (Mr. Kilger): I will take the suggested subamendment on behalf of the member for Capilano—Howe Sound under advisement. I will ask our clerk and table officers simply to verify that it is procedurally in order and I will render that decision momentarily.

Mr. Peter Milliken (Kingston and the Islands, Lib.): Mr. Speaker, the hon. member for Capilano—Howe Sound lamented and shed endless crocodile tears that the budget spent money the government did not have and thereby increased the deficit. I know that he and his party are enthusiastic at the prospect of reducing the deficit, but I did not hear in his speech anything about the proposals for cuts he would make in government spending. I know they do not like cuts in defence spending.

I would like to have the hon. member for Capilano—Howe Sound tell us where he would cut the billions of dollars required to bring the dollars into balance.

Mr. Grubel: Mr. Speaker, I thank the member for his question. Indeed it is a legitimate question.

I do not believe that in the past opposition parties have been as courageous and open as the Reform Party has been in presenting alternative budgets, even though the job to propose methods is the responsibility of the government, not the opposition. The opposition's task is to criticize, and this is our main task. As I suggested, we have done so.

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I will send the member the taxpayers budget as prepared last year. In there all of the cuts are presented. I did some calculations. It would take 5 per cent out of program spending this year and next year and the sun would shine on Canadians again. We would be out of the tunnel.

From what I hear from my constituents, this is what they would like to have more than anything else. They have continued pain and uncertainty of having to take bitter pills of continuously hearing cuts already on the books and which are still coming, and yet there is no hope.

This is a budget without hope. Everything is more cuts. More cuts have been announced for 1998-99, outside of the range of the government. That is all it is. There is no hope, nothing but pain. I believe it is a strategic error to do that, on top of the fact that the government has on its books an increase in the debt of \$112 billion, if all goes well, which many are questioning.

• (1150)

It will be over \$600 billion that we are handing to future generations. I want to know how the member opposite will face his grandchildren and tell them he has left them as a permanent gift the interest costs and amortization on \$600 billion, and that he was in the House of Commons while it went from \$300 billion to \$600 billion.

The Acting Speaker (Mr. Kilger): Clearly a lot of members are anxious to participate in this debate, but I must now resume debate with the hon. member for Medicine Hat.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, in the 1993 election one of the things the Liberal government did was set up expectations. It campaigned on the promise that it would create jobs, jobs, jobs. Those were the expectations it left Canadians with.

In the 1996 budget and over the previous two and a half years we have seen nothing that solves the problem of the high unemployment we have in this country.

Today we have youth unemployment of 16 per cent to 18 per cent. We have 9.5 per cent overall unemployment. That is simply unacceptable. The government has failed miserably in its promise to create jobs for Canadians.

There are many good reasons for that. One of the things Canadians were hoping for in this budget was some tax relief, some light at the end of the tunnel. There is nothing like that in this budget. This budget is simply a cipher. It is a willow wisp. There is nothing to it. It is hollow. Anything proposed is over the hill and into the next millennium.

Canadians were hoping there would be something indicating stronger social programs down the road. They have certainly talked about the mechanics of social programs as they now exist and how

they would change them. There is nothing in this document that explains it all. Nothing explains where the money will come from to sustain these programs over the long haul. By continuing to add debt on to debt the government is simply weakening these programs.

The government set very high expectations. It encouraged Canadians to think positively about what would come under a Liberal government. Unfortunately it dashed those hopes in the 1996 budget. It is simply an empty document with a lot of hot air.

It want to talk specifically about some of the challenges we face and how the government has failed to deal with these issues. I have talked about jobs, higher taxes and the unsustainability of social programs as they presently are. Now I want to talk about the cause of those things, why we have those problems.

The reason we have high unemployment is not that the government has failed to come up with short term, make work job creation programs, dusted off programs from the 1970s. That is not why we failed to deal with the unemployment problem. The problem is a debt of \$575 billion. That has contributed to a structural problem with unemployment. That is why we have had 11 per cent, 10 per cent, and 9 per cent unemployment over the years.

This budget has completely failed to deal with that problem.

• (1155)

The Liberals are laughing at this. It is a big joke that we have unemployment. I do not think it is a joke. I do not think that when they went door to door saying they would solve the problem they made a joke of it. They led people to believe there was something serious going on and that they would solve it.

They have failed miserably to address the problem in the budget. They have not got to the root of the problem, the huge debt of \$575 billion.

The only way we can create the jobs Canadians so desperately desire is to lower taxes and interest rates. The only way to do that is to wipe out the deficit and begin to pay down the debt. They have failed completely to do that. They have added \$112 billion to the debt over the course of their mandate.

Not only have they failed to meet the hopes of Canadians with respect to jobs and job creation, they have contributed to the problem. They have added unemployment and for that they will be judged very harshly.

One of the concerns Canadians have, particularly those who are job creators such as small business people, is that we have extremely high taxes. The finance minister and members opposite have been crowing that they did not raise taxes in the budget. Raising taxes should not be a standard of a budget; it should be the exemption.

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We have seen 22 tax increases since the government came to power. It has added \$5.9 billion to the personal debt load of Canadians. That is shameful. Is it any wonder there are record bankruptcies in Canada. Is it any wonder people are so pessimistic about the future of the country.

The budget did not address that problem. There is no mention of tax relief. The reason there is no mention of tax relief is that the only way we can have tax relief is by wiping out the deficit. The government has failed miserably to address that problem.

The government did talk about a tax of one kind, in a very innocuous way about the GST. If I remember correctly, during the election campaign hon. members opposite told Canadians they would abolish the GST. They would axe it. They would kill it.

The Deputy Prime Minister on CBC national television on October 18, 1993, a week and a half before the election, said the GST would be abolished under a Liberal government and if not she would resign. Two and a half years and three budgets later, the Deputy Prime Minister sits in her seat and smiles. She knows the government has succeeded with its ruse, at least until now.

Canadians will not forget the issue. They will not forget that promise. They are already cynical about the promises politicians make. They will be very hard on the Liberals for that promise which they have failed to keep.

Not only have they failed to keep their promise with respect to the GST, the very tax they said they hated and would abolish, one which the finance minister called a stupid and contemptible tax, but they are talking about augmenting and strengthening it. They are talking about making it a tax which would reach more goods and services. They are talking about creating a super tax which in Ontario alone, according to a recent University of Toronto study, would kill 70,000 jobs. How does that square with their commitment to create jobs? It does not square at all.

I will talk about social programs. We have a situation in Canada today in which people are fearful about not being able to collect the pensions into which they have been paying over the course of their lifetime. The government has done nothing to address that issue. It has gone the other way.

The government talks about making changes to RRSPs which would mean that Canadians could contribute only until age 69 instead of age 71 and therefore they will not be able to save as much for their retirement. On the other hand CPP is in terrible danger. That works against the principle of merit. It works against the principle of initiative, that people should look after themselves. We are working against that. Why are we doing that? It makes absolutely no sense. We are making the pension system unsustain-

able on the one hand but also robbing people of the ability to save for themselves on the other hand. It does not make any sense.

● (1200)

Again, is it surprising that people feel pessimistic when the government does not deliver on its implied promise that somehow things would be better when the Liberals got to power.

I will conclude by saying Canadians want some hope. They want to feel optimistic about their future. This government led them on in the 1993 election by saying: "We will provide you with jobs, jobs, jobs". Implied in that was prosperity; implied in that was that we would have a strong social safety net. None of that is happening. Quite the contrary, it is going the other way.

In fact this budget has been a budget of irresponsibility in the sense that despite the fact the government knows that these problems sit over the heads of Canadians like a very sharp sword, it has not done a thing to deal with them.

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have listened carefully to the hon. member. I was hoping perhaps he might share with us either his personal views or his party's views on a couple of specifics, namely the seniors benefit, the child support changes, the credit for infirm dependants and the charitable donation changes.

The hon. member talked about the fact that there were no issues which dealt with securing the social safety net. There are some very concrete specifics on which we would certainly like to hear from the Reform Party, particularly as they relate to seniors and young people. I would be anxious to have him respond to the specifics about what this government has proposed in this budget.

Mr. Solberg: Mr. Speaker, the hon. member has asked me to comment on the specifics. Let me comment on them as a whole first.

The government has majored on the minors with respect to these programs. It has tinkered with the mechanics of these various programs but it has not addressed the underlying problem which is that we do not have enough money to sustain these programs. That is the underlying problem.

We do not have a particular problem with the direction in which the government has moved with respect to old age security and the guaranteed income supplement. It makes some sense to us. We have applauded the government for that. We have publicly said we agree with that direction.

However to major on the minors gives people the impression that somehow the government is providing some long term sustainability for that program. That is not the case. We are simply going deeper and deeper into debt by not announcing a date by which we

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will balance the budget. Therefore these programs ultimately are destined to become unsustainable.

On the question of child support payments, we have a concern about what the government has proposed. I am very concerned that by heavily taxing people who are currently getting a tax deduction for paying child support, we are going to end up driving a lot those people away from making their child support payments.

We support the idea that there should be stronger enforcement measures. There must be stronger enforcement measures. That is where the emphasis should be in our judgment. We also want to see more money end up in the hands of the children. That has got to be the idea behind this.

In what the government is setting out to do I think it is going to end up driving a lot of people who pay child support payments away from doing that. It is going to give them an incentive to skip their child support payments.

With some of the other things the hon. member has mentioned, for instance child tax credits and things like that, again the government has not got to the underlying problem. If we give somebody \$120 or \$10 more a month or whatever it is, that is peanuts compared to the debt the government is asking them to assume the moment they take on a job. They pay for that debt in the form of higher taxes and weakened social programs down the road. They pay for it in the form of higher interest rates. They pay for it in the form of higher unemployment. It is simply ludicrous to give them \$10 in one hand and to take \$10,000 from them on the other hand because of the interest on the debt.

• (1205)

Although tinkering around inside the envelope of the programs is fine, unless the government deals with the underlying structural problems then it is really not doing the job it was sent here to do.

The Acting Speaker (Mr. Kilger): I would like to resolve the issue of the subamendment.

Mr. Grubel: Mr. Speaker, on a point of order. An unfortunate clerical error has been made. Would you please in our subamendment insert the word "recovery" after "delays economic" so that the passage would read "delays economic recovery and normal job creation". Mr. Speaker, you have it in front of you so there will not be any ambiguity.

The Acting Speaker (Mr. Kilger): I want to thank the hon. member for Capilano—Howe Sound. Is there agreement?

Some hon. members: Agreed.

The Acting Speaker (Mr. Kilger): Ultimately, the subamendment brought forward is in order.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am honoured to lead off the debate for the government on the 1996 federal budget and to share my perspective on how our government views fiscal policy in the context of overriding economic and social priorities. But before I do that, I want to make a number of comments.

Comments from the official opposition reflect a fundamental lack of logic, as Quebecers and other Canadians will see immediately. Perhaps it is only on the opposition benches that you can suck and blow at the same time. Let me give some examples.

We often hear people from the official opposition sounding like Reformers, complaining that we are adding to the deficit. I heard that this morning. Yet two sentences later we hear it said not to cut and certainly do not cut defence in the province of Quebec.

[Translation]

On the one hand they say the rich should pay more income tax but on the other they say it is not fair to take into account the family income, the combined income of rich people.

[English]

They cannot have it both ways. They tell us to look at the tax system. We are responding and looking at the tax system but they do not want us to include people in that consultation that do not agree with their opinion.

We hear from the third party the question of alternate budgets. Perhaps the reason that no alternate budget has been presented this year is that when Reform members presented last year's alternate budget they called for massive cuts immediately across the board and the only increase was going to be crime control and prisons. That is the kind of society they saw emerging from those cuts.

This budget is the third mile post on our government's journey to securing fiscal stability and a dynamic competitive economy, an economy that can provide the jobs Canadians need and sustain the social programs we cherish.

The plan announced yesterday consolidates and extends the actions taken in our earlier budgets. Together these implement a comprehensive strategy Canadians can believe in. This is an important point. The ultimate measure of any government's success is its credibility.

All of us here are aware of the disrespect and cynicism felt toward the political system by too many Canadians. There should be no mystery about why they feel that way. Too often they have experienced governments that seemed focused on special and narrow interests and more concerned with private and hidden agendas.

Our agenda is different. It is a public agenda to serve the interest groups that are the real heart of Canada. People who want jobs, who want medicare and social programs sustained; seniors and seniors to be, worried about their pensions; children made vulnerable by

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family breakdown; students, young people looking for their first job experience; charities struggling to respond to the needs of Canadians: these are our vested interests. This budget provides them and every Canadian in every region with renewed hope for our future. We should be proud of that.

• (1210)

I am also proud that our new initiatives do not violate the core commitment of getting Canada's deficit under control. We are reallocating funds to keep the trust of Canadians, not digging deeper into the pockets of besieged taxpayers.

Let me underscore our fiscal philosophy. We are tackling Canada's fiscal problem not as a narrow goal in and of itself but rather because it is a fundamental component of national growth, new jobs, economic security and sovereignty. We will keep hitting or bettering our fiscal targets again and again and again. And that is the nightmare of the third party. Our fiscal progress to date and other actions are paying off. Canada's economic fundamentals are strong.

[*Translation*]

So, let us begin by looking at this budget from a perspective I believe is everyone's concern: employment and economic growth.

As the minister said, the changing nature of work and the evolution of the economy are such that "we are facing a revolution whose scope and depth rival that of the industrial revolution itself".

Canadians know that direct job creation must come from the private sector. But it is incumbent upon the government to make sure the economic context is the best possible and favours the continuous economic growth necessary for job creation.

This requires first of all a reduction of the deficit because deficits keep interest rates much too high. High interest rates hinder investments, employment, and consumption. In a nutshell, they are an obstacle to job creation.

Deficit control requires, among other things, that we keep inflation low. This contributes to reducing pressures on interest rates and helps control the other costs of doing business. This makes Canada more competitive on foreign markets. We can also see the dividends derived from our ability to control the deficit and inflation.

Short term interest rates have diminished by three percentage points since last year's budget. This means a saving of \$2,400 a year on a \$100,000 mortgage.

Our increased competitiveness means a strong increase in our exports and a record exports surplus.

[*English*]

It is clear that our work is far from over. Much more needs to be done. Continued progress begins with further fiscal improvement and the 1996 budget delivers. With our first two budgets we established rock hard foundations. With these measures our 1995-96 and 1996-97 deficit targets bringing the deficit down to 3 per cent of GDP are secure.

The steps proposed in yesterday's budget consolidate and extend our first two budgets and further contribute to economic and financial objectives. We are maintaining our focus on reducing program spending because the debt is a problem created by government and the solution has to focus primarily in our own backyard. That is why of the cumulative fiscal actions we have taken from 1994-95 to 1998-99, a full 87 per cent have been expenditure savings.

Together the budgets will contribute \$26.1 billion in savings for 1997-98. This action together with reform of employment insurance will ensure that we hit our new deficit target to reduce the deficit to 2 per cent of GDP in 1997-98. As the minister said the other day in this House: 6, 5, 4, 3, 2. When the Liberals arrived the ratio was at almost 6 per cent of GDP. We are heading toward 2 per cent and beyond. We are getting the job done in a balanced, humane, sensitive, reasonable way.

• (1215)

The combined budget plans will deliver additional savings in 1998-99 of \$28.9 billion. This means the deficit will continue to drop. It is very important that the debt to GDP ratio also start to fall.

Let me highlight one important fiscal measure we shall achieve.

[*Translation*]

It is changing financial needs—new money the government must borrow on lending markets.

When we came to power in 1993-94, the federal borrowing requirement was \$30 billion. In 1997-98, thanks to our initiatives, it will only amount to \$6 billion, or 0.7 per cent of the GDP. In relation to the economy, this is the lowest level since 1970, which would mean that of all central governments of the G-7, Canada would have the lowest budget variance.

[*English*]

There is a related issue. It is not just that the federal fiscal situation is improving. The outlook for the provinces and the territories is also improving markedly. The provincial-territorial deficit was cut to \$12.6 billion in 1995-96 from its peak of \$25 billion in 1992-93. That is a drop from 3.6 per cent of GDP to 1.6 per cent.

This year Canada's total government deficit should fall below the G-7 average to second lowest behind the United States. By

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1997 the nation's total government deficit should be the lowest of the G-7 based on other members' current plans. I am confident that is hard fact, not rosy rhetoric. The government is making sustained fiscal progress and it is driving the opposition crazy.

However, the 1996 budget goes beyond bottom line calculations. As Liberals we know that financial reform must never be an end in itself. The steps we are taking to get our fiscal house in order are a means to an end. What is that end? It is lower interest rates and better job growth. These steps are a means to ensure that we can preserve the Canada that Canadians want.

Canada's social programs can be preserved while being fiscally responsible. The two are not mutually exclusive. The 1996 budget establishes a long term funding arrangement for the new Canada health and social transfer which was announced in last year's budget. This long term funding arrangement will be stable, predictable and sustainable.

The 1996 budget proposes a five-year legislative funding arrangement for the CHST covering the period 1998-99 through to 2002-2003. At the end of the five-year period total CHST transfers are projected to be \$2.3 billion higher than 1997-98. This will mark the first time the federal government has taken action to increase the growth in these transfers since the mid-1980s, contrary to some of the things we have heard in this House which have suggested that we will continue to cut transfers forever. The government is moving in the other direction with the 1996 budget.

Most important, as part of this, framework legislation will be passed which says that cash transfers will never, ever fall below \$11 billion. The cash component of the CHST will be maintained. A floor will be set. It may be above that but never below. As the minister stated yesterday, this will assure Canadians that the commitment of the national government in support of health care, post-secondary education and assistance to the poor will be intact and strong.

• (1220)

Measures like these to secure social programs on a macro level are vital, but if any group deserves special focus it is young people, especially those buffeted by family breakdown. This budget speaks to them.

[*Translation*]

It announces a new child support system, a new strategy which is founded on the principle that children come first. First of all, according to the new system, child support payments will not be included in the income of the custodial parent for tax purposes, nor will they be deductible for the non custodial parent.

Second, the government establishes guidelines for determining levels of child support in a fairer and more consistent manner, in order to reduce conflicts between parents who separate.

[*English*]

There is another element of the action plan. The government will be reinvesting the anticipated revenue gains from the new tax rules in measures to benefit children.

Most Canadians agree it is time to prioritize the saving that are realized. Among other things, the working income supplement of the child tax benefit will be doubled. Beginning in July 1997, the supplement will go from a maximum of \$500 to \$750 and in July 1998 it will be increased further to a maximum of \$1,000.

I have touched on some of the actions the budget will be taking to help children, but there is another vital component of the budget which is new support for the charitable sector.

Past budgets have emphasized the need to look to the non-profit and voluntary sectors, to recognize the fine work they do and have indicated that Canadians will be increasingly looking to the non-profit, voluntary charitable sectors when government has declining resources to do everything it might wish to do. That is why the role of charitable organizations has become more important than ever.

It is not enough for government to talk the talk, to say: "Canadians will have to look to that sector. They do a better job in some respects than government does in any event and it has to pull back". We have to walk the walk. We have to give that sector the tools it needs to get the job done. The 1996 budget does that. It takes an important first step in helping that sector to do more by encouraging more Canadians to be partners with charities.

It has been proposed, among other things, that the annual limit for tax assistance on charitable donations be raised from the current 20 per cent of net income to 50 per cent and to 100 per cent in the event of testamentary gifts, gifts on death. Gifts of appreciated property will also be encouraged through the measures being taken.

I want to stress that these are first steps because over the next year the government will be examining other ways to encourage charitable giving and charitable activities.

This is a budget of wide ranging and dramatic action. No single speech can fairly reflect the scope of its plans: the proposed seniors benefit, plans to boost investment and youth training in technology and trade, the measures that will help young people increase their lifetime contributions to RRSPs and tax measures to encourage sustainable development. My hon. colleagues will be addressing these other areas in detail as this debate continues.

I would like to close on the overall bottom line of this budget.

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[Translation]

I think that today's budget reproduces and intensifies the positive messages contained in the speech from the throne, so as to restore hope for Canadians in key sectors.

We are continuing to restore fiscal health, an essential condition for job creation and economic growth. We are rethinking the government's role so that it better serves Canadians and the economy. We are securing the future of social programs, viable and fairer programs which help the most needy. We are investing in the future in order to provide new opportunities for Canadians in key sectors.

[English]

When we came to office three years ago, the economic challenges seemed daunting. We have taken dramatic action and as a result the economic and fiscal fundamentals in Canada are strong and improving. We will neither squander that progress nor abandon Canadians along the way.

• (1225)

I urge all hon. members to support the 1996 budget and help us get on with the job of securing Canada's future.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Madam Speaker, I listened attentively to my colleague's speech. Finally, he himself stressed the weakest element in the budget speech and the budget itself.

Today, we are experiencing a completely new situation in that there is economic growth, but not necessarily employment growth. When speaking of restoring hope among Canadians, we have to ask ourselves one question: Does the government have any solution that will give jobs to young people coming on the job market and to workers evicted from the work market by new technologies? Those are two categories of people who, today, cannot find a place on the job market despite the economic growth. Considering the budget's content on this aspect, it is not very promising.

I ask the hon. member: Would it not have been better if the government had sent positive messages by making an asset out of the UI fund surplus? By cutting premiums or in some other fashion, the government could have made this money available instead of using it only to cover the deficit. Is the UI fund's surplus not something that should have been addressed in the budget speech as something that could become a positive instrument?

The second element is: What message are you sending to Quebec regions for example when you make it so that the Fonds de solidarité des travailleurs—something that works, that allows capital venture investment of funds provided by workers—is less

attractive under the Income Tax Act? That will certainly not help solve the job issue.

The third part of my question is this: How can the federal government simply establish what it calls a technical committee on business taxation, when time and time again for the last two years the official opposition has been asking for a review of business taxation? After two years and a half in office all the government does is to establish a technical committee. It says that this committee will be made up of economists and taxation experts, but no one will be representing the social view so people can come and ask questions on human resource utilization.

In this society of ours, instead of being evaluated only according to the gross domestic product, why could we not be evaluated also on the way we develop all our human resources? How can we ensure that when 45 or 50-year old workers are laid off because of technical changes, they have an alternative, something to help them start another career. While there was still time before the next election to take concrete measures in favour of job creation why did the federal government not really give priority to the employment issue in this budget?

Why is the government not dealing with current issues?

[English]

Mr. Campbell: Madam Speaker, beginning with the last point on the technical committee, I thought that the opposition members wanted to study business taxation and other taxation issues. What they are saying is that they know exactly what to do right now, so let us just do it. Let us not consult with anybody who disagrees with our opinion. Let us just do what they say. We see things differently. We think Canadians want into the discussion and the process.

As for measures with respect to employment, the budget is right with those suggestions. As the opposition appears to be doing, I would not belittle the investment being made in youth. For instance, let us focus on the \$315 million in budget savings which will be put into new employment opportunities specifically created for youth.

Let us not overlook, as the opposition is apparently doing, the technology partnerships Canada program which is laid out in the budget which will bring direct results to the province of Quebec. It has depended to a great extent on the previous DIP for high tech and important jobs for young people.

• (1230)

Let us not overlook, as they seem to want to because they do not want to remind the House, improved funding, increased capital for the Business Development Bank of Canada and the Export Development Bank. That translates into investments and jobs.

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Let us not overlook getting the fiscal fundamentals right. That will also contribute to lower interest rates and more jobs.

Mr. Jesse Flis (Parkdale—High Park, Lib.): Madam Speaker, since this is the first time I am addressing the House in this session with you in the chair, I congratulate you on the position. I know the decorum of this place will certainly improve with your excellent skills.

I congratulate the Parliamentary Secretary to the Minister of Finance on his address to the budget.

I was very pleased that he and the budget stressed the importance of protecting the rights of our children, especially the rights of children in a split marriage. Most parents, whether they live together or are separated, have the interests of their children at heart and provide support payments. However, there are always a few chronic defaulters who use children as pawns and do everything possible to delay the payments, to decrease them, et cetera.

I wonder if the parliamentary secretary could tell the House if there is anything in the budget plans to pursue chronic defaulters. It is not the other spouse who suffers; the children suffer.

I am pleased that Parliament is addressing the rights of the children.

Mr. Campbell: Madam Speaker, the budget and in particular the new child support package do contain measures with respect to enforcement.

Contrary to members of the third party who seem to feel we should look to the Income Tax Act to induce spouses to support their children, we believe that responsibility is there regardless of the Income Tax Act. We believe that parents under a court order or who have an agreement to pay certain amounts should meet those obligations. I think we all believe that parents have that obligation whether or not they have a written agreement to that effect. It is one of the fundamental principles of being a parent.

In specific terms we are proposing as part of the program to deal with chronic default, with which the hon. member was concerned, a number of features: a federal licence suspension initiative; extended searches to trace defaulters; broader powers for the diversion of federal pensions; generally supporting those ideas with enhanced consultations with the provinces. To a great extent this is a matter of provincial jurisdiction. We are working very closely with the provinces on this matter which is of interest to all Canadians.

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Madam Speaker, I was looking at some economic statistics, some of which were in the budget, which indicate that in the first quarter of this year we have for the first time in some 23 years begun to turn the curve on the debt to GDP ratio.

The opposition may not believe that. It comes from the University of Toronto's policy analysis group. It is a major change in direction.

On a national accounts basis our cash borrowing needs for the year 1998 will be zero. That is a computer projection for the year 1998. That basically says we will not have to borrow any new money to finance the deficit.

I wonder whether the parliamentary secretary can confirm for us that our budget projections and the direction which the minister has taken in the budget will bring us to those computer projected goals.

Mr. Campbell: Madam Speaker, I will not comment on those specific projections because I have not seen them.

However, looking to the budget documents, taking us to 1997-98, in that year our financial requirements will be 0.7 per cent of GDP, the lowest in a long time. The debt to GDP ratio in that year will be declining. Those two ratios will continue to improve after that.

• (1235)

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Madam Speaker, it is always a great moment in the life of a government and in the life of politicians when a budget is introduced. It is an important moment as we can tell when we see the media bustle feverishly around the House of Commons or the Quebec National Assembly trying to see, to understand if what is going to be announced will have some impact on our lives. They try to find out if all the affirmations made some days earlier in the different media, in the newspapers—a tax on this or that—will be confirmed and if the government will once again hit the taxpayer with new taxes or increases.

In this case, I watched the media this morning and I read all the documents that the Minister of Finance tabled in the House. I worked with my hon. colleague from Saint-Hyacinthe—Bagot, who is the critic of our party on these matters, and with assistants to try to find out what the Minister of Finance had said and especially, what he had not said in his budget speech. I came to the following conclusion: either the government is short of ideas or it is preparing to call an election. We are going to discuss both scenarios.

I repeat: the government has no imagination. I know that you are going to ask me to prove it and it will be an easy task. Experts admit that they have not seen such a minor, feeble, watered-down budget tabled in the House for in a very long time. The Minister of Finance gave us some general indications on the state of the economy, on his deficit predictions, on the state of the debt. He mentioned a few small programs here and there, made some nicely put announcements, but his speech did not really respond to the need to know of parliamentarians and experts alike.

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I decided to push my analysis a bit further. I looked at the documents. I took this one, *The Budget Plan tabled in the House of Commons by the Minister of Finance*. On page 14, we can read "Direct budget savings". Everybody knows, citizens asked us that, that the government's first objective is to reduce the size of the government. We absolutely must succeed in reducing the size of our governments, particularly the federal government, which is the biggest. The government must learn to withdraw, to do more with less, to reduce the size of its departments and organizations.

I tried to determine what direct savings would flow from this budget. Normally, in a budget speech like the one that was delivered yesterday, the finance minister tells us that the government will reduce its spending by three or five billion dollars. That is normally what the minister should have done, but he did not. That made me think.

I checked again and found that there will be absolutely no direct savings in the 1996-97 budget—and I use the minister's own numbers, Madam Speaker. None, and that is not much. There will be no savings in 1996-97. Zero savings, zero for the Minister of Finance. In 1997-98, the savings will reach \$0.2 billion. I must come to the conclusion—and that can be checked—that the net impact of the budget on the reduction of the government's size will be nil. Zero again for the Minister of Finance.

• (1240)

That shows that the government is unable to reduce its own expenditures. But you will object that according to the estimates tabled this morning by the President of the Treasury Board, there will be some budget cuts.

All these cuts result from previous budgets. As he is used to, the finance minister announced long term programs. We hear about cuts, but they will apply only next year. The cuts he talked about last year will show up this year in some departments. This year, the minister tells us that he is not cutting, which means that he considers he has finished downsizing the government. To me, that shows a considerable lack of imagination.

After realizing that he had not cut spending, I decided to find out what he himself said in praise of his budget. I checked the document giving an overview of the 1996 budget. These documents from the Minister of Finance are quite interesting. In the first section of this document, the finance minister and his government talk about "securing our financial future". This is interesting. What they fail to say is that we will be paying for a long time. Let me explain.

First of all, they say that the deficit will be cut to about 3 per cent of GDP, as though this 3 per cent was the ultimate objective, the philosopher's stone. Our spending will be cut to 12 per cent of

GDP, which, according to the Minister of Finance, is a great achievement. So 3 per cent of GDP, 12 per cent of GDP, and then next year's goal is to bring the deficit down to 2 per cent of GDP.

I, however, looked at a different set of figures. This looked interesting. Like many others perhaps, I thought that the minister had done a terrific job and was on the right track, and then I looked at some other figures. The reality is this: Canada's debt exceeds \$600 billion, or \$20,000 per Canadian. This is quite something. I am not talking about 3, 2 or 15 per cent of GDP, but about the debt that we will have to pay: \$600 billion, or \$20,000 for every Canadian man, woman and child. Most interestingly, since this hon. Minister of Finance took the helm two and a half years ago, he has added \$110 billion to the debt—as I figured out with my friend, the Bloc Quebecois' financial expert.

In the last two and a half years, this minister who brags about a budget with nothing in it has increased the debt by \$110 billion, or \$3,700 for every Canadian man, woman and child. Did you realize that, since the Minister of Finance took over this portfolio, he has borrowed or incurred a debt of \$3,700 for every Canadian—for everyone of us in this House, for every person listening to us, for every member of our families, for each of our children and grandchildren, for everybody we know. That is a huge amount of money.

I looked at another figure that is more significant than the 12 and 3 per cent of GDP. Thirty-six cents out of every dollar we pay in taxes—and we know what a tax dollar means—go to service the debt, to assume our collective responsibility for this debt.

How can the Minister of Finance submit a budget he claims to be proud of? How can he brag and say: "You see, we are reaching our goals"? The finance minister thinks he is a good manager who meets his targets, but his figures are meaningless for Canadians, considering that, in the last two and one half years, his government put them \$110 billion deeper into debt, for a total of \$600 billion, that it put an additional burden of \$3,700 on each of them, bringing the total to \$20,000 per capita, and that 36 cents of each dollar goes to the service of the debt.

• (1245)

I decided to go a little farther in my analysis. You will understand that I was disappointed to see the state of public finances, given what we were told by our friend the Minister of Finance. So, I went a little farther. In that same brochure, which MPs will use to sell this budget, it says: "Getting the government right". I find this rather cute. "Further action is being taken to define a more appropriate and effective role for the federal government".

There is also a reference to Parliament's effectiveness. "In the modern Canadian federation, most departments will have their

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budgets cut—”. Etc., etc., etc. I checked it out. I kept searching. I certainly did my homework, Madam Speaker. I consulted a brochure tabled by the President of the Treasury Board on the role of the state.

I expected, like most Canadians I am sure, to learn that the federal government would withdraw from certain areas, given that it is involved in numerous fields that do not come under its jurisdiction, that it does not even comply with its own Constitution in that regard, that it is way too big, cumbersome and loaded down with debts, that it has difficulty making good decisions, and that it is overburdened by its bureaucracy. I would have expected the government to say that it would withdraw from certain areas. We could have expected the federal government to give back to the provinces the areas of jurisdiction that belong to them, to put an end to all the duplication and to totally abolish some of the services, which are provided by some departments that have no business providing them, and which duplicate services provided by other levels of government.

I found some real gems in this document. According to this action plan, the objectives of the federal government are to: “strengthen our economy and economic union to ensure a prosperous country for ourselves and our children—that is so nice; enhance social solidarity in Canada—in preserving and modernizing the social union so that the caring and sharing society is truly Canada-wide in scope—this is really fine; pool our national resources to achieve common goals efficiently and effectively; protect and promote Canadian values and identity while celebrating our diversity; and defend Canada’s sovereignty and speaking for Canadians collectively on the world stage”.

I found in the document a lot of principles and a lot of things that look quite trivial when you read them in a brochure like this one. However, when you know about the federal government’s propensity to centralize and to interfere in areas of jurisdiction where it should not get involved, I think you are right to worry about the centralizing hidden behind all these nice principles.

So, I reread the throne speech, the budget speech, and realized something: the throne speech indicated that “the federal government would not intervene in areas of exclusive provincial jurisdiction”. One must know the real meaning behind these words. “The federal government would not intervene in areas of exclusive provincial jurisdiction without—”

Some hon. members: Ah.

Mr. Gauthier: “—without the consent of the majority of the provinces”. Which means that if the majority of the provinces consent, the federal government will interfere in areas in which it has no business.

Instead of withdrawing, of minding its own business, of simplifying its machinery, the federal government has chosen to interfere still further in areas of exclusively provincial jurisdiction.

How can anyone conceive of a country where the main occupation of a government consists in seeking out areas of jurisdiction that do not belong to it, just to stir things up? To my knowledge, the only government that does so is the government in Ottawa.

Evidence of this is easy to find. We have been told of the creation of a Canadian securities commission. This is an area in which the federal government has never been involved and in which it has no business being involved, one which will require it to rehire staff, to create a structure, to duplicate what is already being done in Quebec, to complicate things. And why? In honour of what? In honour of its so-called mission, or what it thinks is its mission.

● (1250)

The federal government has also announced its intention of creating a Canada revenue commission. “It would be good if there were only one collector for all taxes in Canada”. In the course of history, not only has the federal government funded its war efforts through powers of taxation it did not originally have under the Constitution, but now as well it wants to collect taxes on behalf of all of the administrations in Canada. If this is how a government acts when it wants to cut back, to trim the fat, to mind its own business, my goodness, I wonder where we are headed. Over time, there is an increasing tendency for the government to want to poke its finger into areas where it has no business being.

Some may reply that it might be worthwhile to eliminate duplication. That could be the case, if there were only one department of revenue, one national commission. Have you noticed how the federal government is in a rush to do away with duplication if that means cornering all of the powers for itself, and how reluctant it is to return those powers to their rightful owners?

Not only is the federal government incapable of cutting its expenditures, not only is it incapable of staying within its own federal role and of leaving the jurisdictions of others alone, but on top of that it refuses to act in areas where it ought to have responsibility, employment for one. How many job creation measures—and this is another way of looking at the budget—did the Minister of Finance announce? Is the minister aware of the need to take action to create conditions that are conducive to job creation in this country?

“Jobs, jobs, jobs”, as they were saying during the election campaign. So I checked. Did the minister announce major job creation measures? Although, in the budget document, the government claims to be investing in future jobs and growth, students and their families get nothing but crumbs: \$165 million over three

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years. In the last budget, the minister cut student funding by half a billion dollars. Last year, they cut half a billion dollars but this year, they are investing in jobs and setting aside, for example, \$165 million for students.

Have you ever seen anything like it? On the one hand, they cut millions of dollars and, on the other hand, they give away a few crumbs while bragging: "We took action to stimulate employment. We are reallocating \$315 million over three years to create new job opportunities for young people by, among other things, doubling the funds for student summer employment". The federal government is incapable of taking action, of making changes, of supporting provincial governments adequately in their efforts to promote economic recovery, but it keeps unemployment hovering around 10 per cent in Canada and it tells us: "We have allocated \$165 million for students and their families, \$315 million, over a three year period, for new job opportunities, including summer jobs".

The government shows a total lack of vision. This is a trim down budget. There is nothing regarding what was asked of the government itself. There is nothing about stimulating the economy. The only thing this government made in recent years was to ask other governments to make an effort. Indeed, the federal government asked provincial governments to absorb part of its deficit. It asked the provinces to absorb a total of \$7 billion.

It is easy for the federal government to lower its deficit when it tells the provinces: "Look, you will no longer receive the money that you used to get from us". So much for that. This means a shortfall of \$7 billion for the provinces. It also means \$5 billion less each year in the UI fund. It is easy to tell the unemployed: "Listen, there is a surplus of money in your fund, even though the government does not contribute one penny to that fund. That surplus of \$5 billion per year comes from your own contributions and those of your employers. Nevertheless, we want to put that money in our pockets. This is part of the federal government's budgetary effort".

• (1255)

Some \$7 billion less for the provinces and about \$5 billion taken every year from the UI fund. And the Minister of Finance tells us that these cuts will be maintained over a number of years. The minister says: "Look at how good I am. I reached my objectives. I am a remarkable administrator and, in addition to all that, I also injected a few million dollars into the employment sector. Let us hear it for me, after all I am the best finance minister this country has ever had

We are not fooled by the message that was delivered to us. The Minister of Finance has tried to disguise the bad news for the unemployed and for the women who will lose their financial autonomy when they reach retirement age, as a result of the changes the minister wants to make in a few years in the old age security program. So, bad news for the unemployed, for women,

for young people too, who will be bearing the brunt of the sizeable cuts imposed upon them by the minister, despite the few millions announced. Bad news for those who were hoping the federal government would finally learn to mind its own business and stay within its own areas of jurisdiction. Bad news, too, for those who had hopes that the government would finally trim some of the fat and become more productive.

In short, this budget reflects one of two things: either the minister has totally run out of new ideas, no longer knows what to do, is running out of energy, sees himself as unable to do more and is settling for apologies about what he has done in his time as minister, or the government is getting ready to go to the people and is trying to butter them up a bit, to use a bit of subterfuge, to say "Well now, things may not be all that great, but neither are we all that bad a government after all".

Before I close, let me say that the people are not fools. We will never be able to accept a government that has put us into debt to the tune of some \$3,700 per person in the past two and a half years still wants to invade areas of jurisdiction that do not belong to it, nor will we accept its refusal to trim the fat as it should, or that it is now coming to us with the explanation that the provincial governments need to do their part, need to reduce their deficits, need to assume the federal deficit, in short that it wants to direct things on behalf of everyone within the Canadian federation.

I will be frank: Quebecers cannot accept such a budget. It is a cosmetic budget, one hiding the truth, one which may help the Minister of Finance and his government to hold on for a few more months, but it does not address the underlying problem. It does not address Canada's true financial situation, which is a disaster from all points of view. I believe that people have more respect for those who have courage and who know how to call things by their right name than those who try to disguise them with politics. This is a lesson the Minister of Finance ought to take to heart.

[English]

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Madam Speaker, it is a pleasure to speak in the debate on the budget presented by the Minister of Finance. It contains measures to satisfy the main concerns that I brought forward on behalf of my constituents.

I would like to take a moment to go through some of the concerns of the constituents of Souris—Moose Mountain. Interest rates affect everything we do. Even a 1 per cent increase can mean a great deal to homeowners, farmers, those who wish to purchase machinery and to the mining companies if they are looking to expand their staffs or their businesses. Interest rates have come down over 3 percentage points since 1995.

The act of keeping our fiscal house in order and doing it in a rational and balanced way is paying off. A lower deficit means lower interest rates, growing confidence in new investments leading to more jobs and growth. That means jobs for young people as

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well. For us in Souris—Moose Mountain it offers an opportunity for hope.

• (1300)

This budget offers a framework for that opportunity. We are encouraging education for young people, increasing tax benefits for students to allow them to continue, using summer employment as a mechanism.

Jobs will also continue to come from increased trade. That will continue to be a priority of this government.

One other thing that businesses in my area are concerned about is taxes. I am pleased to say we have set up a special technical committee to review the tax system to make it simpler and more effective. One more thing businesses are pleased with, and several phoned me last night, is we will make sure that banks do not enter into the insurance and the car leasing businesses. I am happy to announce that we have stayed the course and we recognize their concerns.

My constituents told me: “Do not raise taxes”. I can tell them there are no tax increases in this budget. There have been no personal tax rate increases in any of the three budgets since we were elected as the government.

We continue to meet our deficit targets and to restore faith in our fiscal management through getting government right: reducing overlap, reducing waste and setting priorities that Canadians want.

Another thing that is extremely important to my constituents is security for families now and in the future. That is why all of these actions in the budget are very positive for stability and sustainability. We want our programs to still be there for our children.

In this budget we are acting now to ensure that social programs are affordable and will be there for Canadians in the future. We will restore growth to transfers to provinces and we will secure stable and growing funding for health, post-secondary education and social assistance.

Let us examine for a moment the Saskatchewan situation. The CHST transfer to Saskatchewan will increase \$50 million over the next five years. From the years 1998 to 2003 we will maintain that base level. As well, Saskatchewan will of course continue to benefit from equalization.

Following consultations with the provinces, this budget put the CHST on a secure footing. There will be no further cuts to the CHST. It sets out new five year funding arrangements in which transfers are maintained and then grow.

Also important to Saskatchewan is the federal equalization payments because they will grow also. There are arrangements to safeguard medicare, which is very important in Saskatchewan, and our social programs, and restores stability and predictability for provincial governments.

This is the first time since the mid-1980s that the federal government has taken action to increase growth in these transfers. Our fiscal discipline is paying off. Getting our house in order and setting priorities has allowed us to now budget in growth in spending in the areas that count.

Speaking of these changes, many constituents have been asking since the time I was elected to do something about the taxation of child support payments. It is now done. As of May 1, 1997 child support will be paid but will not be included in the income of recipients for tax purposes, nor will it be tax deductible for the payer. This is only part of the child support package which puts the emphasis where it belongs, on the welfare of the child.

Many seniors have asked us to address their concerns with security for their grandchildren and security for themselves. I am pleased to see a new tax free benefit for seniors that will replace the old OAS and GIS benefits and will secure and ensure the long term stability and sustainability for seniors' pensions.

These seniors benefits will help those who need it most while streamlining the program. It will make the system fairer. It will guarantee that all current seniors, in fact all those who are over 60 years of age now, will receive no less than the current pension benefits. Most people will receive the same or more money under this system.

• (1305)

We in Souris—Moose Mountain in the rural agricultural area of southeast Saskatchewan are heavily dependent on agriculture. These actions have a large impact upon us. As well, we endure many restrictions due to our rural nature. We must overcome distance and resource barriers to be able to contribute to the economy and support ourselves adequately.

This budget builds on actions in the last two years that laid the foundation for changes in the west. Spending reductions, elimination of waste and overlap made room for spending in research, adaptation initiatives and trade. We need to see a continued focus in these areas laying the infrastructure or framework for a new revitalized agricultural sector.

Subsidies have been eliminated and change is upon us. We need adjustment assistance for this major change. And so it has been delivered. This budget will see the time frame accelerated for distributing \$300 million in the western grain transportation adjustment fund and \$72.6 million under the feed freight assistance adjustment fund.

Just this morning I spoke to the president of the Saskatchewan Association of Rural Municipalities, Sinc Harrison. He said how pleased he was that the government is moving quickly to put money into the hands of rural governments in a faster and fairer manner.

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Adaptation support is needed. And so our government delivers again. Direct producer delivery mechanisms for federal funding will set up adaptations and rural development funds and other adjustment initiatives.

We continue to consult with producers and other stakeholders toward a more efficient grain handling and transportation system. We will be selling 13,000 hopper cars. We will continue to discuss with producers the most efficient way of doing this.

This is the kind of budget my constituents have asked for. It is fairer across the board. It deals with all regions of Canada. It secures a future for us both fiscally and socially.

As I travelled throughout my riding, constituents raised concerns. They did not want a fuel tax because we travel such a large area. There was no fuel tax. Others wanted streamlining. The minister has streamlined to make the Government of Canada run more efficiently.

I have had the opportunity to talk about youth employment programs. I talked to the mayor and some councillors in Broadview. They were really impressed with our youth employment program. I am glad to see we are going to double the youth employment program this summer to meet the needs of those students who want to go on to post-secondary education.

In summary, let me say I am happy to be one of Team Canada's players. In a country as diverse as ours, it is a real privilege for each of us to be able to be part of a team that sets objectives and goals and meets them. We do not just talk about them; we meet them. We have set the challenges for the years to come. I know through our Minister of Finance and all who are involved we will meet those challenges.

[Translation]

Mr. Ghislain Lebel (Chambly, BQ): Madam Speaker, I listened attentively to the remarks by the member who just spoke and I am tempted to ask him the following question: "Could it be that his political partisanship is making him totally blind?"

When comments are made on a budget as important as the one tabled yesterday, people have the right to know what it will cost them, what awaits them, what are the risks in job terms, what about their own jobs, how big is the debt. The Minister of Finance talks of 2 per cent of the GDP, 3 per cent of the GDP and 15 per cent of the GDP.

Mr. Duhamel: Of course, one must understand.

Mr. Lebel: Would you please be quiet. It is a bit as if I took the minister's hat size, divided by his shoe size, less his waist size and

said: "There is the amount of your debt". If he puts on weight, it does not work anymore. The same is true for the GDP.

• (1310)

We want Canadians to know that they are in debt to the tune of \$20,000 each, babies born this morning arrive with a \$20,000 debt. In the past two years, we have added \$3,700 to their debt load and to that of those who are not yet born, but are on the way.

I do not think we can close our eyes. The government appears to be acting like a windsurfer who has just come off a great big wave and is on the flat part of the wave. He is turned sideways and is getting ready for the next wave, whenever and however it comes.

This is what a budget plan is. You have to invent, think of the next wave. Right now we are talking about 10 per cent unemployment. Some 400,000 workers in Quebec alone were added to the welfare rolls last year. They are not considered unemployed anymore, and our statistics are therefore lower. But there are people who are not eating or eating very little. The member, with every good intention, I am sure, refuses to see the data of the problem.

My question is as follows: Does the budget tabled by the Minister of Finance meet his expectations? Is he ready for the next wave? He has not convinced me that he is.

[English]

Mr. Collins: Madam Speaker, it is a pleasure to respond to the series of ramblings by my friend from the Bloc.

I certainly do know what it is like for young people. Having eight children and ten grandchildren, I know what they are going to face as they come into the challenges of the future.

What we have done as a Team Canada approach is we have said that we want to lead. When we came in as government there were a series of things we had to do. We had to set some targets. We set those targets and surpassed them. If the member wants to review those I think he should. Let us put them in factual order and see what has happened with this government over the years we have been here. The member may be well advised to check with the new premier of Quebec to see what he will do with the challenge that faces him as the premier of that province.

Yes, it is not easy. No, I do not like to see those who face unemployment. On the other hand, I do say that the task we have been dealt is a serious one and one we do not take lightly. We will continue to set the goals and objectives, whether it is for the youth, the old, or the unemployed. They will know this government is committed to meeting those challenges. They will know that as they come into the workforce there will be a job. If the member had only followed Team Canada he would know that for every billion

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dollars of new funds we were able to create in the way of exchange 11,000 new jobs will come into the Canadian economy.

There is a reality there and the member has to address it. Perhaps once he has done that, he will agree with us and will be more than happy to support this budget and the work of the Minister of Finance.

Mrs. Rose-Marie Ur (Lambton—Middlesex, Lib.): Madam Speaker, I would like to address a question to my hon. colleague who spoke most eloquently. It is with respect to the youth and seniors in his rural riding.

In the budget last night there was the community access component of the SchoolNet. He and I both share a rural riding so I know how important the low cost initiative aimed at helping 1,000 rural communities to participate in this knowledge based economy is to my hon. colleague. I would like my hon. colleague to explain to us how this will affect his riding and how beneficial it will be to youth.

• (1315)

Mr. Collins: Madam Speaker, it is a very important topic for us in rural ridings whether in Ontario, Saskatchewan, New Brunswick, Manitoba or Prince Edward Island. We have to ensure those people in the rural areas will be part of this whole country.

Through this program I am pleased to see that seven of those Internet arrangements were allowed to come into my riding. Now a series of others want to get on to it because it is a program that brings us in very close contact with one another. It provides us with vehicles through the communication network we did not have before. This brings us together because we have distance barriers of rural ridings. It allows us to communicate almost instantly.

In the agricultural sector I have grain farmers who are so excited that they can now use this as a basis for communication worldwide on almost an instantaneous arrangement.

I thank the member for the question. It is a very important aspect of our whole budget proposal and it will take us forward into the next century.

[Translation]

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Madam Speaker, it is now my turn to talk about the budget and I am doing it with great pleasure.

I would like to start by congratulating my colleague from Souris—Moose Mountain on his speech, which I found quite eloquent and which helped clarify the content of the budget.

Here we go again, as you probably noticed. The opposition parties are saying all kinds of nasty things on the budget. What is

interesting is that it is not at all what is being reported by the media. What are people with no political connection saying? Let me share it with you.

Earlier, you heard the Reform Party members and their magical solutions, simple solutions to complex problems; such is their political platform. I am looking forward to seeing what kind of solutions the nearly defunct New Democratic Party is going to offer. What could the Progressive Conservative Party have to say, it is already extinct.

What concerns me is that the Bloc has already started to spread information; in a little while, I will read a quote showing what I mean. Let us look at what today's papers are saying.

Le Devoir: No tax increase in Martin's budget. The Bloc and the Reform do not like this, but Canadian people do. *Le Droit* says it is a good budget. We read in *La Presse*: "What the Minister of Finance is telling us is that it is quite possible to wrestle the deficit and yet remain compassionate; he is also telling us that fiscal responsibility is possible without an abrupt change in direction, contrary to what we have witnessed in Alberta and Ontario." This is what *La Presse* is saying.

[English]

The *Ottawa Citizen* said: "The budget is a compromise between relief and austerity". The *Winnipeg Free Press* said: "Budget Boosts Buck" and "Blueprint Encourages Economists".

[Translation]

La Presse: "\$480 million for young people".

[English]

The *Financial Post* said: "Old and young to reap rewards from continued program spending cuts". The *Globe and Mail* said: "Education, Jobs to Receive Boost" and "Students, Families Get Relief from Taxes".

[Translation]

This is what the media are saying. The vast majority are praising the budget. They are saying, with great eloquence, that the Minister of Finance gave us a budget that answers the needs of Canadians; they are saying that he listened and responded.

But what happened to the Bloc? They used part of a quote that I will repeat for you: "The government will not use its spending power to create new shared-cost programs in areas of exclusive provincial jurisdiction without the consent of a majority of the provinces". They stopped there. But that was not the end of the paragraph, the rest said: "Any new programs will be designed so that non-participating provinces will be compensated, provided they establish equivalent or comparable initiatives".

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• (1320)

Why did the Bloc use only half of the quote? Obviously because it does not want it to work. This is regrettable because the Bloc ought to have been perfectly frank, totally honest and open.

Now, I am going to talk about the four main themes of the budget. The budget of Canadians: securing their financial future in a number of key areas; reaching or exceeding financial objectives; consistently reducing program spending. There is much information proving it is being done. We are going to rethink the role of government. We will take measures to determine a more appropriate role in the context of a modern federation economy. We will guarantee the future of our social programs, restore trust in the old age security system by providing long term sustainability, and guarantee the security and stability of federal support for health care, postsecondary education and welfare. We will also invest in the future, reallocate funds to make new investments, provide help for young people and support technology and international trade. These are essential areas for job creation and future growth.

I would like to be more specific on some of these points. I will talk first about the investments in our future as they are described in our budget, but before that, there are some details we must remember and repeat. There are no new taxes.

[English]

There is \$2 million in additional government expenditure reductions. This marks the point at which the Canadian economy begins to gain on the accumulated debt. This is a historic, meaningful and significant happening.

[Translation]

There will be investments in our future. To ensure our future and restore the confidence of Canadians, job creation and financial growth are a priority in the budget; the government has allocated resources to new investments in three main areas: youth, technology and external trade.

[English]

Action in these fields is not an increase in expenditure but is financed by budget savings through reallocations from lower priorities. Government cannot solve Canada's problems by simply throwing massive sums of public money at them. This is what has created our difficulties in the past. Instead, we must create an economic and social environment which will encourage the economic growth that makes sustainable new jobs possible.

There is still much work to do, unemployment and youth employment in particular. Therefore taking a collaborative partnership oriented approach to building an environment propitious to economic growth and employment is of utmost importance. We need low inflation, low interest rates and declining deficits

because these are all critical to the future of our nation, to the future of Canada.

Let me talk for a moment about youth. Most of us will know that the unemployment of youth, those under 25, is very high; it is in the neighbourhood of 16 per cent. This therefore needs to be addressed. They are the key to our future and we must never forget that. We need to enhance the educational opportunities that will lead to jobs. We must help young people get their first jobs. In that objective I applaud the government for asking profitable businesses to reach out and do exactly that.

[Translation]

It is a very commendable initiative and I see some colleagues in the opposition parties nodding; no doubt it means they agree. I am very happy to see that agreement because it does not happen often enough here.

[English]

Let us talk about the learning package. There is an additional \$165 million in tax assistance to students and their families over three years. There is 25 per cent in educational tax credits and tuition fee limits.

[Translation]

The ceiling on annual contributions to an education savings plan has been raised. Some help is given to low-income parents living alone in the form of a tax deduction for child care; there is also help for secondary school students; that is a new initiative.

• (1325)

Two-parent families are also eligible for the deduction if both parents are full time students. The current age limit for the deduction will be raised from 14 to 16.

[English]

There is \$315 million dollars for new employment opportunities.

[Translation]

Seven hundred million dollars are already provided through such programs as Youth Internship Canada, Youth Service Canada and summer job programs.

We will double government commitment to summer job programs, from \$60 million to \$120 million. With these \$60 million we created 30,000 jobs, so we hope to double this number. The remaining funds will be used to improve job possibilities for young people in innovative sectors: information technology, environmental technology, tourism, culture, trade and international development.

[English]

These investments will build on a new domestic Team Canada style partnership between business and governments to create entry level jobs for youth.

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[*Translation*]

With these new funds, \$315 million reallocated and \$165 million in tax expenditures, the budget brings total expenditures for youth-specific programs over a three year period from \$700 million to \$1.2 billion.

I conclude by saying that I could have gone on for another two hours. I am sure that had I sought unanimous consent of the House the answer would have been yes.

Mr. Maurice Bernier (Mégantic—Compton—Stanstead, BQ): Madam Speaker, since this is my first speech since you became Acting Speaker, I wish to congratulate you on your appointment.

I would like to share my colleague from St. Boniface's optimism regarding the budget. Unfortunately, like all government members, our colleague from St. Boniface merely watched the finance minister's show in this House yesterday and let himself be hypnotized by the minister's oratorical performance.

What government members failed to do is read between the lines; it is one thing to listen to or read the budget speech and quite another to appreciate or analyze the impact of this budget.

I will take the hon. member for St. Boniface's own example, because I want to give him the chance to repent and perhaps correct what he said in this House a few minutes ago—I will take his own example, student assistance. I will get to my question in a minute if you allow me to continue.

Regarding student assistance, the hon. member reminded us that the budget sets aside \$375 million over three years for student summer employment. This is a panacea, the find of the century.

The hon. member fails to mention that, as a result of the cuts to the Canada social transfer that were announced last year, which for Quebec alone amounted to \$600 million last year and \$1.2 billion for the coming year, Quebec's finance minister will probably have to raise tuition fees by a significant amount.

The few additional jobs that will be created for our students—and I am happy for them—will not be enough to compensate for the increase in tuition fees. That is one consequence of this budget.

I could go on for several minutes on this, but I will give the hon. member for St. Boniface a chance to immediately repent in this House in front of all his colleagues. I will get back to this later.

Mr. Duhamel: Madam Speaker, I thank the hon. member for his comments and his question. I would have thought that the first thing he would have done was to explain why the leader of his party quoted only half a paragraph.

It troubled me. If the whole paragraph had been quoted, it would have been obvious that that section deals with trying to meet the needs of all provinces, including Quebec. This worries me a little.

• (1330)

He chose to remain silent, so bet it. But I was also surprised to realize that the hon. member is incredibly pessimistic. Since the budget speech yesterday, we hear all sorts of comments everywhere. The only people opposed are members of the opposition parties. I thought such pessimism was exclusive to Reform members, but I see that it is contagious and that Bloc members have caught it. How unfortunate.

How can the hon. member say that the \$700 million to which nearly \$500 million has been added, totalling \$1,2 billion, does not provide significant help for students? This is really sad.

Moreover, as far as cash transfers are concerned, there is a figure of \$25 billion, that will be increased to more than \$27 billion. That is a lot of money.

Really, the hon. member looked at only a line or two on one page, and he is using that as the whole basis for his argument. One must look at the whole picture. Optimism and understanding are in order.

[*English*]

Mr. Jay Hill (Prince George—Peace River, Ref.): Madam Speaker, I will be splitting my time with the hon. member for North Vancouver.

I was encouraged to hear that the government has listened to what the Reform Party and many Canadians have been saying all along: Do not raise taxes. However, when the Minister of Finance said that he was staying on course and maintaining the current pace, he may as well have been referring to the reckless spending going on in some areas under the guise of regional and economic development.

We have heard the old rhetoric about the need to eliminate overlap and duplication, yet a slew of government offices are still subsidizing private business with taxpayers' money. Various federal agencies are competing with each other and with provincial bodies for the same client and fighting over which can spend the most tax dollars the fastest. There could be nothing more ridiculous.

The government has talked about eliminating direct loans to businesses. What does that matter if it is still dishing out indirect subsidies? It is just a play on words. The government has no business trying to manipulate the private sector. Not only is this grossly distorting the marketplace, it is creating unfair competition among businesses. It is helping some businesses at the expense of others. The government is propping up the economy and creating a

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system of corporate welfare. The government is trying to give us a false sense of security and it is costing us big time.

For example, an audit revealed that 17 failed projects supported by the Atlantic Canada Opportunities Agency have cost Canadians nearly \$100 million in grants, loans and loan guarantees. This is just one of many examples of wasted money. As if this pill could get any harder to swallow, the auditors concluded that a good look at the failed business plans would have indicated they simply were not viable.

Government spending entities such as ACOA, western economic diversification and others are actually hurting the people they are supposed to help. Atlantic Canadians pay taxes too. ACOA has put Canadians further into debt. Regional development agencies are nothing but a front for wasting billions of tax dollars on political pork barrelling and patronage.

It is no coincidence that Winnipeg received a disproportionate amount of WED dollars. The WED minister, the member for Winnipeg South Centre, became the patronage saint of pork barrelling after his hometown received a disproportionate amount of WED funding between November 1993 and November 1994. That city received more than \$12 million. The next highest was Vancouver. Despite its larger population it received just over \$2 million. Calgary and Edmonton combined received just over \$3 million. There was also the outrageous patronage in Atlantic Canada during the last ACOA minister's reign.

• (1335)

The government cannot continue its reckless spending to buy taxpayer votes using its own money. Regional development agencies must be eliminated as soon as possible. The savings will put a significant dent in our \$600 billion debt.

Consider also the senseless waste of money through administrative and overhead costs of WED, ACOA, the federal economic development initiative in northern Ontario and the Federal Office of Regional Development in Quebec. For example, WED has an annual budget of about \$478 million.

Add to that list numerous other organizations that grant loans and waste government money. There is the Business Development Bank of Canada, the business development centres, aboriginal business programs, business service centres, women's enterprises centres, community futures offices and others. On top of that the provinces have their own economic development initiatives. These various offices are competing for the same client. They are all funded from the same source, the same taxpayers. These organizations report to different people in different governments.

Ultimately the government's right arm has no idea what the left arm is doing. We have a number of players involved in one game: handing out government money. Too many cooks are spoiling the

broth. The pot is already bubbling over with debt. It is rising at \$95 million per day and \$1,000 per second.

In many cases these organizations refuse to release details of their dealings in the interest of client confidentiality. They are not accountable to those who foot the bill: the public. Canadians get angry when they hear of their money being used to fund businesses that are competing with others. There is the potential for one government funded business to push another publicly funded business into bankruptcy and render it unable to repay its government loan.

It has been argued that giving the private sector a boost benefits Canadians in the long run because it fosters private sector job creation and diversifies local economies. That is rarely the case. It has also been said that even the businesses that fail benefit Canadians by taking people off the welfare rolls temporarily. This is misleading. In reality, while some businesses are temporarily up and running, others are thrown off kilter.

ACOA reported to Parliament that it had created 42,000 jobs between 1988 and 1992 but could not back that claim with any evidence except a Price Waterhouse study of which officials refused to release details. An audit found the agency had based some of its success statistics on proposals rather than on results. There certainly has been a lack of consistent monitoring of long term results by the regional development agencies. Simplifying the tax system to encourage private sector job creation would have been a much healthier way to go.

ACOA has a long history of reckless spending. For example in 1990 it invested \$13 million in a wallpaper company that failed, then later paid its loans and the bills to clean up the hazardous waste it left behind.

Why do large firms that rake in billions of dollars in profits receive government handouts? Between 1992 and 1994 federal aid to large corporations included a \$200,000 grant to IBM for employee training and nearly \$76 million to Pratt & Whitney Canada for research and development. Multimillion dollar companies do not require scarce tax dollars. WED handed out nearly \$280,000 between November 1993 and October 1994 to lobby groups, some of which lobby against the government.

The government's priorities are mixed up. It would rather invest half a million dollars in a Newfoundland golf course when the people of Goose Bay, Labrador are still waiting for a decent road to connect them with the rest of the country. That is not regional development. Regional development entities and other money agencies are supposed to be lenders of last resort. That does not mean giving money out to anyone who asks.

Hagensborg Marine Farms Ltd., a project to build the first land based fish farm on the west coast went into receivership in 1991. The more than \$1 million it received from WED is lost forever. Altero Technologies Inc. borrowed \$475,000 to produce exercise

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machines. The company went out of business and the loan was written off. These are just two of many examples.

It is more tempting for entrepreneurs to launch themselves into risky business ventures when it is other people's money that is at stake and with loans that can be written off. Certainly there are some cases in which it may be beneficial for the private sector to be able to turn to government as a lender of last resort. However, there is a much better way to do it without the tremendous waste of money that has been going on in the past.

• (1340)

First, there should be only one money lending agency reporting to one minister and it should eventually be self-sufficient. That is, the interest it makes off loans would be used to cover its operating costs.

It should not be a slush fund for politicians to dole out cash to favoured individuals. Borrowers would have to meet certain criteria, including presenting a viable business plan. National standards must be established. Any duplication with the provinces must be eliminated. Any Canadian needing business help will appreciate a one stop shopping office rather than getting the government runaround.

Money lending decisions must be taken out of the hands of patronage minded politicians and distant bureaucrats. Decisions must be made at the local level by a board of business people with proven track records. This would help ensure decisions are made with a community's or region's best interests at heart. Perhaps the community futures program could be used as a model since this program has been quite successful in some provinces.

All decisions must be open to public scrutiny. Private banks scrutinize and monitor their borrowers. Why would the public expect any less with its money? If this government is really serious about boosting the economy, it will do so by fostering a good business environment. However, that does not mean giving away free money because there is no such thing. It means eliminating the deficit, lowering the barriers to trade, reducing taxes, lowering real interest rates and enhancing labour mobility.

Taxpayers want real action, not the pork barrel of false promises we have been getting in the past.

Mr. Réginald Bélair (Cochrane—Superior, Lib.): Madam Speaker, it is with great interest that I have been listening to the speech that was just given by the member for Prince George—Peace River. I stopped paying attention to the member's speech in his reference to ACOA. For the two years the Reform Party has been here, time after time its members have debased ACOA. He also touched on FedNor which affects my region of northern Ontario. We all know these economic development agencies are there to spur the economy and growth and to create jobs.

Western diversification has also created thousands of jobs. I want the hon. member on behalf of his party to tell us whether he is willing to totally scrap western diversification, the dollars that come along with it, the jobs that have been created and the economic growth that has been created. We noticed that Reformers never talk about it. I want him to come clean and answer a specific question.

Mr. Hill (Prince George—Peace River): Madam Speaker, the short answer would be yes we are. We have talked as much about WED as we have about ACOA. Therefore, I dispute what the hon. member is saying. We have talked about all the regional development agencies and we say it has to end.

This government talks about balancing the budget. It wants to move toward a balanced budget. It is always asking for new ways in which to bring down government spending. We have been consistent in condemning these types of ridiculous loans to business.

Mr. Bélair: Say the number of jobs that are going to be lost.

Mr. Hill (Prince George—Peace River): Say the number of jobs that are going to be lost. There is absolutely no accountability for these agencies. There never has been and there never will be as long as they continue to be run the way they have.

We have seen a tremendous growth in the amount of dollars spent on these agencies over the last few years. In 1991-92 WED, since that is the particular agency the hon. member is directing his attention to, had a little over \$185 million to dole out. In 1995-96, our current year which is coming to an end at the end of March, it had almost \$500 million to dole out, yet we have not seen the positive effect of that. There is so much money taken up in the administrative costs of running these programs they actually kill jobs, not create them.

• (1345)

Mr. Joe McGuire (Egmont, Lib.): Madam Speaker, the hon. member alluded to Labrador during his speech. Maybe we should send a copy of it to the constituents in Labrador.

I wonder what the Reform Party is telling the people of Labrador about the unemployment insurance system. Is it telling them that the unemployment insurance system should be eliminated? Is it saying that ACOA should be eliminated? Ninety per cent of ACOA supported businesses are successful in that area. Is it telling the people of Labrador that it would like to reduce the Marine Atlantic program? Is it telling them it is in favour of a two-tier medical system?

I would like the hon. member to respond to what the Reform Party is telling the people of Labrador.

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Mr. Hill (Prince George—Peace River): Madam Speaker, I was recently in Labrador. While I was there I met with representatives of ACOA, representatives of the business development centres, and I talked to them about the problem. The most frustrated people are the people inside the system. They see the huge waste of tax dollars. They are also taxpayers. It has to end.

Perhaps after March 25 we will have a member representing Labrador over here who will be truly representing those people for the first time in a long while.

Mr. Ted White (North Vancouver, Ref.): Madam Speaker, after studying the finance minister's budget I could just about give last year's speech. We are still on the debt and deficit treadmill and nothing much has changed.

The one good piece of news is that last weekend it seems that the Deputy Prime Minister went through some sort of fiscal conversion. I heard her on "Ottawa Inside Out". She said that a dollar invested by the private sector in jobs was a dollar going a lot further than one put into job creation by the government.

Most people in Canada instinctively know this is true. The Reform Party has been saying so at public meetings and in its election brochures since 1989. A dollar left in the hands of an investor, a business person, a consumer or a taxpayer will be much more productive in the economy than that same dollar in the hands of politicians.

The Deputy Prime Minister now realizes that the Liberal \$6 billion infrastructure program was a complete waste of money. It did not create a single job, just like we told her. The Prime Minister's solutions of 30 years ago simply do not work.

Business has told the government how to create jobs: stop running deficits and reduce taxes. The resulting flow of money back into the hands of consumers and taxpayers will guarantee generous job creation from increased demand and new investment.

It is not really a hard concept to grasp. However, instead of doing what is required, the Minister of Finance has chosen to keep us on the treadmill of deficit and debt, exceeding \$30 billion per year for the deficit and a debt which is now approaching \$600 billion, with enormous interest payments of almost \$50 billion per year on that debt.

In the time that it takes me to give this short speech the government will have overspent by another million dollars. As long as there is no swift action to really balance the budget and to begin running surpluses, taxes are certain to increase, the debt will continue to grow and interest payments will get larger.

It certainly does not take a rocket scientist to calculate that the cancer of interest payments will within a few short years complete-

ly consume our social programs and virtually wipe out every government service which is offered today.

Since the end of 1993 the Liberal government has added almost \$90 billion to the national debt and, as a result, almost \$10 billion in interest payments. That extra \$10 billion per year has to be cut out of government services before we make one step forward in reducing the overall deficit.

Are sensible decisions being made about spending cuts? Absolutely not. There are major areas of waste not properly dealt with in the budget, such as the massive Indian affairs budget which is forecast to expand by 15 per cent over the next three years while services to other Canadians are being reduced by up to 70 per cent.

• (1350)

There is the excessive and unwanted spending on multiculturalism and grants to all manner of special interests and businesses. The government also fails to exhibit any will to control incremental spending waste, the little things that together add up to billions of dollars.

For example, a few days ago I received in the mail a certificate from the minister of heritage. It was beautifully printed, multiple colours with gold ribbon on it. It said: "Canada Day Certificate of Merit: Awarded to the Hon. Ted White in recognition of your contribution to Canada Day 1995". The award was signed by the minister of heritage. When I showed that certificate to a number of people in my riding I had comments like: "What sort of pea-brained, cerebrally challenged idiot would approve the expenditure of tax dollars on a certificate of merit to MPs for doing their job on Canada Day?"

I do not know who the pea-brained idiot was but the minister should have had enough common sense to put a stop to that project before it even started. The fact that she did not shows that she has a flagrant disregard for other people's money. It is certainly easy to spend it, is it not, when they just have to dip into the trough.

As a second example of incremental waste, a travel agent in my riding approached me and showed me the actual computer records of how taxpayers ended up spending much more than was necessary on a fare from Vancouver to Ottawa return.

A conscientious federal employee, knowing that a visit to Ottawa was coming up, approached a travel agent and requested the cheapest fare. The agent showed how a certain combination of fares would result in a total cost of \$880. Instead of being pleased, the employee's supervisor instructed the employee to use Rider Travel here in Ottawa which subsequently issued a ticket costing \$1,963, almost \$1,100 more than that employee would have spent purchasing the ticket in North Vancouver.

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Every MP gets letters and calls with examples of that type of waste but absolutely nothing is being done to control it. No wonder the voters have lost respect for the politicians. People see MPs as puffed up porkers slurping at the trough, handing out hard earned taxpayers' dollars to people who will not work, to special interest groups and to businesses that do not need and should not be getting the money.

Meanwhile the Minister of Finance is subjecting Canadians to the torture of a thousand small cuts. That is not the death of a thousand small cuts, but the torture of a thousand small cuts, nothing large enough to get us off the debt and deficit treadmill, but just enough to prevent an immediate fiscal crisis. Irritating little bits of pain for absolutely no gain. It is a course of action that will guarantee years of suffering and no measurable benefits for all of the action taken.

It represents a failure to learn from the experience of countries like New Zealand, provinces like Alberta and states like New Jersey, Massachusetts and Michigan which have shown that the more quickly the budget is balanced the faster the benefits accrue.

The man who was the Prime Minister of New Zealand during the debt crisis, the Hon. David Lange, who is roughly equivalent to an NDP type of prime minister, told me in 1994 that the only regret he had was that he had not moved faster to balance the budget. In hindsight he could see that the benefits would have accrued much more rapidly, shortening the adjustment period and creating jobs more quickly. Today the New Zealand economy is even in better condition than when I spoke about it last year. I used it as an example and I am pleased to update members.

The government sector is about 40 per cent of the size it was in 1984. The abolition of various marketing boards has allowed entrepreneurs to develop new products and markets. Income tax reductions approaching \$23 per week for the average worker are being introduced in the next couple of months, and a further tax cut of the same size next year is promised, while the government continues to run large surpluses, paying down its national debt and increasing spending on social programs at the very same time.

• (1355)

Imagine how stimulative it would have been for the Canadian economy if the Minister of Finance had been running surpluses and yesterday had announced a \$46 per week tax cut for Canadian workers. This could easily have been attained if the Minister of Finance had adopted Reform's zero in three program the day he came to office in 1993.

We would not today be talking about how to balance the budget. We would be arguing about how to spend the surpluses. With more money in their pockets Canadians would have spent more, increasing domestic demand which in turn would create jobs and increase government revenues.

In New Zealand and in Alberta revenues increased faster than expected after the budget was balanced, allowing spending on social programs to be increased, for example in New Zealand by almost \$1 billion in one year.

It is also important to note that the 12 per cent unemployment rate in New Zealand is now down to 5.6 per cent. When did Canada last have a 5.6 per cent unemployment rate? Canada has proven government deficit spending kills jobs and it will continue to kill jobs as long as it stays on this track.

The failure of the Minister of Finance to decrease taxes in yesterday's budget guarantees that even more jobs will be killed. It also guarantees ongoing deficits and a crippling tax load for our children and our grandchildren.

Mr. Bernie Collins (Souris—Moose Mountain, Lib.): Madam Speaker, I listened intently to what the hon. member from the third party had to say. Let me raise a whole series of items to which he may wish to respond. The only thing about the zero in three is that in three years we would all have zero. We would all be out on the streets looking for a job.

Concerning infrastructure, I do not know where the member travels but as a municipal person who has travelled throughout his riding, I want to assure him that municipal people throughout Saskatchewan were more than proud of the infrastructure program. They supported it wholeheartedly. I do not know where he travels in his riding but he should get out to my riding in Saskatchewan. He would find that people there are responsive. They said that it was a good program. They would like it to go on.

With regard to his evaluation of MPs, I can assure him that as I travel throughout my riding in Saskatchewan and elsewhere in Canada the attitude and level of respect for MPs will come up depending on what he expects it to come up to. If he wants to downgrade MPs and say that all MPs are not doing their jobs, he should just keep on. However, as an MP who feels he has a responsibility to the public, I will continue maintain that we are there, we are honest—

The Speaker: As members know, I like to start a few seconds early. May I ask the hon. member if he would be prepared to answer this question immediately following the question period?

It being 2 p.m. we will now proceed to Statements by Members.

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STATEMENTS BY MEMBERS

[English]

[English]

STEVE MACRAE

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, I rise today to share some information with the House about Steve MacRae. One might ask “who was Steve MacRae?” He was a dedicated family man, a well liked dependable employee of Knight Computers and an integral part of his parents’ and his four siblings’ lives.

However, that is not why I bring Mr. MacRae to the attention of the House today. Sadly I bring the House’s attention to Mr. MacRae not for what he has done but for something he has not done, which is to continue living. Mr. MacRae has become another statistic in the fight against drunk driving. His life was senselessly ended on January 6, 1996. Because of one person’s selfish action numerous lives have been altered.

It is time for us to put in place severe penalties which will deter people from getting behind the wheel if they have been drinking. I strongly urge all members of the House to support the private member’s bill of the member for Prince George—Bulkley Valley which would increase the minimum sentences for impaired driving causing death. After all, it is the very least we can do for Steve MacRae now.

* * *

[Translation]

TRIBUTE TO DOMINIQUE BILODEAU

Mr. Maurice Bernier (Mégantic—Compton—Stanstead, BQ): Mr. Speaker, on March 2, at the 15th ceremony for the Eastern Townships sports awards, Dominique Bilodeau, a 16-year old athlete from Lac-Mégantic, was awarded the Victor de la Révélation sportive for 1995, after winning three gold medals in track and field, during the Quebec Games which were held in the Eastern Townships last summer.

On behalf of all my colleagues in this House, I want to pay tribute to that young person.

I should also mention the unfailing support of her whole family and the exceptional work of her volunteer coach, André Garon, a teacher from Coleraine and a personal friend of the hon. member for Frontenac.

Remember that name, Dominique Bilodeau. She has a promising future, thanks to her immense talent, her boundless energy and her unwavering determination. She makes not only her city but her whole community proud.

Bravo, Dominique.

EDUCATION

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, scholarship recipients are some of the brightest stars of our future. Many could not afford post secondary education without scholarships, particularly those from northern communities who must attend schools in the south. Competition for scholarships is fierce and students work hard to get them.

On the one hand, by announcing increased spending for summer employment the government wants us to believe it is supporting students. At the same time, the government continues to tax student scholarships.

Students are facing massive tuition increases and higher educational costs. With high unemployment and a workforce unqualified to fill the thousands of available high tech jobs, a system that discourages students from furthering their education is ridiculous.

It is one thing for the Prime Minister to urge the private sector to create more jobs. If the government really wants to help students it should make scholarships tax free, or at a minimum increase the tax free amount of \$500 established in 1972 to something more appropriate for 1996.

* * *

SOCIAL TRANSFERS

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, yesterday the Minister of Finance should have announced in his budget that the health and social transfer floor the provinces were promised would kick in immediately. Instead, we have to wait until the next century and likely a different government.

The premier of Saskatchewan says that by 1997-98 the province will still have \$200 million less per year to spend on health, education and social services and approximately \$35 million less for each of the two years after that.

This means that as Saskatchewan is crafting its own budget it is looking at a dramatic cut over the next four years to finance its education and health programs.

The finance minister says he is protecting the provinces but the provinces are saying they cannot absorb four more years of cuts.

This is most disappointing, especially given the government’s track record of fulfilling its promise to get rid of the GST. Can it really expect us to trust it when it says a future government will honour this promise of a health and social transfer floor in the year 2000?

WINDERMEREHOUSE

Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.): Mr. Speaker, last week in my riding of Parry Sound—Muskoka fire destroyed Windermere House, one of our treasured landmarks. Fortunately very few personal injuries were sustained.

Affectionately known as the Lady of Lake Rosseau, Windermere House dates back to 1869 and was one of the best examples of a traditional old Muskoka resort.

Though fire has now claimed it, Windermere House stood for over a century and was a proud reminder of a bygone era. This majestic resort housed guests from all over the world, and everyone was looking forward to another busy summer season.

There are many people, myself included, who feel devastated by the loss of this memorable landmark. The loss of this historic resort impacts every member of the village of Windermere. Despite this adversity, however, I am confident the community will rally and from the ashes a new future will be born.

* * *

[Translation]

PENSION REFORM

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, as the Prime Minister said when he made his commitment, the major reform of old age pensions announced yesterday by the Minister of Finance in his budget will not affect those who currently receive old age security benefits.

The new plan called seniors benefit will come in effect only in the year 2001. It will replace the current old age security benefits and the guaranteed income supplement. The seniors benefit will be paid based on the combined income of a couple.

It is expected that the new plan will prove beneficial for nine women out of ten, in that they will get more money than they would have under the current plan.

Once again, our government has shown that it is possible to revamp Canada's social programs while also protecting those who benefit from them.

* * *

• (1405)

CHILD SUPPORT

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, in his latest budget, the Minister of Finance has agreed to a long standing request made by women all over the country. Starting in May, child support payments will not be included in the income of the custodial parent for tax purposes nor be tax deductible for the payer.

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This change to a system left untouched for 50 years will put an end to the unfair distinctions made under the tax system between separated spouses and parents who still live together. It is important to note that the additional tax revenue this change will bring us will be redistributed among children and low income families.

* * *

ÉCOLE NATIONALE D'AÉROTECHNIQUE IN SAINT-HUBERT

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, there are 14 post-secondary aircraft technology training schools in Canada. The largest one was established in 1964 in Quebec. I am talking, of course, about the École nationale d'aérotechnique in Saint-Hubert, which has more than 1,350 students.

In order to promote traineeship outside the country for its students, the school has made alliances with some international networks to which Belgium and France also belong.

Recently, the Saint-Hubert institution signed a co-operation agreement with the Lycée professionnel privé de Blanchet, in Guadeloupe, to develop a training program on aircraft maintenance.

The development and implementation of this program mean that some training equivalency can be arranged between these two institutions. We must support and encourage the efforts made by the École nationale d'aérotechnique so that the qualifications of our graduates are recognized worldwide.

* * *

[English]

PATRONAGE

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, last week the Prime Minister informed Canadians that the Liberals had done their part in catering to business. Now let me clarify the Prime Minister's statement because clearly patronage is alive and well in the Liberal Party.

On the Team Canada trade mission to southern Asia last January one in five corporations travelling with the Prime Minister made contributions to the Liberal Party. These corporate sponsors gave over \$1.2 million to the Liberal Party of Canada over the past two years.

For example, a company whose CEO is a former Liberal cabinet minister gave over \$154,000 to the Liberals. It received an excellent rate of return with a \$700 million contract.

Canadians are fed up with old style partisan politics. Paying off their corporate buddies is no way to endear the Liberals to the taxpaying public.

S. O. 31

[Translation]

INTERNATIONAL WOMEN'S DAY

Hon. Sheila Finestone (Mount Royal, Lib.): Mr. Speaker, tomorrow will be International Women's Day. In my capacity as the chair of the task force on the tax treatment of child support payments, I wish to thank the thousands of men and women who voiced their concerns to us about child welfare.

The government has listened to us. I am proud of the policy announced by our government yesterday, which is the result of your efforts. This is an approach which gives absolute priority to children from all types of families, particularly poor families.

Finally, women raising their children on their own will not have to pay income tax on money intended for their children. Finally, they will receive equitable child support payments. Finally, they will have the assurance that payments will be on time. Finally too, their child tax benefit will be doubled.

These measures are the culmination of our government's efforts in the best interests of children, and the long struggle for female equality.

I thank everyone.

* * *

INTERNATIONAL WOMEN'S WEEK

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, the men and women of today's Canada must call for equality between the sexes within our complex and diverse society. The federal government will continue to encourage the understanding of diversity in our society, so that the contribution of all Canadian women will be acknowledged and appreciated.

Tomorrow I shall be receiving representatives of various organizations working with women in my riding, to mark International Women's Day.

These women, from a variety of backgrounds, working in a variety of areas of activity, and each making a major contribution to improving the status of women, represent the rich diversity of the riding of Saint-Denis.

[English]

These women have united with their different experiences and backgrounds to bring about change and improve the conditions for women in Canadian society.

• (1410)

I salute them for their efforts and invite them to continue to work together with the Liberal government to bring about positive measures for women such as those announced in yesterday's budget.

[Translation]

VIOLENCE AGAINST WOMEN

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, as we celebrate International Women's Week, it is important to highlight women's accomplishments. We must also take stock of the progress made to date and look at what still needs to be done regarding violence against women. Canada has been a world leader in openly discussing this issue and demanding changes.

In certain countries, the subject of family violence is seen as a private matter and remains taboo. A national survey on wife abuse conducted by Statistics Canada shows that at least 50 per cent of all Canadian women have been subjected, in their adult life, to a form of violence as defined in the Criminal Code. These past few years, we have stepped up our efforts to resolve this serious problem. For one thing, strict gun control legislation is now in place.

The Criminal Code has been amended to strengthen anti stalking legislation. Our ultimate goal must be to ensure that violence against women will no longer be tolerated in our society. Now that the problem has been exposed, never again—

The Speaker: I am sorry to interrupt the hon. member, but his time is up.

* * *

[English]

THE SENATE

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, I was writing a statement about the appointment of Alberta Senator Bud Olson as Alberta's next lieutenant-governor, calling for a Senate election under Alberta's Senatorial Selection Act to fill the vacancy. Before I was finished writing, former Alberta Liberal leader Nick Taylor was appointed to the Senate.

It may take 10 years to balance the budget, 10 years to lower taxes, and 10 years to reform people's pension, but it takes only 10 minutes to reward friends with Senate appointments. Albertans expect the Prime Minister to respect their wishes and permit them to elect their senators.

Canadians from Newfoundland and Labrador to British Columbia remain ashamed of Canada's senior legislative body. They are ashamed the Prime Minister continues the disgraceful, undemocratic appointment of undemocratic Liberals to the undemocratic Senate to pass all too often undemocratic legislation. Fourteen times a seat has become available in the Senate; fourteen times loyal Liberal cronies have been rewarded. Oops, I should say fifteen times. I had better revise that.

Oral Questions

[Translation]

STATUS OF WOMEN

Mr. John Godfrey (Don Valley West, Lib.): Mr. Speaker, on behalf of the Minister for International Co-operation, the Hon. Pierre Pettigrew, I would like to remind the House that today is International Women's Day. The status of women remains a serious concern, particularly in developing countries. This is an enormous challenge, because the human rights of half of the world's population are at stake and, in many cases, the concept of human rights may even include the right to live.

But we have come a long way, and the recent UN conference on women held in Beijing was an important milestone, which followed many others. I am referring to the milestones set through our international development co-operation program. Canada has long been a leader in the advancement of women, as the OECD calls it. We must all support this program of international co-operation, if we want it to continue promoting equality for women around the world.

* * *

UNEMPLOYMENT INSURANCE REFORM

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, unemployment insurance reform is of great concern to the people of the Gaspé Peninsula. In this context, it is essential that the information given to them be exact. I deplore the statement made by the hon. member for Bonaventure—Îles-de-la-Madeleine as reported in the March 3 edition of the newspaper *SPEC*. According to the hon. member, new entrants on the job market in the Gaspé Peninsula could be eligible for benefits after 700 hours of work, whereas Bill C-111 clearly stipulates that a new entrant will have to work 910 hours to become eligible for employment insurance benefits.

Unless it is assumed that our region is already no longer part of Canada, which is not the case, misinforming the public for partisan purposes has no place in a matter that is so crucial to the future of a region. The member should withdraw his statement as soon as possible or the minister should announce changes to the program.

* * *

[English]

NATIONAL FARM SAFETY WEEK

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, I take this opportunity to make all members aware that March 7 to March 13 is national farm safety week. Last year in Ontario alone there were 24 farm related deaths which might have been prevented.

● (1415)

During national farm safety week children and parents are invited to become farm safety super sleuths. Farm families are encouraged to make a serious effort to identify and correct areas on the farm where safety can be improved.

The overall objective of the campaign is to increase the awareness of hazards present on the farm.

As a farmer, I cannot begin to stress the need for all of us to work together to decrease the number of farm injuries and fatalities in 1996 and into the future.

ORAL QUESTION PERIOD

[Translation]

THE BUDGET

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, we were there when the budget was tabled yesterday. The budget tabled by the Minister of Finance is, in some ways, a sort of exercise in centralization with the creation of a national revenue commission, an exercise in cosmetics because it hides the nasty blows of the government's decisions to the unemployed, to women and to the provincial governments, and an expression of incompetence by the government, which has done nothing more to cut its expenditures than it did in past budgets.

My question is for the Prime Minister or the Minister of Finance. Will they acknowledge that the establishment of a national revenue commission, like the securities commission announced in the speech from the throne, is an act of centralization revealing the government's uncontrollable propensity to assume powers that are, constitutionally, in the hands of the provincial governments?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, absolutely not. What we want is to make public administration in Canada more efficient. Jurisdictions are being fully respected.

As far as the securities commission is concerned, the provinces that want to can be part of it. It will enable people who apply to issue bonds or shares on the market to get approval at one counter rather than having to apply to six, eight or ten governments. The aim is to make operations easier and more efficient. Matters of legislation will remain the responsibility of the provinces.

In the case of tax collection, it is the same thing. At the moment, income and sales taxes are collected in all provinces, except Quebec, by the federal government. This will make the job a lot easier for everyone. We want to make it even easier so that taxpayers do not have to go knocking on two or three doors, but

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will have a single-window service that enables them to pay their federal and provincial taxes at the same time and place.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, it is surprising to see that, for the Prime Minister, simplifying operations always means taking them out of the hands of the provinces and moving them to the federal level.

The federal government has this bad habit of constantly intervening in fields of jurisdiction that do not belong to it. Will the Prime Minister acknowledge that yesterday's budget contained nothing to reduce the government's operating expenses, which would have helped reduce the exorbitant lifestyle of the federal government? A fine example is the creation of two new national agencies, which will overlap provincial agencies doing the same work.

Does he not realize that he missed a fine opportunity to realize savings in government operations?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, at the moment, the federal government collects income tax for all provincial governments, except that of Quebec. In the case of Ontario, it costs the federal government no more to do it for two levels of government than for one. At the end of the month, a cheque will be sent to the Province of Ontario. The taxpayer has only one tax return to complete, and he only has to fill in one line to indicate what he is to pay to the provincial government. It is a lot more efficient, and all the provinces have found the system works well.

• (1420)

So, we want to improve it and ensure it will be much more effective in the years to come. It has nothing to do with centralizing. We are already doing it and we want to do it more closely with provincial governments by including them more than they are at the moment in the administration of this department.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, I am going to have to come back to the Prime Minister and ask him this: Would he not agree, if the federal government were to withdraw from the field of health, where it has no business being, from the field of education, where it has no business being, from manpower training, where it has no business, if it did not get into securities, where it has no business and if it did not get into tax collecting, which is none of its business, does he not realize that the federal machinery would be less ponderous and less costly and that there would be fewer problems in Canada?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, let us take manpower training for example. We offered it to the provinces. As for health, all Canadians, including those in Quebec, want to be sure there is a national plan that provides people with the same services all across the country, because health has nothing to

do with language. The day-to-day administration of health care, however, is the responsibility of the provincial governments and not the federal government.

However we believe there are values that belong to all Canadians, and I think the Leader of the Opposition with his accusations of a few seconds ago, has to realize that the federal government has cut spending more in federal administration than it did in transfers to the provinces.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, what the Prime Minister just said is inaccurate. It is not true that the federal government cut proportionally more than the Quebec government did in its first budget, which cut 30 per cent. What it has done is reduce its deficit on the backs of the provinces. That is what the government did.

Yesterday, the Minister of Finance confirmed that the federal government intends to cut transfer payments to the provinces for social programs by 33 per cent over the next three years.

My question is for the Minister of Finance. How does the Minister of Finance explain the difference between his speech, which talks about an increase in transfers to the provinces for social programs, and his own budget figures, according to which payments to the provinces will be cut by more than a third?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, when we look at the federal government's three budgets, we see that we cut our own programs, our own spending by about 22 per cent. As for transfers to the provinces, they dropped by less than 7 per cent, which means that our own spending was cut much more deeply than transfers to the provinces. Unfortunately, the figures are quite inaccurate.

Second, as far as transfers are concerned, they will be maintained at a level of \$25 billion for two years before the growth formula kicks in. That means that, at the end of the five year period, they will rise to \$27.4 billion. If we look at the Campeau budget's projections, we anticipate transferring to Quebec in 1997-98 \$600 million more than forecast.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, again, I must say that the Minister of Finance's last statement is also inaccurate. Cash transfers controlled by the federal government will shrink from \$18 billion in 1995-96 to \$11 billion, a drop of \$7 billion. He should not be talking about tax points, as this is none of his business. If not for Jean Lesage, who managed to wrest these tax points from the federal government, today Quebec would be taking a quite a licking.

• (1425)

Will the minister admit that, as a result of the cut distribution criteria, Quebec will pay proportionally more than any other Canadian province in the next five years?

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Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, first of all, Quebec, with 25 per cent of the Canadian population, will have received 31 per cent of all federal transfers at the end of the five year period.

Second, Quebec will receive per capita 105 per cent of the national average, or more per capita than any other province.

Third, the hon. member talks about tax points and cash transfers. He should at least recognize that Quebec benefits more from equalization than any other province and that equalization payments will increase in the next four or five years. Mr. Speaker, those members are afraid of the truth.

Fourth, tax points and cash transfers should be taken into consideration. If tax points do not count, why then is Quebec asking for more? Allow me to add that if Quebec or any other province wishes to return its tax points to us, we will gladly take them back.

[*English*]

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, Canadians were looking for some kind of hope in yesterday's budget but the only thing they got was illusion. There was the illusion of job creation, an end to the cuts, an illusion to preserving social programs and the illusion of no new taxes, which looks so grand.

The reality is that the budget does nothing to create long term jobs. It only puts off cuts until after the next election. It ends the sanctimonious promise of universality for social programs. Also, by failing to deal decisively with the debt and deficit, the budget takes more money from taxpayers' pockets.

Did the finance minister really think Canadians would be fooled by a time release budget that delays tax increases and program cuts until after the next election?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, what the finance minister felt was that Canadians were given a fair budget that continued the track of deficit reduction, a budget which invested in youth, a budget which invested in newer technologies, a budget which invested in trade, a budget which provided hope and a vision for a better Canada.

The finance minister recognized that the budget would be accepted. If we look at the reaction across the country, that is exactly what has happened.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, the reaction I have been getting on the talk shows I have been doing today is that people are saying that 10 cents, 20 cents, 30 cents, 40 cents out of every dollar they are sending to the government is going to pay the interest on the debt. That is money that cannot go to hospitals, universities and jobs.

How does the finance minister have the nerve to say he has addressed Canadians' anxieties about hope and vision over the

future of medicare, CPP and other social programs when interest payments remain the largest single government expenditure?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member asks how I have the nerve when her party has brought forth a plan for the CPP that would scrap it; when her party has brought forth a plan that says no more pensions for the poor and the middle class, pensions only for the rich. And she asks how I have the nerve? She asks how I have the nerve when last year her party brought out a budget that would emasculate medicare and eliminate transfers to the provinces. And she asks how I have the nerve?

How does she have the nerve to stand up in the House and say one thing today when she said another thing yesterday? Who does she think she is fooling?

• (1430)

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, it is amazing. He was begging us for another taxpayers' budget this year and now he is misquoting it. It just seems absolutely ridiculous. The finance minister says we will continue to gut social programs and emasculate medicare but our program calls for sustained spending for medicare, not cuts as he has done.

What the minister avoids and what he got so worked up about right now is the fact that foreign banks are going to be taking so much of the money we are giving to this government in taxes hoping it will be used responsibly. He talks about the future, 2006, but he did nothing to improve the actual lives of Canadians now. Youth unemployment is still 16 per cent. The CPP is in trouble and needs something more serious than just tinkering. Social programs are being eroded.

Since this finance minister is so good at looking 10 years ahead rather than at tomorrow or balancing the budget very soon, would he please answer the following: What is he going to do? When is he going to balance the books? When is he going to provide tax cuts? When will he give us the unemployment numbers for star date 2006?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is something about being on that side of the House that makes arithmetic very difficult.

I said yesterday that in terms of foreign borrowing we have gone from something like \$29 billion to \$13 billion. The fact is that it is going to go down next year and the year after that. What most people are saying is that one of the triumphs of this government's administration is that we have regained our economic sovereignty. Why does the member not accept that? Why does the member not look at her numbers?

If I have misquoted the member's budget, perhaps she would refresh her mind. Was it not right that the opposition party said it was going to take \$11 billion out of medicare? Was it not right that the opposition party was going to totally destroy the old age

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security system? Was it not right that it said we should go to a super RRSP and get rid of the Canada pension plan? Was it not right that it said that tax exemptions for small business are a giveaway?

If I am wrong, I stand to be corrected. Perhaps the hon. member will give us her party's new budget and then we can debate what it really said.

[*Translation*]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, my question is of course directed to the Minister of Finance.

For two years, the Bloc Québécois asked for an in-depth review of the corporate tax system. The minister has finally decided to act by setting up a technical committee to look at the issue.

How can the minister think that an in-depth review of corporate tax can be conducted behind closed doors by a select group of experts, with no parliamentarian taking part in this exercise?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, this is not the case at all. The committee of experts must prepare a background document for consultation and discussion purposes. Indeed, I anticipate that our finance committee will use that document for consultation purposes.

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, the government is putting the review off indefinitely, as it did with the GST.

Will the Minister of Finance admit that two of these experts are from Ernst & Young and Price Waterhouse, two accounting firms that each have at least five subsidiaries in countries considered to be tax havens, including the Cayman Islands, Barbados and the Bahamas? Does he think that these people have every reason to wish for tax havens to disappear?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, three members of the committee are scholars, including the chairperson. They have no bias regarding the issue. These are scholars who are able to look at both sides of the issue and also raise objections to what someone from Ernst & Young or another firm might say. If we are going to close loopholes, we might as well recruit those who know best how to find these loopholes.

• (1435)

[*English*]

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, for four years leading up to the election, the Liberals vowed they would scrap the GST. The finance minister talks about nerve. Yesterday he did not have the nerve to call the GST by its name in the budget. He did not have the nerve to even mention it.

The finance minister is playing Canadians as a bunch of suckers. He is saying: "Too bad you did not read the fine print in the red book, but we are not going to meet our promise on the GST". The evidence is overwhelming. They promised it. When are they going to follow through? When are they going to scrap the GST?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I am not sure I understand why the member needs notes to read his question; he has asked it so many times.

If I could back to page 22 of the red book: "A Liberal government will replace the GST with a system that generates equivalent revenues, is fairer to consumers and to small business, minimizes disruption to small business and promotes federal-provincial fiscal co-operation and harmonization". If the member asks me the question three more times, I think I will know this by heart.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, there is another quote he might recognize. It was made in 1989 in the House of Commons: "The goods and services tax is a stupid, inept and incompetent tax". He said that in this House. He said that he would abolish it. The Deputy Prime Minister said on national television that if it was not abolished, she would resign.

Is the minister going to keep his promise or is he going to let the Deputy Prime Minister hang on her own words, as tempting as that might be?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the description of the tax as given by the hon. member is quite accurate. Very rarely does he speak words so true, however it is too bad he had to quote me to do it.

The problem with the tax is that the previous government did not succeed in harmonizing. It imposed on consumers a multitude of taxes. It made the tax inefficient. The previous government did not provide it for small and medium size business. We are working on a substantial streamlining and we will succeed.

When I look at Canadian culture and the absolute necessity of giving this country cultural sovereignty, I can say there is nobody I would rather put my faith in than the Deputy Prime Minister.

[*Translation*]

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

The old age pension reform announced yesterday by the minister represents a considerable erosion of the financial independence that has been hard won by and for women over the years. Seniors' benefits will now be determined based on family income. Receiving a cheque in his or her own name will not be more than a sop to the feelings of the one spouse who is considered dependent on the other.

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Is the minister aware that he is jeopardizing women's financial independence by treating them as second class citizens dependent on their husband's income?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I trust that the hon. member is not recommending a system with two different sets of rules. The supplement is based on the couples' income, and so I think he will agree that it is absolutely fair for those who are better off, wealthier, who also deserve to receive their cheque on the same basis as the less advantaged. It is a question of fairness.

Second, nine women out of ten will get more money because of our reform. One of the main reasons behind this reform was precisely that, to be able to give more money to those who are the least well off, mainly women.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, the reform ought not to run roughshod over women's dignity.

Does the minister acknowledge that, in actual fact, his reform will transform today's benefits for seniors into welfare for seniors?

• (1440)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, not in the least, in fact exactly the opposite is true. First, it is taken out of the taxation system for greater independence. Second, I am in the process of restoring total indexing, in other words in future our seniors will not lose money because of inflation. They have now been protected.

This is why the majority of comments from seniors' groups have been most favourable to this reform; they are well aware that it will not only sustain the system but will also be better for women and better for our seniors' dignity.

[English]

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, yesterday's Liberal budget tried to fool Canadians into believing that funding for medicare is being stabilized. Here are the Liberal funding facts: \$30 billion, \$29 billion, \$27 billion and \$25 billion.

Will the health minister admit that he is letting medicare funding plunge until 1998 when he will be somewhere else collecting his gold plated pension?

Hon. David Dingwall (Minister of Health, Lib.): Mr. Speaker, I would have thought the hon. member would stand today and congratulate the Minister of Finance for bringing in one of the best budgets the country has seen.

I realize where the hon. member comes from and the individuals he is attempting to support. But even he has to recognize that the finance minister has put in place a regime which will not only stabilize the transfer, it establishes a cash floor and it is consistent for an extended period of time.

It is what the provincial ministers of health wanted and it is what the provincial ministers of finance wanted. It is a good deal for all Canadians.

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, I finally figured out where the Liberals are getting their advice. They are not getting their advice from medical doctors, they are getting it from spin doctors.

It is time to set the record straight. The finance minister said Reform would cut medicare by \$11 billion. The fact of the matter is that these suckers are cutting by \$4.3 billion. We would not cut a penny, not a penny from medicare.

How would we do that? We would cut waste. We would cut business subsidies and we would cut pork barrel highway projects.

Will the health minister step down and convince the finance minister to put medicare as the highest priority and stop the cuts to medicare?

Hon. David Dingwall (Minister of Health, Lib.): Mr. Speaker, I did not raise the issue of spin doctors. But the leader of the third party said in September 1993 that his party supported user fees, deductibles and would eliminate universality. However, just before the election there was a flip-flop. Reform members said in October that they were opposed to private health care and user fees.

When they got into the House of Commons in October they said medicare was bad for everyone. Then they flip-flopped again. In November they said that medicare is important to all Canadians.

It is high time that members of the Reform Party stopped talking out of both sides of their mouths.

Mr. Ramsay: Answer the question David.

[Translation]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, my question is for the Minister of Finance. When the Crow benefit was abolished last year, the government recognized the importance of that subsidy by providing \$3 billion in compensation. The dairy subsidy that the government is about to phase out, as a result of yesterday's budget, is just as important to milk producers. But strangely enough, there is no compensation in this case.

• (1445)

How can the minister explain the unfairness of this measure that will severely penalize Quebec since 50 per cent of Canada's dairy producers are in that province?

Hon. Fernand Robichaud (Secretary of State (Agriculture and Agri-Food, Fisheries and Oceans), Lib.): Mr. Speaker, my colleague from Frontenac is comparing two programs that are totally different. I agree with him that the dairy subsidy is very important to milk producers.

Oral Questions

Members will recall that, last year, the Minister of Finance had announced two successive reductions of 15 per cent a year and had said that the industry would be consulted to determine what would happen to the remainder of the subsidy. That is exactly what was done. There were consultations by both the parliamentary secretary and the minister. Stakeholders in the industry chose the process that we announced yesterday, a phasing out of the subsidy over five years, because it would have a lesser impact on the market.

People in this industry agree with this measure. We consulted them and we acted according to the result of these consultations.

Mr. Jean-Guy Chrétiens (Frontenac, BQ): Mr. Speaker, the producers I had the pleasure of talking to last night and again this morning told me that they were not consulted personally and that they will lose between \$4,000 and \$6,000 a year because of this measure. Do you want us to believe that dairy producers will accept such a cut? Never.

Will the Minister of Finance recognize that this measure affecting dairy producers is unacceptable and confirms his department's double standard policy, a policy that the Bloc Québécois has been condemning for nearly three years?

Hon. Fernand Robichaud (Secretary of State (Agriculture and Agri-Food, Fisheries and Oceans), Lib.): Mr. Speaker, I totally disagree with the member when he talks about a double standard.

The industry was consulted. Maybe the producers to whom he talked yesterday were not aware of that or were not consulted, but the fact remains that the key stakeholders in this industry were consulted and they chose a phasing out of the subsidy rather than a buy out over a period of one or two years.

They thought it was the best way to proceed in order to avoid causing too big a change over a short period. We will phase out the subsidy over five years, just as recommended by these people.

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[English]

CUBA

Mr. Harbance Singh Dhaliwal (Vancouver South, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs.

On February 24 two American civilian planes were shot down by Cuban air force MIG jets. This unfortunate incident resulted in four deaths. The facts in this case have not been fully established, therefore it is essential that a credible international organization examine this matter.

On February 27 the UN Security Council passed a motion requesting the International Civil Aviation Organization to investi-

gate this incident. As Canada enjoys friendly relations with both Cuba and the United States, our role can be one of mediation.

Will the minister commit himself to working with both governments to ensure that ICAO receives full co-operation and full disclosures of the facts from both Cuba and the United States and that both nations will comply with the recommendations made by ICAO on this issue?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, I thank the hon. member for the question.

I would like to report to the House that yesterday in Montreal at the ICAO meetings, the Canadian delegation was led by my parliamentary secretary, the member for Cape Breton Highlands—Canso. At that meeting we took the very strong position that we should condemn the shooting down of any civilian aircraft, in keeping with the full rights under the Chicago convention. We made that very clear. We also were very active in promoting the development of a resolution that would undertake a full investigation of all the facts surrounding the shooting down of the aircraft outside Cuban waters a week or so ago.

• (1450)

That resolution was adopted by full consensus, which we are very pleased to see. We have been urging both parties to adhere to the results of that investigation, to ratify the Chicago convention that outlaws the shooting down of civilian aircraft.

I think it is a clear example of how, when we work through international institutions by international rules that is the best way to solve disputes.

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THE BUDGET

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, yesterday's budget speech by the finance minister created a serious puzzle. He noted that the private sector had created 263,000 jobs over the last 13 months. A check with Statistics Canada, on the other hand, shows that there had been a net loss of 227,000 jobs.

Can the minister please explain this puzzle?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the jobs that I quoted were private sector jobs created. They came from Statistics Canada. The numbers that I quoted yesterday were right. There would be other numbers which would be the net numbers, which would be the private sector numbers less perhaps the public sector losses which have occurred. But the private sector numbers that I quoted yesterday were correct.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, the puzzle still remains. The Statistics Canada numbers I have in front of me give me the January 1995 and January 1996 numbers

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of full time employment in Canada and they have decreased by 227,000.

I would think that if this is correct, then to be bragging or boasting about gross jobs of 263,000 is highly misleading, that in fact there has been a serious loss.

When will the government create jobs?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I have great respect for the hon. member, but I suggest perhaps that a review of the numbers would demonstrate that there has not been a net loss of jobs. There has been a net creation of jobs and all of the numbers show that. That answers his question. The premise of his question being incorrect, therefore the question follows.

Since we took office there has been very large scale job creation. Almost 600,000 jobs have been created in the private sector since we took office. That is a very substantial record and we are very proud of it.

[Translation]

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, my question is for the Minister of Finance.

In yesterday's budget, the government talked from both sides of its mouth. It has the nerve to talk about stimulating job creation while being extremely harsh on workers' venture capital funds, a favoured job creation tool in Quebec. The Fonds de solidarité de la FTQ alone is responsible for the creation of 40,000 jobs over the last few years, a good number of which in the regions.

How can the government justify attacking a tax haven which benefits mostly the middle class, instead of reducing the number of tax havens available to major corporations and the rich?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is no doubt in my mind that these funds, which can be found across Canada, are meeting a very important need. As a Quebecer, I am very proud of the fact that, out of the \$4 billion available from this source, \$2 billion are available in Quebec.

This being said, now that these funds are well established, and since some of the money has not yet been invested, the vast majority of experts and provinces agree that these advantages should be reduced as they are very costly for taxpayers. This money could be used to stimulate job creation elsewhere, through a youth program, for instance.

• (1455)

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, I would like to tell the minister that it is not the case of the CSN fund, in Quebec, which is just starting, and of several workers' funds across Canada.

Will the government admit that, of all tax havens, those used to create jobs should be the last to be revised, as opposed to those used to shelter profits made by major corporations?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I am certainly aware not only of the Fonds de solidarité, but also of the new CSN fund. As a matter of fact, I congratulated its managers. I believe they are playing a very important role. I am convinced of that, and they know that the incentives now in place as the result of the budget will be sufficient to allow them not only to start up, but also to pursue their undertaking.

The issue is simply one of limited resources. If we want to fund, for instance, youth employment, and if we want to try something else to stimulate job creation, we have to proceed in a balanced way and with a much broader vision, and this is exactly what we are doing.

[English]

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, the Reform Party campaigned on consolidating seniors' benefits with a clawback at \$54,000. Yesterday we got a new seniors' benefit that combined seniors' benefits effective in 2001. And "2001: a benefits odyssey" cuts the benefits ceiling down to \$40,000.

The Liberals howls of rage against an end to universality ring hollow on this pension flip-flop.

Will the minister admit that the seniors' benefit is just a code phrase for the fudge-it budget's assault on the retirement future of Canadians?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, what has happened with the new seniors' benefit is that we have installed complete indexation for protection from inflation, which the Reform Party did not have. We have increased the amount of money that will be going to poor seniors, which the Reform Party did not have.

Our plan is infinitely superior, not to the Reform Party plan, but by that put forward by the hon. member. The House should know that the hon. member put forward her plan and it contradicts completely the plan put forward by her party. However, I must say that it is a heck of a lot better than the one put forward by her party.

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, despite the answer, the government has given seniors merely 33 cents more in spending power per day.

It has cut benefits to middle income seniors. It has frozen RRSP contribution limits. It is taxing seniors by forcing them to use their RRSPs at age 69 rather than 71. It has broken every promise to seniors while protecting MPs gold plated pension.

When will the government end its war on Canada's future seniors?

Business of the House

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, unfortunately the hon. member's facts are simply not correct.

Let us look at what we did in the RRSP area. Up until yesterday's budget young people who are raising families or paying for schools were not able to put enough money into RRSPs for their savings. That is why the average is about \$2,500 to \$3,000 per year.

There was a limit of seven years that they could go back, which meant that when these young people became my age and their families were gone they would not be able to go back and make up for the time lost. We have given them that capability. This is very important so that young people can save for their retirement.

Unfortunately, the hon. member's facts are wrong. On the other hand, I have to say that her motivation is right and she must be very lonely over there.

* * *

FOREIGN AFFAIRS

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs.

In the last few weeks China has taken a number of actions, including military exercises along the coast of the island of Taiwan, involving about 150,000 troops, all in an attempt to influence the outcome of the Taiwanese elections.

• (1500)

Given the need to maintain stability in this important economic region and Canada's act of international support of democratic processes, can the minister tell the House the government's position on these events and what it will do to ensure that peace will prevail in this region?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member rightly knows there have been increasing tensions between the Government of China and the Government of Taiwan over the past several weeks.

Our position right along has been that the best way to resolve these tensions is through serious discussion, to adhere to the rules of law and to provide for any kind of international resolution in those disputes. The last thing we need is a heightening of tensions by the use of any kind of military force.

To that end, yesterday I spoke with the Chinese ambassador here to express Canada's concern about the missile testing and to press upon him that Canada would offer any good offices we could to help resolve the disputes or the tensions in a very peaceful and open conciliatory way.

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Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, my question is for the Minister of Finance.

The other day the Minister of Finance was reluctant to chastise Conrad Black for repudiating the Prime Minister's challenge to the private sector to create jobs. We noticed a similar reluctance in the budget.

Why in the budget, a budget which for the first time contained no job strategy, job creation predictions or anything like that, was there no attempt to implement policies which would actively discourage through the tax system or through other disincentives profitable corporations from casting off their employees?

Why was there nothing in the budget to meet the policy challenge the government enunciated with respect to challenging the private sector to create jobs and encouraging it to do so and discouraging it when it lays off people even though it is making profits.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member's premise is simply wrong. The main thrust of the budget was job creation.

The hon. member will recognize that there is a clear link between deficit reduction, interest rate reduction and job creation. That is exactly what we are doing. We have seen interest rates come down. We have seen the spread between our interest rates and American interest rates virtually disappear.

The budget had a major youth program both for summer jobs and for first entry jobs which the Minister of Human Resources Development will be speaking to. It had a major focus on the development of the new technology and the newer economy which the Minister of Industry will be speaking to. It had a major focus on trade, the kinds of things that really create jobs. This was a jobs budget.

* * *

[Translation]

BUSINESS OF THE HOUSE

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, I do not want to take the government House leader by surprise, but I would like to ask him what is on the legislative agenda for next week.

[English]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I was thinking of asking you to extend question period by at least a half hour so the Minister of Finance could continue his outstanding answers. However, perhaps I should revert to the usual Thursday activity and therefore give the weekly business statement.

Tribute

I want to give the House an outline of the business for not only the next week but for the week after as well. This afternoon the budget debate will continue. Tomorrow the House will consider Bill C-3 concerning labour relations jurisdiction for nuclear power plants.

On Monday there will be a debate on the renewal of the NORAD agreement.

Next Tuesday, Thursday and Friday shall be opposition days. Next Wednesday will be the second day of the budget debate. I expect the budget debate will be concluded on Monday and Tuesday, March 18 and 19. I also expect that the fourth and final opposition day in this period will be March 20.

* * *

● (1505)

THE LATE RANDOLPH HARDING

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, I am rising to pay tribute to a former member of the House, Mr. Randolph Harding, the NDP member for Kootenay West from 1968 to 1974. Mr. Harding died earlier this week in his 82nd year.

Ran Harding was described to me by Lyle Kristiansen, another former member of the House who knew him well, as one of the most self-effacing, honest and truly nice persons one might encounter in political life.

It is not surprising therefore to observe that Mr. Harding served the public as an elected official for a combined total of some 60 years in municipal, provincial, federal and then municipal politics once again. I understand that in his seventies he was still serving as the mayor of Silverton, B.C.

Mr. Harding during his time in provincial politics was known as the ombudsman of the Kootenays, as the silvery tongued orator from Silverton, as one who fought the Columbia River treaty.

In this House he was the NDP environment critic at a time when concern for the environment was just beginning to grow. He was described by then energy minister Joe Greene as the MP most knowledgeable about the environment. Mr. Harding was here during the difficult days of the War Measures Act and was a staunch opponent of its use. He had seen the effects of that act on Japanese-Canadians in his riding and he wanted no part of it.

Randolph Harding, a school teacher by profession, served his country in time of war and in peace. He was first elected to the B.C. legislature while still in uniform.

To his wife, Francis, and to his family we express our condolences and invoke the well known commendation of which Mr. Harding was a fine example. Having fought the good fight, having

run the race that was set before him, we can truly say well done, thou good and faithful servant.

[*Translation*]

Mr. Louis Plamondon (Richelieu, BQ): Mr. Speaker, I would like to join with my colleague from the NDP, and offer, on behalf of all the members of the Bloc Québécois, our sympathy to the Harding family. I have not had the opportunity to know Mr. Harding personally nor to sit with him during my 12 years here, but as a member of the environment committee I was often reminded of his brilliant contributions. That was during the early days of the green battle, as it was called in the House of Commons.

I have also heard about the brilliant comments he made when the War Measures Act was introduced and how he ferociously fought for democratic action instead of military intervention. The people of Quebec are grateful to him for this.

Mr. Harding was an alderman for 20 years, an MLA from 1945 to 1966 in his native province of British-Columbia, and then a member of Parliament here, in Ottawa, between 1968 and 1974, where he served his province, his constituents as well as his party with great know-how and stood up for the social democratic principles his party abode by.

Today, the members of the Bloc Québécois salute Mr. Harding's great contribution to our democracy and extend their most sincere condolences to his family.

[*English*]

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, on behalf of the Reform Party I rise to give our condolences and our sympathy to the Harding family in the loss of its husband, father, grandfather and great grandfather.

I did not know Mr. Harding personally but I was able to get some newspaper clippings and talk to some people who did know him well.

Mr. Harding served his community by spending over 30 years as a member of the Silverton municipal council. He served the province of B.C. as an MLA, first elected in 1945 and re-elected in 1949, 1952, 1953, 1956, 1960, 1963 and 1966.

He served his country in the Canadian army during the second world war and served further as a member of Parliament, winning the seat of Kootenay West in 1968 and 1972.

If I could quote a few of the tributes given to him from council recently when he retired as mayor last year. The mayor of New Denver said he was a great mentor in politics. George Cady, the chairman for the regional district of central Kootenay, said he set an example that was hard to follow. Bill King, former NDP cabinet minister and now B.C. hydro director, said everyone spoke of his high integrity.

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• (1510)

These kinds of tributes seem to go on and on and fill pages in the local papers.

Obviously this man served the country and his community with pride. His family members can be proud of his accomplishments in life but I know they will be sorrowful today.

I extend our sympathies to his wife of 47 years, Francis, their sons, their ten grandchildren and their five great grandchildren who I am sure grieve his loss today.

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, on behalf of the Liberals in the House, I am pleased to join in the expressions of sympathy being conveyed today to the family of the late Randolph Harding.

I pay tribute to his exemplary career of public service. Not many people can say they had served as long as Randolph Harding in all three levels of government, the municipal government of the town of Silverton, the legislature of British Columbia and here in the House of Commons. Yet Ran Harding was able to serve in all three levels of government in a way that brought distinction and honour to himself and to his party.

Therefore, I am pleased to join in the tribute to the late Randolph Harding and to extend my condolences and those of my party to Mr. Harding's wife, children, family and many friends. I am sure he will be long remembered by all.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

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

Mr. Ted White (North Vancouver, Ref.): Mr. Speaker, before question period a member asked that if we had implemented the Reform's zero in three program, whether would we have zero today.

As I said in my speech, example in countries like New Zealand, provinces like Alberta and states like Massachusetts, Michigan and New Jersey show that exactly the opposite would have happened. We would be talking today about how to spend the surpluses today instead of witnessing the Liberals trying to introduce their new LST, the Liberal super tax.

As I explained in my speech, business has explained how to create jobs. We have to cut the spending, run surpluses and get taxes down so that there is more money in the pockets of consumers so that demand can be increased, which creates new jobs and investment. It has been proven to work all around the world. Cut spending, start running surpluses and the money will flow in through that method.

Surely the member can see that his way simply does not work. Two decades of deficit spending; if it worked we would all have three jobs each by now. Instead we have continuing 10 per cent unemployment.

The Speaker: Ordinarily it would be the Liberals' turn to have a speaker but I understand there has been agreement among the four speakers who have agreed to switch places. The members for St. John's West and York North who will share time will drop down one slot. It is my understanding that the members for Fraser Valley East and Delta will now be given the floor.

Is that agreeable to the two members?

Some hon. members: Agreed.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, I am pleased to make a few comments on the budget today. I begin by quoting the famous Yogi Berra, who summed it all up when he said: "It is déjà vu all over again".

I feel like I am having a déjà vu experience here today talking about this budget. This is a budget that Canadians have already seen not once but many times before; the predictions of great things to come some distant time down the road. I remind the House that has been promised before and it does not give a lot of hope to Canadians who are looking for some kind of solution to our fiscal mess today.

• (1515)

Let me remind the House of a few things that went on before. When Mr. Trudeau took office in 1968 the total national debt was \$17 billion. When he left it was \$200 billion. Then Mr. Mulroney took the driver's seat and when he was finished with us the debt was \$508 billion. Now the Liberals are at the wheel again and this year the debt is predicted to go to over \$600 billion. Sometime in the next millennium we hope for a balanced budget, so say the Liberals, but then the debt will be possibly \$650 billion.

It is all talk and we have heard that kind of talk before. As it happened before, a balanced budget may be a dream despite the good wishes or the good hopes and dreams the finance minister puts into his predictions. The deficit this year will be almost \$33 billion. The Liberals hope to reduce it by \$9 billion, half of which will be obtained through increased revenues from Canadian taxpayers.

A rise of just one percentage point in the interest rates adds \$1.3 billion to the deficit. This year, who knows what will happen to the interest rates? Will they go up or down? Who would have

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predicted a year ago that they would drop three points and save the bacon of the predictions of the minister in the last budget?

If there is the slightest hiccup in the U.S. economy, if there is a slight problem in the elections coming up in Russia, if there is a problem of world turmoil in Taiwan as was mentioned in question period, or in Israel, who knows? Interest rates could jump. If they jump by only a couple of percentage points, the predictions of this minister will go down the drain.

There has been just a small three point rise. If we go back to where we were a year ago, it would leave us once again with a \$30 billion deficit. There would be panic among investors, among small business people and among people who are trying to plan for their future. It would cause drastic cuts in health care, in welfare, in pension plans, plans that all Canadians have a right to expect from the Canadian government. That is how dicey the situation is.

I want to talk for a moment about these interest payments on our national debt. The debt is the problem and the debt has not been addressed in this budget. Not only have the Liberals kept the deficit very much alive, they seem somehow to be proud of a deficit of \$25 billion. We have added \$100 billion to the national debt since this government took office.

The budget states that this year interest payments will be \$48 billion. These payments have risen even faster than the debt. They have jumped by 30 per cent since the government took office. To put this into perspective, what could we do with the \$48 billion this government seems thrilled to be able to spend on the interest on the debt?

We could build 25 high speed rail links every year in Canada for that much money. We could pay the entire budgets of B.C., Alberta, Saskatchewan, Manitoba, the Yukon and the Northwest Territories combined. We could give them a complete tax holiday, tell them all to take a vacation, that all of the expenses would be looked after just on the interest on the national debt. We could give a cash present every single year of \$1,250 to every man, woman and child in Canada with that much money.

Imagine, a person with three or four children could go home and say: "It is tax time. The government gave me \$8,000. Thank you". But it will not happen. That dream will not happen because this government seems to be satisfied to run deficits, to build the national debt and to pay 35 cents out of every dollar collected in servicing that national debt.

The Canadian Chamber of Commerce made a prebudget presentation to the finance committee and said: "The massive debt is choking our economy and hampering our international competitiveness". It is not talking about long term projections. It is not talking about what may or may not happen to the interest rates. It is not talking about the wish list of this Liberal finance minister and the people who put out the budget. It is talking about the debt.

This is not pie in the sky stuff for fabrication. It is the debt. While the finance minister seems thrilled that we will only have a \$25 billion or \$30 billion deficit next year, the debt has climbed by \$110 billion under his management. He seems to be thrilled with this.

• (1520)

As the Chamber of Commerce says, the debt is choking our economy, it is hampering our international competitiveness and it is costing us jobs, jobs, jobs. Until the government side of the House understands that concept, we are in a long tunnel with very few dim lights spaced out along the way. The light we will see at the far end will be an incoming train, which will be a fiscal disaster if this kind of policy continues.

In the plan Reform has offered this would have been the last year with a deficit. Imagine. All of the pain would have been over. All of the cuts would have been over. All of the health care funding would have been restored and firm because there would have been no more deficit if the government would have followed our advice. Next year we would have started to pay down our debt. Next year we would have been able to look forward to tax relief. We would have wondered what to do with the extra money. However, that will not happen. We are looking at continuing cuts and increased tax burdens far into the future.

The few good ideas that are in the budget—and I am happy to give the government credit for them—were stolen completely from the Reform Party's zero in three plan. There are no new major tax increases, which is good. We applaud the government for that, although tax cuts would have been better. The Liberals have raised taxes 22 times since they have taken office. Thankfully there are no new tax increases in this budget, but there were certainly plenty in the past.

I will give the government credit that it has continued to hold the line on taxing the resource allowance, which is an area of my critic portfolio. I badgered the government in question period about it. I have tried to get confirmation on it and I am pleased to see that at least the taxes have not gone up on the resource allowance.

However, it continues to fund government babies such as AECL, the Canada Mortgage and Housing Corporation, the CBC, subsidies to business and of course the MP pension plan, among other things.

The rise in tax deductibility for charitable donations is something with which I agree. It is a good move. Again, if we look at the taxpayers' budget, which is the budget we tabled a year ago, we will see that we said at that time: Give a break to charitable organizations. Allow them to come in and fill some of the void that will be there when some of the cutbacks happen in government. Allow the charitable organizations to look after that. They will do that if they are given a chance. I am pleased to see the charitable

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donation idea. It was stolen from our budget but I am happy about it. If the government wants to steal more, I encourage it to do that.

When can Canadians hope for a rise in their standard of living, lower taxes and more job creation with this budget? Certainly not in this century. Since January of this year 200,000 full time jobs have been lost. We heard about that in question period today. Only tax relief, lower payroll deductions and a light at the end of the tax tunnel will bring those jobs back. The finance minister has put off his political pain and in the meantime he has sacrificed jobs for Canadians.

This budget is like an anaesthetic without an operation. It is like going to the dentist, getting ready, going through the fear, getting the needles and then the dentist saying: "We have done all of that, but I am sorry, we are not going to drill today. It would be too unpleasant. I would like you to come back next year and I will continue to freeze your mouth. I will keep drilling your teeth, causing you pain and at some point I will fix the problem, but not today. I will just keep on giving you the pain".

The finance minister could be called Doctor Doolittle. I would say that Canada does have a major toothache. It is called the Liberal Party of Canada. It will not get to the root of the problem and that is something which will cause pain to Canadians for years to come.

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I appreciated my colleague's remarks. However, I was surprised that in congratulating the Minister of Finance for improving the opportunities for charitable donations, given the interests of his party, he did not make some remark with respect to the fact that charitable organizations need to be brought to a level of accountability and a level of competent management and openness which would justify the type of hand that the Minister of Finance is extending to them. As a Liberal member, bringing this level of accountability to the charitable sector is very near and dear to my heart.

• (1525)

I would ask the member if he would support me in that type of effort. This is the kind of suggestion that was made by the Minister of Finance and something we hope to see in the future.

Mr. Strahl: Mr. Speaker, I thank the hon. member for his comments on the question of charitable organizations. I have heard the member make presentations in committee and elsewhere about his desire for accountability in charitable organizations. I know he would agree with me that the huge majority of charitable organizations run a clean ship with good operations, that they keep the

books well and are accountable, sometimes within their own organizations, for the money they raise and how they spend it.

I agree with the member. He has brought forward a bill on charitable organizations that specifically asks for the salaries and benefits paid to the public officers of those companies to be made public and to be available to people who are perusing charitable organizations in order to ensure they are accountable. I support him in that and other measures that will allow charitable organizations to prove their worth.

If we are going to expect more from charitable organizations as far as filling the gap left by government services, then I think it only right that we expect accountability. In essence these are our tax dollars, deferred dollars that are given out in that manner. I do not think most charitable organizations are going to be too nervous. It is the ones that are sweating too heavily about not wanting to share what they get paid that need to be careful not to destroy the goodwill they are trying to build.

I would urge him to continue that fight. I hope we can find a way to make charitable organizations accountable while maintaining the privacy they deserve, making sure they will not be targeted in some way.

He has some good ideas and I support him in his efforts.

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, I want to start by thanking the member. He complimented our budget more than he criticized it.

In his criticism he said that we must address the debt problem and I agree. His party continues to refer to Alberta and Mr. Klein. I am very happy they have their finances in order. Mr. Klein has indicated that he has taken care of the deficit and will now take care of the debt. That is the direction we are headed in. As our borrowing needs decline steeply we will be in a position to attack the debt as well. Unless he has another alternative, at least this Doctor Doolittle is doing something. Maybe Doctor Do Nothing could improve on it.

Mr. Strahl: Mr. Speaker, I do not know what my nickname might be if I were finance minister. I could probably think of some choice ones.

Everyone knows we cannot reduce the debt until we balance the budget. That is why we have been begging the finance minister to show us a balanced budget. If we could have a balanced budget sometime in this millennium, we could assure investors, taxpayers, people on fixed incomes, people in the health care system and elsewhere that we will be able to sustain social programs, offer tax relief, that we will be able to offer some light at the end of the tunnel. Until we balance the books none of it is possible.

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Alberta has a wonderful problem. Does it spend more money on the social welfare program? Does it retire some more debt? Does it lower taxes? None of this is going to be in the cards ever in the life of this Parliament until we balance the yearly deficit. That is why there is such emphasis on it from this party. We want to preserve the things that Canadians are demanding and offer them some hope for the future.

Mr. John Cummins (Delta, Ref.): Mr. Speaker, I will start by acknowledging that the government appears on target with its deficit reduction program, which simply goes to show that if we set the bar low enough we should at least be able to crawl over it.

● (1530)

The low targets set by the finance minister mean that our debt load is still increasing at a troubling rate. It will hit \$602.7 billion or 74.8 per cent of gross domestic product in 1996-97. This federal debt is one of the main culprits responsible for our ever increasing tax bill.

To put it another way, the total tax bite has grown from 29.5 per cent of the gross domestic product in 1980 to 35.8 per cent of gross domestic product in 1994, a full 21.5 per cent increase. This growing tax bill directly impacts on our ability to maintain our commitments to Canadians.

In the last election Reform's zero in three budget proposal called for the tax back of pension benefits to seniors to kick in if total family income exceeded \$54,000. For this we were accused of attacking the poor. In this budget some single seniors and couples with total incomes between \$40,000 and \$45,000 will receive lower benefits and all seniors with incomes above \$45,000 will receive lower benefits. In my part of the world with its high cost of living, \$45,000 is not a high family income.

The finance minister talked with some pride about cuts to department spending. Budget documents tell me that the Department of Fisheries and Oceans budget has been cut by about 20 per cent. A cut of 20 per cent may be reasonable. It may be the monetary target the minister is hoping to achieve, but is it allowing for the protection of the resource?

DFO bureaucrats, like all bureaucrats, will maintain the bureaucracy at all costs. All the fish can be gone, but the bureaucracy will remain to prepare for the fishery of the future, I suppose, or at least that seems to be the drill on the east coast.

Over the past 20 years we have witnessed a tremendous growth in the DFO bureaucracy on the west coast, while the number of staff who deal directly with fish and people have declined. Programs which impact fish have been cancelled.

In the estimates which were delivered today it shows fisheries operations 1995-96 to decreased from \$422 million to \$295 million. That is in large part where services are delivered, the account from which services are paid. At the same time corporate policy and program support, largely bureaucratic in nature, increases from \$247 million to \$273 million.

I have a letter from Don Roberts, chairman of the Nanaimo branch of the Pacific Trollers Association. Trollers are hook and line fishermen. They bring in a premium product from the high seas for which they can receive \$4 and \$5 a pound. The government has seen fit to take fish normally caught by trollers and give it to others who catch these fish in river fisheries and are lucky to get \$1 a pound. But that is a story for another day.

Today Don's letter deals with the potential closure of the Nanaimo River salmon hatchery. I will read part of his letter. It states:

Today this hatchery produces 700,000 chinook fry, 450,000 coho fry and up to 1,000,000 chum fry annually. This is a far cry from the less than 100,000 chinook and coho produced when the hatchery opened its doors in 1979. The adult salmon from these releases form an important part of our local fisheries, as well as playing a major role in the rebuilding of seriously depleted lower Georgia Strait chinook stocks.

Several years ago the Pacific Salmon Commission identified lower Georgia Strait chinook as being a stock of extreme concern and made them a priority of the chinook rebuilding program embodied in the Pacific Salmon Treaty. The Nanaimo River, along with a few other systems, were recognized as major contributors to this stock and essential to the rebuilding program. As a result, the Nanaimo River hatchery received additional funding for hatchery expansion to accommodate a substantial increase in chinook production. Now that this capacity has been realized, it is shocking to discover that Nanaimo is one of the hatcheries being considered for closure to meet arbitrary budget cuts.

Mr. Roberts goes on and he notes that one of the strengths of the Nanaimo River hatchery as it is linked to the community:

Over the years DFO funding has been complemented by financial, material and sweat contributions from numerous sources. The hatchery has earned the respect and support of the central island area. Some of the hatchery supporters are the: Community Futures Development Corporation of Central Island, city of Nanaimo, Nanaimo Fish and Game Club, Pacific Salmon Foundation, Pacific Trollers Association, School District No. 68, United Fishermen and Allied Workers, Nanaimo Harbour Commission, Harmac Pacific, B.C. Federation of Wildlife, MacMillan Bloedel, Nanaimo First Nations, Nanaimo Kiwanis Club and Gulf Trollers Association.

● (1535)

These groups represent thousands of hours of volunteer labour. In reality, DFO merely provides the seed money which provides a focus for these community groups that have a keen interest in preserving B.C.'s fishery resource. The Nanaimo hatchery is not alone when it comes to attracting volunteers. This community's spirit is evident at most, if not all, hatchery sites in B.C.

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There are other irresponsible cuts which save bureaucrats' jobs but threaten the fishery resource. The minister claims to have met his target but the result is the real job of the department is not getting done.

I have here enforcement reports from the department received under access to information which support my contention. Enforcement officers in the field want the job done but cannot do it due to the lack of resources and personnel.

Problem dated June 18, 1995 in the north coast division; staffing levels are at a critical level in the conservation and protection sector on the north coast. If we want to address enforcement programs on the north coast we need to address our staffing issues.

Problem dated June 1995 at the Somass River; DFO staff levels are too low to monitor the fishery. The real problem will be the outside catches. It will be totally unmonitored.

Problem dated March 4, 1996, Vancouver Island, a patrol ship's summary. August 26-29, complaints about sportees, staff unavailable. No patrols.

Problem at Terrace, B.C., incident report. A summary for Kitimat area dated December 15, 1995; for this timeframe activities were sporadic due to changing staff and new officers. The full time officer worked alone for the most part until his departure in early August. During this period boat patrols were few and far between, making DFO's presence almost non-existent.

Problem dated July 17, 1995, south coast division; numerous rumours of double limits being taken. Not investigated due to overtime constraints. Major closures throughout the Victoria field district. Cause for concern is lack of available officers and resulted in no shellfish patrols being conducted.

Problem dated August 28, 1995, south coast division; troller fishery largely unmonitored due to staff commitments in Area 20. Poaching on river systems not patrolled due to lack of staff.

Problem, Victoria district update, period ending September 4, 1995. No staff available to patrol Cowichan River, Gold Stream River and Sooke River.

I am all for slim government but I cannot support the mindless trashing of a department with a constitutionally mandated obligation to protect our fisheries resource. I cannot support mindless cuts to health care, education and social programs.

Departmental spending cuts are a necessary objective, but simply meeting the target is not enough. The government must ensure essential departmental objectives are not undermined by wrong headed cuts.

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, I would like to address my comments, not so much to the details of my Reform colleague's speech as I thought he put a good argument

forward, but more or less to the main message, that we need to cut faster, cut deeper and get to a balanced budget quicker.

Reform Party members do a good job in identifying the costs of carrying a heavy deficit and a heavy debt. Unfortunately I do not think they do a bit in terms of identifying the costs of the cuts themselves.

They use Alberta as an example of a government that has done a good job in getting its finances in order. They have failed to point out that in Alberta, for example, the rise of children coming into care with the Children's Aid Society has risen by 21 per cent since Premier Klein started to cut provincial spending. Why is that? Poor people. Their abuse rates did not go up but people simply could not afford to keep their children. Is that the Canada we want to live in?

• (1540)

In my province of Ontario, Michael Harris has cut welfare payments on the theory that it would encourage people to find work. When I checked with municipal officials after the welfare cuts, they were telling me that all it has done is force people to choose between feeding their children and paying their rent. Now they are being forced to move and live on the streets.

Mr. Cummins: Mr. Speaker, I thank the hon. member for the statement because it is not much of a question.

The fact is that cuts can be made to bureaucratic overburden but the delivery of services must be preserved. We have maintained all along that we must try to make government lean and mean but efficient. That is the key word. We must continue to provide the services required.

I tried to point out in my speech that while the cuts are being made, they are being made to the delivery of a service and the bureaucratic overburden remains intact. When one does that to a resource like the fisheries resource, which is a constitutionally mandated responsibility of the government, then the fisheries resource will disappear and our ability to continue paying for the kinds of services we want is going to go out the window with the fish. That is the problem.

We must find a way to cut but we must do it wisely and smartly. Let us not just look at the bottom line and say: "I will cut to the bottom line and if I achieve my bottom line I am fine". It is not just the bottom line that counts. It is what is done with the money that is left. That is where the government has fallen flat on its face with regard to the fisheries resource. It is not doing its job of managing the money it has.

[Translation]

Hon. Martin Cauchon (Secretary of State (Federal Office of Regional Development—Quebec), Lib.): Mr. Speaker, I am particularly pleased today to rise first as the member for the riding

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of Outremont, but also as the secretary of state responsible for the Federal Office of Regional Development in Quebec.

I am proud to speak on the third budget of the Minister of Finance, a budget that now allows Canadians as a whole to have hope for the future and to also understand that, when we act together in partnership, when we work together as Canadians, we can accomplish extraordinary things.

When we took office in 1993, the fiscal situation of the country was disastrous. There was no vision for the machinery of government. Management of social programs also was obsolete. But despite that reality and despite the cries of Canadians for reforms, the government of the time refused to go forward, with the result that we inherited in 1993 a less than enviable situation, as Canadians, but also less than enviable when we looked at the issue of the debt and the deficit in terms of the G-7.

Basically, the three budgets of the Minister of Finance revolved around cornerstones and these cornerstones were major reforms. Once again, the budget that was tabled yesterday is a budget that continues in the same direction, a budget that revolves around four main elements.

First, we talk about the fiscal future, about making sure that we can have a better and prosperous future, that we can have a country that is fiscally healthy and that compares favourably with G-7 countries as a whole.

The second element is the role of the government. Again, the Minister of Finance is continuing the major reform of the machinery of government. The third element is making sure that we, as Canadians, who built this country, who based this country on principles and values, can continue to have social programs that meet our expectations and our needs.

• (1545)

The last element is investment in the future, the new generation and the leading sectors, an investment that will build on the progress that has been made on the economic front since this responsible government came to power in 1993.

I am happy to address this House because the budget is fair, it shows some vision and proves that the government reached its objectives on all levels.

We have talked and talked about the red book, but today, I think we can come to this House with a remarkable balance sheet showing real achievements, particularly on the fiscal front.

It will be remembered that we had talked about a deficit at 3 per cent of the GDP. It is now a reality because the deficit is roughly \$24 billion, and that is 3 per cent of the GDP. Now we are looking forward to a 2 per cent deficit for 1997-98.

Also, there are no tax increases in this budget. As we reach our objectives of deficit reduction, this budget will make all of us Canadians and Quebecers proud, and much less dependent on foreign loans than we were before.

This budget shows that the government did its best to generate economic activity that would lead to job creation. More than half a million jobs have been created since 1993, and I think we must do even better than that. The budget gives every indication that we will be able to create more jobs in partnership with all stakeholders in the communities and the private sector.

The second element is the role of the government. As you know, we have launched a large operation which will make all government actions more equitable in the sense that programs will be better targeted.

The results speak for themselves. Take the Federal Office of Regional Development for example. Before, it administered some forty different programs, but now there is only one single program, developed and refined in co-operation with business people and much more in tune with their needs and expectations.

With this budget, we are showing that we keep on rethinking the role of the state; for instance, in the area of food inspection, we announced that we were going to better coordinate activities within the national context. With regard to the way we offer services to people, we are creating a special agency called the Parks Canada Agency.

All these measures are aimed at ensuring that the government, even though it is more streamlined, and less costly for the people as a whole, is going to keep on offering them top quality services.

• (1550)

With regard to social programs, the Liberal Party is the political party which provided Canada with a social system, a social safety net which is the envy of the rest of the world. Once again, I am proud to say in this House that the Liberal Party is the one which proved able to meet the true challenges by rethinking the social safety net for the long term, in order to provide security to those who will grow up in this country, to offer people in the 1990s a safety net meeting their expectations, and to ensure that our country is ready for the next century.

We spoke about the famous Canada social transfer. The Minister of Finance announced that, in fact, we now had put in place a five-year plan under which we are stabilizing transfers to the provinces and which makes sure that there is a progression in the transfers to the provinces. It is so true that in its budget forecasts the government of Quebec underestimated these transfers. The transfers that we are going to make are more generous by far than what was expected by the province of Quebec.

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There is another issue which, I think, is important because the choices we made in the budget reflect not only the values of Canadian society, but also the principles that we stand for and that we have to defend as Liberals, as militants in a party which has always been generous, has always been able to take up challenges, and I am referring to the equalization question.

You know, many provinces, including Quebec, benefit from equalization payments. The Minister of Finance announced that we are going to continue to pay these sums of money and even increase them. So it is an important element, something like the cornerstone of the values that we share as a society.

Another thing also which shows the vision of the government, which is realistic, which proves that we have a greater vision for the future of our country, is the pension reform. We have announced a reform which will be discussed during the upcoming months and under which 80 per cent of Quebecers will be able to receive the same or greater benefits. The majority of women will benefit from this reform.

Concerning the last item, which is the issue of investing in the future, we, as a government, have made choices that are aimed at creating a prosperous economic net, a viable economic net that will generate jobs, and choices that will ensure our businesses will be able to compete in the era of free trade that we live in and also be able to boldly face, with pride and ability, this era of global markets.

We have centred our action on the economic front on young people, and also on high technology and international trade.

As for young people, we, as the federal government, took action that will show the way. We will double for 1996-97 summer jobs available to students. We also made a considerable financial contribution of \$315 million over three years, to ensure that we can take action in a more focussed way to respond to different problems facing young people everywhere in Canada.

• (1555)

We are all familiar with the famous vicious circle: no experience, no job; no job, no experience. Through partnerships with the private sector and by making certain investments, the government will ensure that the next generations can face the future with confidence because steady jobs with a promising future will be available.

High technology is another aspect, as it is essential to Quebec and also to Montreal. As the minister responsible for the Federal Office of Regional Development, I must say that I am quite pleased with the announcements made by the Minister of Finance, particularly as regards the creation of Technology Partnerships Canada, which should be announced shortly by my hon. colleague from

Industry Canada. Under this program, \$150 million will be invested in 1996-97, and another \$250 million in 1997-98, to support the high technology industry. This is excellent news for greater Montreal, considering how dynamic Montreal's economy is in that area. Just think of aircraft manufacturing, pharmaceuticals and the whole environmental issue, which is so close to the heart of the mayor of Montreal, whom we were fortunate enough to meet recently.

In a sense, this budget is a convenient lifeline for Montreal's economy, whose expectations it meets to a T.

The budget also talks about small business. Because regional development goes hand in hand with assistance to small and medium size businesses. As I mentioned on a number of occasions, and I like repeating from time to time, 85 per cent of all jobs created in Canada are created by small business. The private sector made it clear that they wanted us to set up partnerships with financial institutions, so that additional sources of financing could be made available to high tech businesses. Well, \$50 million will be injected into the Business Development Bank, also providing SMBs easier access to sources of financing.

This is what it means to be able to recognize one's role as government, to take action in an intelligent and enlightened way in the interest of the SMBs that are growing in every region in Canada.

There are also tremendous efforts being made on the information highway. I am referring of course to the famous program to connect numerous schools throughout Canada to the information highway.

There is also the famous program to connect all rural communities to the information highway, and we are also seeking a way to connect Canadian SMBs as a whole to that highway. We all know that we are extremely lucky, in the present situation, to enjoy such access, given that we must now compete not only locally, regionally or nationally, but also internationally.

Being in charge of the Federal Office of Regional Development, I was proud, because nowadays, when one hears about SMBs, when one hears of developing markets for the SMBs, one knows that 80 per cent of all new jobs in SMBs are associated with international markets. So, it is important for our businesses gain international recognition and to be competitive, internationally. In that regard, we must praise the finance minister's decision to provide an extra \$50 million to the Export Development Corporation, to enable it to study market development opportunities, as well as opportunities to export and gain access to international markets.

That is quite a number of concrete measures and programs which show that the budget is beneficial to small and medium size businesses, while also maintaining the government's objective of creating a stimulating environment to help our economy thrive.

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● (1600)

Here is another measure which shows that we also do something for our regions. Let us take only one example: the possibility, as regards mining flow-through shares, of spreading exploration activities over time. Again, this shows that the government is very sensitive to the needs of the regions. These needs may, in turn, generate various types of research, the establishment of new businesses and, ultimately, jobs.

In conclusion, I think that we have eloquently shown that our Liberal government can maintain a balance in the fulfilment of its responsibilities. We can really tackle the debt and the deficit, while continuing to fulfil our obligations toward Canadians and new generations, and also promoting economic development. I am proud to say that, with the Minister of Finance's third budget, Quebecers and Canadians can now have great confidence in the future.

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, I have a comment for the hon. member for Outremont and Secretary of State. I heard him congratulate his great party, the Liberal Party, a great party that has existed for a very long time and has done wonders, and an extraordinary party that has set up many social institutions in Canada.

I would like to point out to him that he is partly right, but he neglected to mention one thing. When the Liberal government decided to put in place great social programs in areas such as health care—and it interfered in education and many other areas—it neglected to tell Canadians that all these programs would cost money. If that great party had been honest, it would have told the population at the same time that it would cost \$2 billion, \$3 billion, \$20 billion a year to provide those services. But the Liberal government did not say so.

Between 1970 and 1984, Canada's debt increased by \$175 billion. Sure, the Liberals gave all these wonderful services to the population, but the member for Outremont neglected to say how they gave them: by borrowing on the backs of Canadians. The great Liberal Party neglected to tell them that the government was providing those services with borrowed money. This is the source of problems.

I would like to remind him also that, in 1983, the finance minister, Mr. Lalonde, who was then the member for Outremont, his predecessor, ran a \$45 billion deficit in his budget with revenues that were, at the time, less than \$70 billion. This was unprecedented in the history of the world. No other political party in the world had created such a great disaster. Thus the member should remember that the current debt, a great disaster, was created entirely by his great Liberal Party. I know it, for I have been here for twelve years and I am very aware of what went on. Why are we still adding to that debt now?

● (1605)

The hon. member forgot to mention another element in the comparison between Canada and other industrialized countries. I checked the tables in the budget, and I found them misleading. As the hon. member mentioned in his speech, annual deficits are compared as a percentage of the gross domestic product. Our target is 3 per cent.

The hon. member neglected to mention that, in all the G-7 countries, when the debt or the deficit is considered as a percentage of the GDP, the provincial and municipal deficits are taken into account. To be a member of the European Economic Community, a country should not have a debt that represents more than 60 per cent of its GDP. Canada's total debt is 105 per cent of its GDP. This country is bankrupt, nobody is saying it, and we go on spending huge sums of money.

We are talking here about the Canadian debt, the federal debt, but we neglect to mention the accumulated debt of the provinces. In the other countries, the debts of states or provinces are included in the total debt. At this time, our real accumulated debt stands at 105 per cent of the GDP, and the deficit at 5.7 per cent. That is much too high.

If only the federal government decided some day to stop being stubborn and reorganized the way we run this country by decentralizing more powers to the provinces, it could be much more efficient, save billions of dollars and wipe out the deficit. But we are heading for a disaster because of this stubborn Liberal government, which wants to keep controlling everything from Ottawa. The hon. member for Outremont and secretary of state should be aware of that. He should openly tell the whole truth to Canadians, instead of half truths.

Hon. Martin Cauchon (Secretary of State (Federal Office of Regional Development—Quebec)): Mr. Speaker, I listened to the comments made by my hon. colleague. Either the hon. member is not taking a very responsible attitude in this House or he has been out of this great democratic forum, which is the House of Commons, for the last two years.

We talk about making major changes in the best interest of Canada and of the whole population, and that is basically what we have been doing since 1993. About the huge deficits we have, I would like to remind the hon. member that it was under the Conservative government, of which he was a member at the time, that Canada had its most outrageous deficits and went through the worst political situation ever in our country.

When the hon. member talks about how much our social programs are costing the Canadian population, his comments seem anachronistic, to say the least. You know, we are talking about social programs which were implemented decades ago. Today, basically, we are acting as the responsible government that we are. We want to review the social safety net we have developed as a

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society, and which we are very proud of, to ensure that it is more responsive to the needs of Canadian society.

That is what we are doing and we are going even further by taking action on the economic front and working with the small businesses. We have to increase the competitiveness of our small businesses and use a modern approach to do so. In saying that, I am reminded of course of the Federal Office of Regional Development, which has created a partnership and is working with all of the communities throughout the province of Quebec and providing what is called the SMB access centre, so that our small businesses can have access to world markets, which they did not have before, and can use the federal government's expertise in international development to gain access to a network open to the whole wide world.

• (1610)

The Liberal Party has always had the courage to make the appropriate changes, always keeping Canada's best interests in mind. We avoid partisanship, unlike the opposition parties, and we also avoid a doctrinaire approach, unlike the opposition parties. We always act in the best interests of all Canadians.

[English]

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I listened very carefully to the speech of the hon. member and the answer to the question to which he responded.

I could not help but notice that he, like the Minister of Finance, put a lot of stock in the financial deficit of the country, the plans the government has put in place, the targets and the forecasting it has done with respect to the deficit.

I cannot help thinking the hon. member has forgotten about the second deficit we have, the second problem we have to fight, the human deficit caused by the number of job losses that have occurred in Canada, the number of people unemployed from coast to coast, the number of people willing, ready and able to take up work to support the country, to pay taxes and to help reduce the financial debt of the country. However, those people have been denied jobs by the private sector and by the policies of the government and they will continue to be denied jobs.

There are no plans in the budget to deal with unemployment. There are no targets set to bring down unemployment. There are no forecasts for what the rate of unemployment will be at the end of this budgetary period. There is a complete lack of understanding on the part of the government with respect to jobs.

The government talks about its partnership with the private sector in creating jobs. I read a piece in the *New York Times* which talked about how the private sector in the United States has dealt with jobs over the last few years, a time of prosperity. AT&T has

cut 123,000 jobs since 1990. Delta Airlines has cut 18,000 jobs. Eastman Kodak has cut 16,000 jobs. IBM has cut 35,000 jobs. Sears has cut 50,000 jobs. DEC has cut 20,000 jobs. Lockheed Martin has cut 15,000 jobs.

The Acting Speaker (Mr. Kilger): I regret to interrupt the hon. member. I am extending ever so slightly the question and comment period. If there is a question or if it is simply a comment, I ask the hon. member to please bring it to a conclusion.

Mr. Taylor: Mr. Speaker, while the hon. member has dealt with the question of the deficit, I wonder if he is concerned about the human deficit which unemployment is causing the people of Canada. Is he prepared to talk to the Minister of Finance to deal with it?

Mr. Cauchon: Mr. Speaker, it is amazing. The budget of the Minister of Finance is so good that opposition members are starting to switch from the question of the deficit per se to the human deficit.

Members of the Reform Party are very displeased with the result. They are displeased because we said in 1993 we would meet the target of deficit reduction and we did so. We did so in making sure we reached 3 per cent of GDP.

With respect to taking care of people, three years ago we launched the reform of the social safety net to ensure that once people have access to the benefits of the social safety net they will be able to access a very active program in order to ensure Canadians will return to the workplace as soon as possible.

• (1615)

Since 1993 we have created more than 500,000 new jobs. I must tell the Reform members that we will keep on working with the private sector and people in the communities at the local level to create more jobs. We will make sure that our small enterprises have the same access to the international market all over the world. We will then be able to create jobs with a responsible government.

[Translation]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, thank you for recognizing me; some people could go on and on and on.

Needless to say, my colleagues will speak on the budget in the days to come, analyzing it thoroughly for Canadians because there is a lot to analyze in this budget. They will examine its impact on the Canadian health and social transfer, on government downsizing, on dairy producers, on regional development and on several other points.

I think that all my colleagues will come to the conclusion that this really is a cosmetic budget which totally ignores the employ-

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ment growth. And although the finance minister called it a “job budget” earlier, there is nothing in there to create jobs.

As for me, I would like to focus my comments on a sentence on page 6 of the budget, which says simply this:

—whatever the numbers might say, many do not see evidence of improvement in their own lives.

I would like to direct my remarks specifically to those, and there are many of them, who will see no improvement in their day-to-day life in the next six to eight months, but who will instead notice a deterioration in their situation when they become unemployed—because I believe more and more people will lose their job—, who will notice that the funds on which they relied during their period of unemployment have been considerably cut—because of the coming unemployment insurance scheme reform—, and who will notice that social assistance payments, to which some of them will have to resort—because the reform of the unemployment insurance scheme will send them there faster than they thought—, have also been cut, because the transfers to provinces will be reduced. As we know, the cut amounts to \$650 million for Quebec alone in 1995; it will amount to \$1.2 billion in 1996, and will keep on increasing during the next three years.

What the government has to say to them today can be found on page 8 of the budget speech, and this is the last time I will quote the budget speech, Mr. Speaker. It is a very short sentence which states:

Chronic deficits put the disadvantaged at risk, because it is they who suffer when the financial strength of government is so weak it can no longer reach out to those in need.

This short sentence simply sends people the message that there are no more resources and that we have to cut, which is extremely debatable.

First, what it says is that there are no resources in Canada, that is primarily what is said. What people really need—the Prime Minister himself admitted it on many occasions—is to have a job. There must be job creation. However, we are told that there are no resources in Canada. This is what the government wants people to believe.

I want to say that there is no strong will to create jobs—and I will get back to that—because, fiscally, large corporations in Canada do not pay their fair share of tax. If there is a shortage of resources, it is precisely because the will is not there et because the tax system is inadequate.

As far as Quebec’s resources are concerned, it is even worse, because the second point I want to make is that the federal government is depriving Quebec of its whole economic infrastructure.

So there is no strong will to create jobs. The central government, the federal government itself, tells us this: “It is not my responsibility to create jobs. We will rely on the private sector for that”.

However, companies are indicating that they are not responsible for job creation either, not in so many words, but in the way they behave.

• (1620)

Companies are doing massive layoffs at a time when they are reporting record profits. I will quote a few figures, some of which were already mentioned by the hon. member for Roberval, the Leader of the Opposition, as well as by members of the NDP.

General Motors of Canada reported record profits of \$1.39 billion, but still laid off 2,500 employees. The five big Canadian banks made profits totalling \$4.9 billion but reduced their workforce by 2,800 employees. In 1995, Bell Canada’s profits reached \$502 million and the company cut 3,200 positions—and they are talking of creating a few summer jobs for students?—on top of the 8,000 that were cut since 1990. Petro-Canada recorded profits of \$196 million in 1995 and cut 564 positions. Shell made \$523 million in profits and cut 471 positions. Imperial Oil, with profits of \$514 million, laid off 452 employees. And the government is talking about job creation.

If the government does not create jobs because, as it says, it is not its business to do so and if big companies, the major players in the economic field—we know that jobs are created by small companies in Canada—lay off workers, who will create jobs?

Yet, the government says on page 3 of its speech:

It will require the concerted efforts of individual citizens, their governments, business and others for our country to tackle these challenges effectively.

What we see is that businesses do not want to be part of that effort and that government considers that it is none of its business. These are nice words, but where exactly does that leave us?

The truth is citizens and only citizens are asked to make an effort. That is what that means. Those words, on page 3, are a statement of principle:

It will require the concerted efforts of individual citizens, their governments, business—

Businesses do not want to make these efforts, the government says it is not its job, and Canadians will have to suffer the cuts.

In December 1993, the Department of Finance, in a document on tax expenditures, identified 288 tax exemptions available to businesses. The department said it was aware of the cost of 176 of these exemptions, which amounted to more than \$17 billion a year, and admitted that it did not know the cost of the other 112. The lack of precise information on tax expenditures leads us to call for a review of our tax system. That is what the Bloc has been asking for since we came to this House.

Here is what the International Monetary Fund said, as reported in *La Presse* on December 8 of last year: “Corporate taxes represent a smaller percentage of the GDP in Canada. This indicates that it may be possible to reduce some of their tax benefits.” There is the

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International Monetary Fund adopting the same position as the Bloc. That is where we should look first.

What is the greatest tax benefit used by large Canadian corporations? It is, of course, the use of tax havens.

It is difficult to obtain precise information on the extent of the tax avoidance phenomenon through the use of tax havens because of the lack of available data and the confidentiality rule which often applies in this area. Companies that do business abroad are not required to declare here the profits they declare in another country. Therefore, since they do not have to declare those profits in Canada, they do not pay taxes in this country.

There are several tax benefits related to tax havens. In 1987, the Minister of Finance made a commitment to study this issue; these studies have yet to be undertaken despite the insistence of the auditor general and the revenue department. However, it must be said that, in the 1994 budget, the Minister of Finance amended the Income Tax Act provisions related to foreign affiliates. These amendments were in accordance with the recommendations of the auditor general of the day and the Public Accounts Committee. But they will not prevent companies from using these tax havens.

It is difficult if not impossible to calculate the amount of tax revenues lost by Canada in these tax havens. However, several indicators can give us an idea of the extent of these losses.

• (1625)

For example, in his 1992 report on tax havens, the auditor general, although it was not necessarily in his mandate to do so, said that it could reasonably be assumed that hundreds of millions of dollars in tax revenues had already been lost and would continue to be at stake in the years to come. This was in 1992. We are now in 1996 and it is still going on. The amounts lost have even increased considerably since then.

Tax exemptions for businesses operating in foreign countries can have two major effects. Some countries considered as tax havens have very low tax rates, hypothetically, in the 2 to 3 per cent range compared to 40 per cent in Canada. This difference leads to an unfair tax treatment which can cost the Canadian government millions of dollars.

The foreign affiliate can transfer its dividends tax free to the Canadian corporation, despite the fact that the income corresponding to those dividends was not taxed at a rate comparable to that in Canada.

I have at least another five or six pages on tax havens I could read. The important thing is to realize that tax havens do exist and that more and more companies are using them. Some companies even specializing in helping other companies use tax havens to avoid paying the Canadian government the taxes they normally should.

To deal with that issue and because the Bloc Québécois has been asking for a review of taxation for two and a half years, the government has finally decided to set up a technical committee on business taxation, which will examine business taxation. As the hon. member for Saint-Hyacinthe—Bagot, who is finance critic for the Bloc, has already mentioned, those who will examine the taxation of businesses are all Canadian tax experts and some of them—not all, but a good number of them, the best among Canadian tax experts, as it has already been said during question period—are themselves using these tax havens.

The Bloc asked that a special parliamentary committee be set up to review taxation, but here we are with a technical committee. They have waited two and a half years before doing something. We asked for a public and open process and here we are with small groups working behind closed doors. We wanted a precise calendar. What we are told is that later this year, a report will be made which will be scrutinized by the public. This just puts it off indefinitely, just like the GST.

We wanted MPs to look at this issue so as to be able, on behalf of citizens, to review taxation. This is a bit like putting the fox in charge of the henhouse. It is well known that those who are going to examine the tax rules are the same persons who are going to advise the government on the taxation system and the same persons who are going to tell companies how to apply these rules in order to avoid paying any taxes.

This is the worst conflict of interest in Canada today. None is more serious. Those who make the tax rules are the same ones that help businesses take advantage of tax loopholes. By stretching the process out—if it takes one or two years as in the case of the family trusts—they give businesses time to review their tax strategy.

I would like to send an urgent message to Canadians who are anxious to understand what is going on in this area, because the government is really up to no good.

[English]

A few years ago Linda McQuaig wrote the book *Behind Closed Doors: How the Rich Won Control of Canada's Tax System*. This book explains fully how in 30 years the rich people in this country have taken control of the Canadian fiscality and do not pay any more taxes.

[Translation]

Linda McQuaig's book was also published in French under the title *La part du lion*. In it, she shows how rich Canadian families have used all tax loopholes available in order not to pay any Canadian income taxes.

What I just said concerns all Canadians. Every time there is excessive use of tax evasion, it means a loss of revenue for Canada and, as we now know, it is the little people, the future unemployed,

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who end up footing the bill. They will start paying in the middle of the summer with UI reform.

• (1630)

Things are even worse in Quebec. The employment situation in Quebec is worse than anywhere else in Canada, except Newfoundland. They are telling us—and they will continue to do so throughout the coming year—that all this is due to the political uncertainty in Quebec. Nothing could be further from the truth.

There are all kinds of sovereignist movements around the world; some are even in power. There is a sovereignist party in Scotland, the Scottish National Party, which has long had elected members to Parliament. They advocate Scottish sovereignty; one of their most famous propagandists is Sean Connery, the actor who first played James Bond, whom we all remember very well. Yet no one calls the Scots racist or xenophobic.

There is a sovereignist party in Taiwan, as I have said before in this House, the Democratic Progressive Party. In 1992, with 31 per cent of the vote, this party won 51 out of 161 seats in Parliament. No one in the world claims that political uncertainty in that country has led to economic uncertainty. On the contrary, everyone wants to do business with Taiwan, including Bombardier. Strangely enough, the President of Bombardier, who was complaining about insecurity in Quebec, has decided to invest in Taiwan, where the situation is exactly the same as in Quebec.

There is even a new sovereignist party in British Columbia, which is being built around Roger Rocan and is apparently supported by 12 per cent of the population according to the polls. We will never hear the Prime Minister talk about the big, bad separatists in B.C. That is reserved for Quebec. They would never say this to the people of British Columbia. On the contrary, in its analyses, the Fraser Institute goes as far as saying that B.C. would benefit from sovereignty. So they conduct studies over there but when we do the same here, we are big, bad separatists.

Since 1980, close to 40 new countries have joined the UN because it is the normal destiny of peoples to become nations and of nations to become countries. That is what the UN is for. There are even countries that have achieved sovereignty twice: Singapore, among others. In 1963, Singapore left the British empire to join Malaysia and, two years later, it seceded from Malaysia to become an independent republic.

The population of Singapore is half that of Quebec and is very cosmopolitan—in no way can it be considered homogeneous—with 80 per cent Chinese, 15 per cent Malaysians, 4 per cent Indians and 1 per cent people from other parts of the world, including a fair number of Canadians. All this in an area 2,500 times smaller than Quebec, that does not have any natural resources or energy resources. Anyone who travels to Singapore cannot help but notice that the leading foreign commodity is dirt on

which to build by reclaiming land from the ocean. Singapore is a tiny country. No one denies that Singapore's economy is booming; economic success has nothing to do with the size or population of a country.

Responding to a question yesterday, my hon. friend from Saint-Denis, who is of Greek origin, stated that the idea of Quebec becoming sovereign bothered her. I would like to remind her, not without some pride, that we all are more or less Greek. Greece was the birthplace of science and democracy and, as you know, Mr. Speaker—you studied the Classics—we were brought up on that. All this to say that, were we to ask the Greeks tomorrow morning if they would be ready to give up their sovereignty and become a minority in some other nation, the answer would be no. I think therefore that the Greek community should understand Quebecers for wanting to do just like them.

Things are not going well in Quebec because our economic infrastructure is being drained away. A long time ago, it was decided to centralize all the economic activity in Ontario. Canadians did this for very good reasons. What were they? Geographically, Ontario is at the heart of the country. If you are going to centralize, you might as well do it in the centre, in the province with the largest population and which provides direct access to the heart of the U.S. market, cities such as Detroit, Chicago and Milwaukee, across the Great Lakes. The decision to empty Quebec of its economic infrastructure was made a long time ago.

Let me just tell you when this decentralization process started, because I had prepared a longer speech, which I probably will not have the time to finish.

• (1635)

Somewhat surprisingly, our dear friend, Mr. Mordecai Richler, tells us in his book *O Canada! O Québec* when that decentralization started. He mentions it in a short sentence, on page 107, which I will read in

[*English*]

“Once the St. Lawrence Seaway was in place, diminishing the importance of our port—il parlait bien sûr de Montréal—and the Toronto stock market was doing more business than St. James Street, Montreal's slippage was inevitable”.

[*Translation*]

Once the St. Lawrence Seaway was in place, Montreal's slippage was inevitable. We are now witnessing the decline of Montreal. It started with the building of the St. Lawrence Seaway. We could go on about all the other decisions that were made concerning airports, the petrochemical industry, the Borden line, the money spent in Quebec by the government which is less than the standard 25 per cent, and also the new areas in which the federal government is about to interfere, including the securities business, as mentioned

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in the speech from the throne. Once again, the government will centralize all that.

Given that Ontario's economic appeal was built from scratch, it is no wonder that foreign investors all want to move to that province.

This is the current situation. We have a budget which does not do anything about employment. It merely maintains the measures that were decided last year, such as taking money from the UI fund, reducing assistance to individuals and cutting transfers to the provinces. There is basically nothing about employment. Within that structure, all Canadians lose, Quebecers in particular.

The Acting Speaker (Mr. Kilger): First, I want to thank the hon. member for Anjou—Rivière-des-Prairies for reminding me of my studies at Cornwall's classical college. We now move to questions and comments.

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, my colleague has touched on several topics. He has spoken about the budget, and I will answer him on that, but first of all, let me reply to another point he has made. He made a comparison between Quebec and Greece, which did not want to be part of another country, whereas Quebec wants to be an independent country. This is too simplistic a comparison, because Greece has always been a country on its own, whereas Quebec has always been part of Canada.

He also drew a parallel with Taiwan, which is the same thing. Here we have an entity called Canada, in which the provinces have the right to govern themselves as they wish.

In 1867 there was the Canadian Constitution. There was an agreement delegating some responsibilities to the provincial level and others to the federal. In my opinion, our confederation is one of the world's finest. I am sure there are many countries that would gladly trade problems with Canada. We need only look at what is going on in Bosnia, Haiti, or other places where there are major problems to realize ours are relatively simple ones, readily solved if we make a concerted effort.

My colleague has indicated that the separatist groups in B.C., Quebec or other countries will one day see the light and realize they live in the best country in the world.

Now, for the budget. My colleague states that the government has not created any jobs. I would like to point out that, in 1995 alone, this government created 263,000 jobs. I would also like him to know that governments in general set an atmosphere that is favourable for private sector job creation. Finally, it is the private sector that creates jobs, not the government. Often, the government works in a partnership with the private sector in job creation, and that is precisely what this government has done. It has assigned a great deal of importance to the private sector so that it might create jobs. Among the examples of job creation I could offer my colleague, there is government investment in technology.

• (1640)

There are, in fact, a lot of companies involved in research and development in the area of technology, which will receive direct benefits from the government. They will become direct and indirect partners of the federal government and will create even more jobs again in Quebec and across the country.

Inflation here in Canada is fairly low. Interest rates are three points lower than they are in countries comparable to Canada. As with deficit control, all these initiatives by the federal government will help the private sector create jobs.

I do not think my colleague was being fair in saying that the government is not helping create jobs. It is indeed distressing that Petro-Canada, Bell Canada and other companies have cut their staffs. However, we must not end up setting a quota for the private sector, requiring it to create a specific number of jobs. All we can do is ask and do what we have to to enable the private sector to create jobs.

The performance of this government over the past two years has been extraordinary. It is time my colleague in the Bloc rose and congratulated the Minister of Finance, the Prime Minister and the President of Treasury Board, because their efforts have been extraordinary.

Now I would like to say a few words about provincial jurisdictions and transfers to the provinces. Once and for all the federal Liberal government has set up a program to ensure the provinces fair, balanced and long-term transfers in the areas of health, post-secondary education and social services. The provinces can finally enjoy some peace in these three areas.

I must say my colleague in the Bloc Québécois is perfectly right in saying that a lot more has to be done in job creation, but he still must rise and congratulate the government.

Mr. Pomerleau: Mr. Speaker, I hope that my colleague does not expect me to congratulate the government.

To start with, I would like to set the record straight regarding some of his comments. He said that Greeks have always been Greeks. If they celebrate Independence Day in Greece, it is precisely because they had to gain their independence. He said that we have always been part of Canada, and yet we were here well before Canada became a country. Lastly, he tried to tell us that we do not have that many problems in Canada.

I have been a sovereignist for a long time, but in Quebec, many became sovereignists in 1982. Why in 1982? Because that was when the basic agreement holding this country together was torn up; Quebec was excluded. And today we are told that it is not a problem. It is just as if two individuals had signed a lease and the owner had gone down into his basement to redraft every single clause of the lease, and the revised version became the real lease to

be used by all parties. The tenant would have every right to consider this a breach of contract.

In 1982, the Canadian Constitution was patriated, the terms were changed and no government in Quebec, even a federalist government, has agreed to sign it. Quebecers had some of their rights taken away. And today we are told that we should stop talking about it, that it is not important.

I am sorry, but the basic agreement in this country has been torn up. Quebec did not refuse to go along with the Constitution, rather, it was excluded from the Constitution. What we are confronted with today is the result, the consequence of this Prime Minister's actions. We must not forget that the current Prime Minister is the one who brought the Constitution back from England, the same one who is now saying: "Stop talking talk about the Constitution; let us talk about real issues. I changed your lease, but never mind that, we love you very much; let us talk about real issues".

I am very sorry, but that is exactly what we are planning to do: talk about real issues.

To my hon. friend, who says that 263,000 jobs were created, I will reply as the people of my riding would. Quite simply put: Where? That is what they would say: Where?

• (1645)

People who go out for a stroll in downtown Montreal notice all the stores that are closed. I was a carpenter in a previous life. Today, there is nothing left for carpenters in Montreal, neither construction work nor retail stores. Half the stores are closing their doors. Where are these 263,000 jobs he is talking about? In light of the long list of businesses that have to lay off workers, I wonder: where are these 263,000 new jobs? I realize that this is what statistics say, but what the people want to know, however, is: Where?

Finally, there is this nice initiative to stimulate job creation. We had one in place in Quebec: the RRSP of the FTQ investment fund. This was the only tax measure that promoted any real job creation, and they just chopped it to create, maybe, a few student summer jobs. I do not know how many exactly. Student summer jobs are being created, while at the same time, measures truly capable of creating employment in the long run are being chopped.

On the one hand, they will be giving students a few jobs for the summer, but on the other hand, by cutting transfers to the provinces, they are making their school fees go up. Where is the logic in that? Personally, I can see none. If the government deserves praise for anything, it is for helping us show the public that we no longer

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have our place in there. With 25 per cent of the voting shares, you have no power over the company. When this company is going bankrupt, it is time to pull out.

[English]

The Acting Speaker (Mr. Kilger): I understand there had been a change in terms of the rotation of speakers. Therefore the House will now be apprised of the rotation following consultation with our table officers. I will look to the government for speakers. I will then look to the government to bring the rotation back up to speed, return to the official opposition, then look to the government and, last but not least, to the Reform Party.

Should there be any questions please raise them with our table officers so that you can organize your schedules accordingly. You get on my list only once you are on your feet and you are recognized. Ultimately the list is blank and we will start now with the hon. member for St. John's West. I ask her co-operation in indicating to the Chair who she might be splitting her time with.

Mrs. Jean Payne (St. John's West, Lib.): Mr. Speaker, I will be sharing my time with the hon. member for Vaudreuil.

It is with great pleasure that I rise to speak on the debate on the budget. The Minister of Finance last night presented to Canadians a budget that is fair, compassionate and visionary.

Last night, as part of my budget night activities, I held a teleconference with representatives from industry, municipal governments, business, social services, education and health in my riding of St. John's West, all of whom wanted to convey their reaction to the budget.

While these individuals had some concerns, the reaction to the budget was largely positive. While my colleagues on the other side of the House earlier mentioned that the Chambers of Commerce were not in favour of the budget, last night I had representatives from the Chamber of Commerce who were very positive about the budget and had nothing but good things to say about it.

I will now touch on some of the key points raised during the teleconference and discuss the impact on my riding of St. John's West. As a government not only are we meeting our deficit reduction targets, we are surpassing them. The budget ensures that we will meet our red book commitment of reducing the deficit to 3 per cent of GDP within our first three years in office.

In addition, by 1997-98 we will be meeting our new interim target of 2 per cent. By 1997-98, due to the consistent efforts of the Liberal government, the economy will finally be growing faster than the debt, the first time since 1974-75.

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• (1650)

Program spending will be reduced by 12 per cent of GDP by 1998-99, which translates in the lowest level in 50 years. Also, Canada's fiscal requirements will be cut by \$6 billion in 1997-98, the lowest of all the G-7 countries.

Earlier my colleague from the third party spoke about fishery violations and offences occurring and he went through a great litany of these violations taking place on the west coast.

For his information, the department of fisheries raised its enforcement budget to provide greater enforcement. The government cannot possibly have enforcement offices at every location to control all the people who want to violate our fishery agreement.

The residents of St. John's West are particularly pleased that there are no tax increases in the budget, no increases in personal income tax, no increases in corporate tax and no increases in excise tax. The government has not increased personal income tax since we took office three years ago.

Canadians have told us they want the deficit and the debt reduced, but they also want to protect the most vulnerable, and the people of St. John's West are no exception.

Again the finance minister has listened to Canadians and has safeguarded our social programs for the next century. Over the next five years the CHST, federal transfers to the provinces for health, post secondary education and social assistance, will be maintained. Funding will remain constant at \$25.1 billion for the first two years and will actually increase over the three remaining years.

Although the initial cash component in Newfoundland's CHST will decline initially, transfers will resume growth some time over the five-year arrangement. The federal government is guaranteeing that the cash component of the transfer will never be lower than \$11 billion during this five-year period. Newfoundland will benefit from the tax component as well as from the cash guarantee.

Also, by putting a floor of \$11 billion under the cash part of the CHST, the federal government is ensuring the principles of the Canada Health Act can and will be enforced throughout Canada.

A new seniors benefit will replace the existing old age security and guaranteed income supplement. This new system is designed to help those who need it most. In my riding of St. John's West there are many single seniors and many senior couples who live on incomes well below \$40,000 a year. To these seniors I want to say they will be as well off, indeed better off, than they are under the current system.

The new benefit will be tax free and fully indexed to inflation. The new system targets those who need it most and ensures the system is sustainable in the future.

In keeping with our red book commitment, the federal government is introducing a new child support system. These changes were a long time coming and are long overdue. The child support paid under the orders or agreements made on or after May 1, 1997 will no longer be taxed as income to the recipient, nor will it be tax deductible for the payer.

The federal government will introduced guidelines to assist parents, lawyers and judges to see that fair and consistent child support is awarded in divorce cases. The federal government will introduce comprehensive measures to help provincial enforcement agencies ensure that support is paid in full and on time.

The maximum level of working income supplement of the child tax benefit will double; it will increase from \$500 to \$750 in July 1997 and will increase again to \$1,000 in July 1998.

Jobs and economic growth continue to be the government's top priority.

• (1655)

Since we took office in 1993 the Liberal government has and will continue to provide the private sector with an environment for growth. The economic climate in Canada is improving. Interest rates have declined three percentage points in the last year. Inflation is at its lowest level in 30 years and Canada's economy is more competitive now than ever.

More than 500,000 private sector jobs have been created. With this in mind the Liberal government is investing in the future. No longer do we have the resources to do everything. We must make some strategic choices. We must invest in areas where we can get the biggest bang for our buck.

The federal government therefore is reallocating existing funds into three areas, youth, technology and trade. We are providing an additional \$165 million over three years to help students and their families deal with the increased costs of education. The government has increased education tax credits, raised the limits on the transfer of tuition fees and education credits, and increased the limits to contributions to RESPs. Also, the eligibility for the child care expense allowance will be broadened.

The government will also provide \$315 million over three years to create new youth employment opportunities. We will double funding for summer student jobs. We remain committed to Team Canada style partnerships between business and government in order to create entry level jobs for youth.

I understand the Minister of Industry will soon announce technology partnership Canada, which will encourage develop-

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ment of the environmental technologies, advanced manufacturing of material as well as biotechnology. In addition, funding to the Federal Business Development Bank will increase so that the bank will be able to provide more loans to knowledge based exporting and growth businesses.

The government is assisting small business by bringing it all of the advantages of access to the information highway. We are introducing a program in which 2,000 computer students will connect to some 50,000 small businesses on the Internet.

Canada's trade performance in the last few years has been nothing less than remarkable. Team Canada's approach has proven a major success with \$20 billion in new business deals resulting from three major trade missions led by the Prime Minister.

Exports are vital to the creation of jobs. Every billion dollars in exports translates into 11,000 to 12,000 new jobs. Because export financing is so critical, the government will provide \$50 million to the Export Development Corporation for further innovative types of export financing.

I will briefly mention the measures taken in relation to RRSP and RPP limits to increase flexibility for individuals saving for their retirement. A seven-year carry forward for RRSPs is being removed to permit individuals to continue to save for their retirement. The age limit for maturing RPPs and RRSPs will be reduced from 71 to 69. RRSP limits will be frozen at \$13,500 through to the year 2003 and then increased to \$14,500 in 2004, and \$15,500 in 2005. These measures will limit the cost of the tax deferrals associated with retirement savings, while ensuring tax assistance is targeted at modest and middle income Canadians.

This is a fair budget, a realistic budget and a compassionate budget. While the economy is finally improving, the government must continue to stay the course on debt and deficit reduction. We have made some tough choices to ensure the programs we cherish as Canadians will continue into the next century. This budget will ensure that.

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, I listened attentively to the honourable member. Quite frankly, I am getting sick and tired of the government's trying to brag about bringing the deficit down to 3 per cent or 2 per cent of GDP. I find that totally misleading for the general population. The government likes to quote that number because it is a small number, when in reality it should be talking about the debt and its percentage of GDP. That number is considerably higher. The debt to GDP ratio is more like 73 per cent.

• (1700)

The hon. member quoted statistics. She seemed to enjoy quoting statistics to tell us how wonderful Canada is doing and how great

the government is doing. She mentioned that Canadians want the deficit and debt reduced but they also want those who are the most vulnerable in society protected. It is interesting that she mentioned not only the deficit but the debt in that statement. Canadians want the deficit and the debt reduced.

Let us talk about the debt for a minute. The debt under this Liberal administration has grown since 1993-94, when it was about \$508 billion, to a projected figure for next year of \$602 billion. That is an increase of almost \$100 billion.

The hon. member talked about revenue in her speech. She mentioned that there have been no increases in personal income tax. She might be right about that, but revenues have increased dramatically. Revenues have increased from 1993-94 when they were \$116 billion to a projected figure in 1996-97 of \$136 billion, an increase of about \$20 billion of increased income from the taxpayers.

Those are the real numbers that count, not the deficit but the debt. The fact is that the interest charges on the public debt have increased from \$38 billion in 1993-94 when the hon. member's government took office to a projected \$49 billion of interest charges for next year, an increase of \$11 billion. Those are the numbers that Canadians should be concerned about. Those are the numbers that present the most serious threat to Canada's social programs.

I would like the hon. member to address those numbers when she is talking. I think it is totally irresponsible of the government to be talking about reducing the deficit when the debt continues to grow at an alarming rate.

Mr. Payne: Mr. Speaker, I want to thank the hon. member for his comments and for the statistics that he quoted.

If we were to listen to what the members across the way would do, they would reduce the debt to zero before the end of this year. I cannot help wondering what would happen to those people in my riding in particular who are dependent on the social programs, the elderly who are dependent on old age pensions, the young people who need to be able to get assistance to continue their education.

This party earlier this year said that it should reduce social housing by \$11 million. What would that do to the social programs in ridings like mine? These people talk a good talk, but they do not walk a good walk. I am afraid that their program is not acceptable.

The program that we have under this budget is an acceptable one. It is fair, as I said before. It is a compassionate budget and it is one that will work for Canadians.

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Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I had several points that I wanted to make but I will restrict myself to one comment in respect to the speech of the member for St. John's West who is trying to tell us about this compassionate budget, this feel good budget and this budget that basically does nothing. I call it an economic statement.

The hon. member says the government is trying to protect the seniors, the helpless and those in need, yet transfers to bankers, to foreign lenders and to rich people are going up by \$12 billion. That is reality number one.

With three million seniors that works out to \$4,000 a senior that the government is going to transfer to lenders rather than transferring it to the seniors. My question is short. How can this government and this member say that this is a compassionate budget when the money is going abroad? It is going into the pockets of rich people and the government is ignoring the old, the poor and the helpless and the needy.

• (1705)

Mrs. Payne: Mr. Speaker, the hon. member opposite did not hear what I said. The budget does address the needs of seniors. It addresses the needs of young people. It addresses the needs of the people who need it most. It addresses the needs of women who have been living well below the poverty line and who, for the first time, are seeing their incomes increase.

This budget does take care of those who need it most.

[*Translation*]

Mr. Nick Discepola (Parliamentary Secretary to Solicitor General of Canada, Lib.): Mr. Speaker, I am proud to take part in this debate on our third budget, and especially to point out that, in the last two and a half years, Canadians have relied on the government not to create jobs but to generate a social and economic climate conducive to economic growth and job creation.

We are also proud of our achievements thus far. In fact, since we came to office, the unemployment rate has fallen by 2 per cent and some 500,000 jobs have been created, most of them in the private sector and almost all of them by small and medium size businesses, of which I am proud. That said, there is still much to be done. Unemployment is still too high and Canadians, especially young people, are concerned about future jobs.

We intend to take lasting and meaningful measures. Rather than relying on short term direct spending programs, we will take a more productive approach by focusing on co-operation with our partners and strategic investments to give the forces of economic change an incentive to create jobs.

But let us start at the beginning. To secure the sustained economic growth we need to create new jobs, we must first guarantee the basic elements of the Canadian economy by reducing

and eventually eliminating the deficit. Chronic, large deficits go hand in hand with high interest rates. High interest rates, in turn, discourage investment, borrowing and consumer spending. Ultimately, they have a detrimental effect on employment.

We must also keep inflation low, since it reduces pressure on interest rates and results in lower overhead for companies. It goes without saying that keeping the operating costs of a Canadian company at a minimum level promotes investment. This, in turn, helps create jobs.

Today, we are reaping the benefits of our efforts to tackle the deficit and control inflation, which is at its lowest level in 30 years. Short term interest rates have already gone down three percentage points since the last budget, and we have made major progress in terms of our competitiveness, as indicated by the unprecedented level of our exports. However, there is an obvious need to maintain and even increase our efforts in order to ensure the future of Canadians.

In addition to providing a solid economic framework, we took a hard look at what more we can and must do. Some issues are so vital for Canada's future that they warrant a significantly greater effort on the part of the federal government. Our youth, in my opinion, is one such area.

The unemployment rate for young people is around 16 per cent, which is one and one half times higher than the national average. The transition from school to the labour market must be looked at. Our young people are our greatest asset. They are the key to the future. They need higher education, since this is vital for any job. They also need more assistance in finding that all-important first job.

We have a plan. The programs announced include Youth service Canada, Youth internship Canada, as well as the summer employment program for students. In addition to these initiatives, the student loans program, whose budget provides for an additional \$556 million, will include the negotiation of loans totalling over one billion dollars and will help more than 360,000 students.

• (1710)

The 1996 budget also calls for new measures to enable young people to meet the challenge of the labour market, so that future generations will be able to keep pace with the remarkable changes in the world economy. To that end, we have inaugurated an apprenticeship program. As the result of rearrangements within the taxation structure, these new measures will make it possible to free up an additional \$165 million in the form of tax assistance to students and their families.

This program has three main components. First, there is additional tax assistance to students, through a 25 per cent increase in the education credit, that is to say from \$80 to \$100 per month. The budget also proposes a 25 per cent increase in the ceiling for

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transfer of tuition and education credits to family members who are supporting students.

Second, savings to finance education over the long term are eligible for assistance, because the annual limit for contributions to registered education savings plans has been increased.

Assistance is also available to single, low income parents, by authorizing the child care expense deduction from any kind of income when the single parent is also a full time student. This applies to secondary students. Two parent families are also eligible for this deduction if both adults are studying at the same time. The age limit for this deduction will also be raised to help parents of older students.

Implementation of tax rules in favour of education is a first step. However, young Canadians need much more than educational opportunities in order to get a job on the labour market. They need professional experience.

We first provided for on-the-job training by re-allocating \$315 million over three years to help create job opportunities for young people. These funds will combine with the \$700 million we set aside for this year for youth internship Canada, youth service Canada and summer employment programs.

As an initial intermediary stage, the budget will double our commitment to the summer employment program from \$60 million to \$120 million.

We are concerned not only about young people, but about the burgeoning technologies that are changing our universe. In short, innovation feeds productivity and growth, which underlie the jobs of tomorrow. We have a job to do to stimulate Canada's creative abilities.

The initiatives currently in effect include changes in the type of work done by the National Research Council in areas such as biotechnology, telecommunications and the latest in manufacturing and infrastructure technology.

We are working closely with the private sector in projects such as CANARIE, which is aimed at speeding up the establishment of high speed electronic networks. Furthermore, we are encouraging the expansion of new technologies in small businesses under the industrial research assistance program.

Here again, we want to do more. We are re-allocating \$270 million worth of savings over three years to promote innovation and technology. This measure provides for the creation of technology partnerships Canada, a fund to stimulate the development of environmental technologies, high tech manufacturing processes and biotechnologies. It will also help maintain jobs in the aerospace industry, which is facing fierce highly subsidized foreign competition.

• (1715)

We will give an additional \$50 million to the Business Development Bank. This money will enable the institution to loan an additional \$350 million to knowledge-based, and growth businesses.

Moreover, we are creating a program under which 2,000 computer students will help connect 50,000 small businesses to the Internet.

Last but not least, trade, which is at the heart of the Canadian economy. We export a third of what we produce, providing work for millions of people.

In this budget, we are allocating a further \$50 million to the Export Development Corporation. We are reallocating resources from concessional loans to foreign borrowers to finance higher volumes of non-concessional financing under an improved system of risk management. This measure will permit an increase of up to \$500 million of year in the financing available to Canadians exporters.

To conclude, I will say that the private sector is our most important and most astute innovation mechanism. Young Canadians are our most solid hope for the future. And trade is one of the most powerful means to create wealth. We are investing in these three areas.

The framework is in place. The economic situation is improving. The fundamentals to create partnership are in place. We are being true to our commitment to provide opportunities in the areas of education and modernization, as well as job opportunities for young people in the next century.

[English]

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, I listened with great interest to my colleague's comments on the budget that was tabled by our Minister of Finance late yesterday afternoon. Like many in this House, one of the things I have heard on many occasions is that the best social program in this country is an opportunity for a job. As the member across the way so capably mentioned, one of the things presented in this budget is that opportunity.

I wonder if the parliamentary secretary has had an opportunity to speak to his business constituents in his riding. I had the opportunity this morning to speak to a number of key businesses in my riding and I will be speaking to others over the next few days to get their input and feelings on it. The business representatives I spoke with this morning indicated that it was a very positive budget and that it did set the tone. They were pleased to see that the government is getting our financial house in order, that the lower interest rates would certainly be beneficial and that they would be increasing their employee base. They agreed that with their additional exports there would be further employees coming.

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I wonder if the parliamentary secretary has had an opportunity to speak to some businesses in his constituency and what type of reaction have they provided.

Mr. Discepolo: Mr. Speaker, in response to my colleague's question, I have the opportunity to point out that our job as a government is not to create jobs. I remember during the election campaign that when any politician stood up and said that he or she was going to create so many thousands of jobs, he or she was ridiculed by everybody because it is not our job to create employment. However, it is our duty as a government to create the appropriate climate to stimulate job creation measures, et cetera.

If members look at what we have done over the past two or three years through the initiatives of our Minister of Finance and the support he has received from the Prime Minister and colleagues, we have put in place a firm foundation for companies through measures such as reduced interest rates for example.

Last year alone I remember interest rates dropped by almost 3 per cent. Inflation is quasi non-existent. If we analyse those companies that are making profits today, it is those companies in the new technologies and exporting that have been successful over the past three or four years. Therefore, when we can encourage and create the climate that is appropriate for job creation measures then I am confident that jobs will be created.

• (1720)

We have been criticized by members of the Reform Party who say that we have not done anything. However, I would like to raise a point for the information of members. The measures we put in place in 1994, because of the compounding effect from year to year, by fiscal year 1998-99 will have a net effect of close to \$45 billion in savings. Compounded with the measures we have put in place in the second budget, there will be another \$43 billion in savings.

This is phase three of a fantastic, sound footing which I am convinced will put us into the 21st century hopefully with the elimination of the deficit. The strong footing will encourage investment in the country. If we could get the political stability, I am convinced investments would come and job creation would follow.

Mr. Maurizio Bevilacqua (York North, Lib.): Mr. Speaker, Canadians will not be left behind. There is no question the world around is changing. Fifty years ago fax machines, cellular phones, the Canada space arm and fibre optic surgery were only seen in science fiction movies. Today they are part of our everyday life.

Fact: the world is changing. Fact: our lives are changing. Fact: some countries will be left behind. Fact: Canada will not be one of them.

Certainly our labour market is changing. Machines are doing some of the jobs people used to do. However, people are doing some jobs we never thought would be possible. We are building the robots that now do the heavy lifting and exploration of mines. We are designing the fibre optic cables that allow people on different continents to conduct meetings and exchange ideas. We are developing the vaccines to combat disease that had previously wiped out entire populations. Certainly, the world is changing but we are leading the revolution.

The 1996 budget tabled yesterday by the Minister of Finance will allow us to continue to set the pace for other countries to follow. This Liberal government recognizes that Canada is a rich country, a country rich in resources: natural resources, its people, its youth. We also recognize it is our responsibility to create opportunities for present and future generations of Canadians, and that is what we have done.

The challenges that face our youth are clear. The youth unemployment rate is roughly double the national average. Roughly 45 per cent of new jobs created between the year 1990 and the year 2000 will require more than 16 years of training and education.

What is the federal government doing to offer young Canadians a brighter future? More than any other government in Canadian history, we have been devoted to achieving positive change in the lives of young people. To quote the Minister of Finance: "The economy of the future will belong to our young people. The success of our economy will depend on them, just as their success will depend on their ability to fully participate in all that the economy has to offer".

Post-secondary education is an important step toward achieving meaningful full time employment. Our government recognizes that. That is why the 1996 budget announced measures to increase Canada's investment in our youth. After all, if our future is to be brighter, we must invest in it. To that end we have introduced a learning package. These measures will provide an additional \$165 million in tax assistance to students and their families. However, getting the tax system to work in favour of education is just the beginning.

In addition to these measures we have further improved access to post-secondary education by providing more flexible repayment terms for Canada student loans. That, plus our previous \$2.5 billion increase in the amount of federal assistance available through our Canada student loans program clearly demonstrates our government's commitment to providing Canadians with the opportunity to pursue lifelong learning.

• (1725)

As chair of the Liberal Party's task force on youth, as Parliamentary Secretary to the Minister of Human Resources Development, as a member of the human resources committee and as the member of Parliament for the riding of York North I have spoken to tens of thousands of young people across the country.

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I spoke with high school dropouts who still have dreams to one day have good paying jobs. I spoke with a 19-year old single mother who wants to be an accountant. I spoke with a young man from Newfoundland who wants a job he can go to year round. The desire to work, to grow and to succeed is there. It just needs some help to flourish.

How many times have we heard a young person say that he or she cannot find a job because he or she does not have experience: "How can I gain that experience if I do not have a job?" That is the paradox in the lives of so many young people in our country. These are indeed tough questions. Our government has attempted to find some answers.

In April 1994 our government announced the youth employment and learning strategy involving, among other initiatives, the youth internship program and Youth Service Canada. Our government is maintaining its \$700 million in funding over the next three years for these programs. While past governments have run make work projects for young people, Youth Service Canada and the youth internship program focus on providing participants with tangible, hands on experience.

Youth Service Canada provides employment skills built on community needs. Students gain valuable work experience that will help them make that very important transition from school to work. The community gains the energy and enthusiasm which only the young can bring to their work. The youth internship program works because it builds partnerships between employers and educators, teaching hands on skills to young people. The focus is on jobs and careers with a future. The theme is innovation.

For example, last year I announced a special program for the automotive industry. When we look under the hood of a new car we see how technology has changed the industry. I read recently that the computers in new cars are worth more than the steel. This requires people with up to date skills. It requires a new generation of highly skilled workers. In turn, that requires a new partnership with the private sector.

The youth internship program is an excellent example of partnership and co-operation. Chrysler Canada and other major car manufacturers donated engines and guaranteed on the job training spots to participants. We brought on board a major corporation to do its share to help tomorrow's workers.

In addition to maintaining funding for Youth Service Canada and the youth internship program, this year's budget announced the government's plans to reallocate \$315 million in budget savings for additional on the job training which includes doubling the funding for student summer employment placements. It is a wise investment. In 1995 alone more than 52,000 jobs were created thanks to the student summer job action. Our Canada employment centres for students placed over 175,000 students in jobs during that summer.

How does this Team Canada approach apply locally in my riding? I will tell the House about another effective partnership between government and the private sector which I announced last week.

• (1730)

The government teamed up with Tetra Pac Inc., a forward thinking company in my riding. We each contributed \$100,000 to an initiative called "Completing the Circle". The Career Foundation, an active training establishment in York North, is using these funds to match unemployed residents with available jobs in the riding. One hundred participants will receive pre-employment and on the job training, followed by a placement in a job with a future. This, my friends, is co-operation. This is team work, this is Team Canada in action.

Speaking of jobs with a future, there is no greater growth area than high tech. Look in the career section of any paper. Where are the jobs? Computers. Look at page 76 of the budget plan and what do you see? Computers.

The 1996 budget outlines a plan to enlist the help of 2,000 students to help connect 50,000 small businesses to the Internet. What a great idea, students and small business owners helping one another.

Another successful program I helped develop in my riding, one that I am extremely proud of, is VaughanTec. It is truly an employment strategy with a future. VaughanTec recruits young entrepreneurial residents of York North with an interest in technology and provides them with the skills and knowledge required to become successful high tech entrepreneurs.

Through classroom training, skills development and concrete work experience, these young entrepreneurs develop the tools they will need to seek employment or create new businesses in this rapidly developing sector.

As these local examples demonstrate, the private sector is our greatest and most appropriate medium for innovation. Canada's youth are our strongest foundation for our future. The framework is in place. The economic environment is improving. The partnerships are proving successful. We are following through with our commitment to providing opportunities. Canada will not be left behind.

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, I agree that jobs are necessary. I agree with the parliamentary secretary who spoke previously. He sounded like a Reformer. It is not the government's job to create jobs but rather to create an economy that is healthy.

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I am concerned, though, that the budget offers no tax relief. The hon. member for York North spoke very inspiringly about students, the desire for jobs, the desire of the government to create jobs, the desire of the government to make sure jobs are there, technology and everything like this.

There is no tax relief and yet the government is trying to create a climate that will encourage businesses. I heard the Prime Minister say to businesses: "Now it is your job. You go ahead and create the jobs, we have done what we can do". I am a bit confused because it is very difficult for the market, for a health economy to exist if there is no tax relief.

How will businesses have the finances, the will, the profits? How will they create these jobs? Where will the consumer confidence come from? I would like a realistic answer from the hon. member for York North.

The budget did not create that confidence. It did not build the economy. It did not give us any indication that now there will be a lot of jobs for students. I feel it is the economy that has to have some kind of encouragement. I did not see that in the budget.

I wonder if the member could please explain to me how, with no tax relief, businesses will suddenly get all this inspiration and turn things around in the economy and offer the jobs the government feels they should.

Mr. Bevilacqua: Mr. Speaker, I thank the hon. member for finding my speech inspirational. One of the reasons I delivered it was to make sure people across Canada understand that when people come together and pool the resources available we can bring about positive change to people's lives.

• (1735)

One of the things I do not agree with is that somehow Canadians are lacking confidence. I know that when I speak to Canadians from coast to coast what they are telling me about the government is that for the first time in a long time they believe our budgets.

We are telling them we will reach 3 per cent of GDP on the deficit. We will be going down to 2 per cent. They also gain a lot of confidence from the more than 560,000 jobs that have been created since the election on October 25, 1993. That is good news for Canadians. They understand that we have low interest rates and that the fundamentals are there for small business to create those jobs.

I agree with the Prime Minister, the Minister of Finance and members of my caucus who are saying to the small business sector and to the business community that they have to join with the rest of the Canadian family to generate the jobs required, in particular for our young people.

I cited a couple of examples of the type of work I have been doing in partnership with local stakeholders in my riding which is

are actually creating jobs for people. We live in an era of constant change. The old rules simply do not apply. We need to be creative and innovative to generate the type of job creation Canadians are calling for.

I do not view this in a very self-defeatist way. The people in my riding of York North are quite excited about the change that is occurring. That is why initiatives like the Vaughan Technology Enterprise Centre, the York Region Strategic Alliance and the recent activities with one of our major corporations, TetraPak, are bearing fruits and bringing about change.

It is the responsibility of all members of the House to join forces with local stakeholders to create those much needed jobs for the Canadian economy.

[*Translation*]

Mr. René Laurin (Joliette, BQ): Mr. Speaker, this week's budget is nothing new. There is hardly anything to talk about, since this budget contains no measures that are really new. We realized that, for the next few years, the government has decided to ride the wave that brought it to power in 1993 and to stick with the measures that had been decided at that time—some of which, it must be said, were unpopular. The government has decided that, since these measures were announced two years ago, they did not have to be modified or supplemented by other measures.

In other words, the government is thinking that the blows it dealt to Canadians—some of whom it even clobbered—have caused enough pain, since some of the measures will come into effect this year. Some of the decisions made in the 1994 and 1995 budgets will take effect this year and others next year.

So, of course, the government is looking good, saying: "We will not impose any drastic, unpopular measures this year". No wonder, since those measures have already been announced in previous budgets.

At the same time, the government has decided that, by adopting this new budget, it will still impose measures, although these will not take effect right away.

• (1740)

These measures will be implemented in five years, so that taxpayers will not panic but think: "This may be bad news, but at least we have five years to prepare for it". We have five years to brace ourselves. It is as though people were saying: "Who knows? Many things can happen in five years, so perhaps there will be a miracle and today's bad news will not materialize in five years". This was the government's strategy in tabling this budget, which in fact is designed not to frighten anyone but which does not help improve the situation in any way.

Let us examine some of the measures one by one and see what great plans the government has. Let us start with the national debt.

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When the government was first elected, in October 1993, Canada's national debt stood at \$508 billion. Today, in the 1996-97 estimates, the federal debt is forecast to reach \$602 billion. Next year, last year of this government's rule, the debt will have risen to \$619 billion.

For most people, it is difficult to imagine an amount of that magnitude. What does \$619 billion represent? When you win \$1 million at the lottery for example, you know that \$1,000,000 is this figure with six zeros. When you deal with billions, one billion equals one million millions. The government debt is 609 times one billion. Just in the past few years of Liberal government, since 1993, this debt has grown by \$110 billion or \$112 billion. That is a lot of money.

If the government managed to save, say, \$5 billion—or five million times \$1 million—every year by making sure that its income was \$5 billion higher than its expenditures in its budget, at that rate, by putting \$5 billion per year toward repaying the amount by which the debt has increased so far during the Liberal government's mandate, it would take 21 years to repay. This means that, in four short years, the Liberal government has moved us back 21 years. And that is just for the debt incurred over the past four years.

Now, if we were to apply this to the total debt, which is \$620 billion, or \$619.7 to be more precise, and decided tomorrow morning to repay this debt, by managing wisely, at the rate of \$5 billion per year—That is a lot of money, you know. In the past 25 years or more, we have never managed to save that much in just one year in Canada. Every year, for 20 or 25 years, we have accumulated budget deficits. Instead of accumulating surpluses, we accumulated deficits. This means that we spend more than we save.

• (1745)

Let us assume for a moment that the reverse is true and that, tomorrow morning, through sound management, we were able to save \$5 billion and use that money to repay the accumulated debt of \$620 billion. It would take, listen to this, Mr. Speaker, 120 years to pay off Canada's current debt. So, 120 years to repay the debt. Needless to say that none of us will be around to see that. I do not even want to think about it, because it would be so appalling. It just does not make any sense.

Imagine how much hope and determination one needs to say that this country needs, for the next 120 years, budgets that will allow it to save \$5 billion. Right now, we are not able to lower the debt. We barely manage to marginally lower the deficit. And we do so through artificial means. The government says: "The deficit went down from \$42 billion in 1993-94 to \$24 billion in 1996-97, an \$18 billion reduction". However, there is still an extra \$24 billion added on to the debt. Next year, we will look at 1997-98. It is anticipated the deficit will then be around \$17 billion.

How did the government manage to achieve these deficit reductions? It did not do so by spending less but, rather, by using two main strategies. First, it gives the provinces less money than it used to for social programs and services, health and education being the main ones. This year, in comparison to previous years, the provinces will suffer a \$2.5 billion shortfall. Next year, it will be \$4.5 billion, for a total of \$7 billion.

For Quebec, this means a shortfall of about 25 per cent. In other words, this year our province will receive about \$650 million less in transfer payments. Next year, the shortfall will be about double that amount, that is \$1.2 or \$1.3 billion.

At this rate, I am not sure that many people would still say that Canada is the best country in the world, as is so often claimed by the Prime Minister. At the rate of \$5 billion per year, it would take 120 years to pay off our country's debt of \$620 billion. If this is the best country in the world, I do not want to hear about the others. It must simply be terrible. Imagine, if that is what the finest and the best looks like.

Clearly, the situation cannot continue as it is, and clearly the government's presentation of the budget in this form is what the leader of the opposition has most aptly called a cosmetic operation. It is an operation which seeks to disguise, to cover up, the magnitude of our economic ills. It is an operation aimed at making people forget that decisions were made two years ago from which there can be no going back. It is also an attempt to make people forget that decisions made to-day will kick in in five years time, whether we like it or not. Which ones are they?

I am referring to the Canadian Social Transfer. This is \$7 billion, and we know that implementation has begun. The government has not had to make any new statements; they know that there are \$4.5 billion that will not go out to the provinces this year. I had started to talk about how that was financed, as the government knows very well.

• (1750)

I said that the government was financing this, financing the reduction of its deficit in two ways, but I gave just one.

I spoke of the Canadian Social Transfer, where it recovered \$7 million, but there is another way. When the federal government decides to collect money, I do not think it can be trusted. As soon as it gets its grubby little hands on some money, you cannot be sure what it will do with that money. Think of what happened to Canadians' unemployment insurance contributions.

There was a time when the federal government participated in the unemployment insurance fund, putting money into it to help out those who were unemployed. However, in recent years, the unem-

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ployment insurance fund has been fed only by employee and employer contributions. Only those who work pay in contributions, with their employers. This money is what is will be used to pay unemployment insurance to those who, unfortunately, are out of work.

Now in the past two years, the unemployment insurance situation has improved so significantly that a sort of unemployment insurance profit has been made. In other words, more money is coming in from workers and employers than is being paid out for unemployment—\$5 billion last year.

In all fairness, this figure of \$5 billion should go to the workers and employers from whose pockets it all came. However, as employees and employers trusted the government, they have said: “You are a trustworthy body, you will collect this money for us and will keep it in reserve, in the bank, and when you need it, you will give it to us for the unemployed”.

The government, which already had this responsibility, decided to keep it, of course, because that would also allow it, until the money was needed, to make whatever use of it it felt justified.

When you put money into the hands of someone who needs it, is it not a great temptation for that person to use the money until the unemployed need it? Since the government is running a deficit, and needs money to look good, to be considered a good manager, when it sees \$5 million not being used, it grabs it saying: “I will pay it back later, if the unemployment insurance fund ever runs a deficit”.

In other words, when employers and employees decided to put their UI contributions into the hands of the government, without reservation, it was as if the fox had been put in charge of the henhouse.

The English have a another way of saying that. The Minister of Finance, who comes from Quebec, often uses the expression: “Do not put the rabbit in charge of the lettuce”. For Quebecers who may not have understand, it means that to keep the lettuce, we should not give it to the rabbit or else, when time comes to eat the lettuce, there might be some missing.

● (1755)

That is roughly what happened with the unemployment insurance fund: the government acted like a fox, or like a rabbit in front of a box full of lettuce. With its growing appetite—and we know how voracious the government can get—it took a large helping. Indeed, it took \$5 billion paid by workers and employers and said: “With this, I can reduce the deficit by \$5 billion”. Adding \$5 billion to \$7 billion, we get the \$12 billion that are not being transferred to provinces: “Mission accomplished, we have reduced the deficit by \$12 billion”.

That is why, in the budget, the government did not change a thing in its approach, in the way it collects UI premiums and in the way it pays UI benefits. If the government had wanted to, it had an ideal opportunity to take advantage of the situation to create jobs. Here is \$5 billion paid by workers that are not used for unemployment insurance. It could have taken this opportunity to lower UI premiums, which would have left in the economy \$5 billion more that could have been used to create new jobs. The government should have jumped at this opportunity, if it had been sincere, having promised during the last election campaign to create “Jobs, jobs, jobs”. It had the opportunity to create jobs, but it did nothing. It did not jump at the opportunity. Instead it jumped at the opportunity of making a good show.

Why is the government trying to improve its image these days? Why does it need so much to improve it? Government members, from the Prime Minister and the Minister of Finance on down, surely watch television. They must watch television. They must see what is going on in the other provinces. They must see what is going on in their own province, in some cities, when the government announces measures that will affect the underprivileged.

I wonder if the government is not paving the way, just in case it might no longer be able to run the country in a few months from now. The Axworthy reform, which was withdrawn at prorogation, is a bill which the government is trying to reinstate right now. This reform is not all that popular. Thousands and thousands of citizens, people from the provinces of Quebec, New Brunswick, and Ontario, are complaining about this reform, calling it inhuman because it mostly picks on the less-privileged.

Could it be that the government that is about to reinstate this bill, which will surely prove to be very unpopular, is trying to rebuild its image just in case it has to call an election? It could be. The government might have to call an election because of its unpopular measures, so it might be thinking: “Maybe we should start preparing some ground work here.”

It is a pity that I only have a few seconds left, Mr. Speaker, because I have so much more to say, but I will rely on my hon. colleagues to take part in this debate and decry not only the government, but also the budget, which, as I said before, does nothing to correct the disastrous debt and employment situation we have in Canada.

Mr. Paul DeVillers (Parliamentary Secretary to President of the Queen’s Privy Council for Canada and Minister of Inter-governmental Affairs, Lib.): Mr. Speaker, I have an opportunity today to comment on the government’s budget and to highlight its main components which, I believe, will benefit all Canadians in the short and long term.

I would first like to commend the government—unlike my colleague from across the way—for respecting the voters’ will,

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which was clearly expressed as regards taxation. Canadians do not want any tax hike, because they believe that they are already paying their fair share of taxes.

• (1800)

The government has chosen to fit this tax freeze into an overall strategy which consists in guaranteeing our financial future while continuing to put our public finances in order. In this regard, the 1996 budget is consistent with the 1994-95 budget, and this will enable us to reduce the deficit to \$24.3 billion in fiscal 1996-97 fiscal year, or 3 per cent of the GDP. This development shows that the Minister of Finance will undoubtedly meet his deficit reduction targets.

Given the delicate state of the Canadian economy at the present time, the federal government could have opted for harsher measures. In fact, some provincial governments, such as the Ontario government, have chosen this path which, I think, does nothing but exacerbate the economic problems we face. The Liberal government rejects any solution based on ideologies that are narrow and prejudicial to Canadians. Our attitude toward the economic changes that have to be made is one of pragmatism and fairness to all levels of our society.

I will give as an example the Canada Health and Social Transfer, which will benefit from secure, stable and increasing funding over five years, receiving \$25.1 billion the first two years and an increase based on economic growth for the next three years.

I will say that, contrary to what some sovereignists are saying, there is no new reduction of transfers to the provinces. This criticism is unfounded because it refers to the reductions announced in the 1995 budget. On that subject, I would like to indicate that those reductions from the 1995 budget represent 3 per cent of provincial revenues, not the astronomical amounts mentioned by our critics.

The most disadvantaged in our society will not be forgotten in this budget and by this government. Budget cuts will not be made on the back of students. All Canadians can count on stable funding for health insurance.

Do these measures aimed at securing the future of social programs come from a government that could not care less about the well-being of the community? Do these measures bear the mark of this economic laissez-faire, both unbridled and lacking in social conscience? No. These measures show the will of the government to guarantee the social programs that Canadians presently enjoy while allowing for fiscal consolidation.

[English]

I was quite pleased by some of the measures announced by the finance minister. He announced two specific improvements that will benefit children. One measure will see the child care

deduction extended to passive income such as unemployment insurance.

I had proposed this amendment to the finance minister which was spurred by the experience of a co-operative education student and constituent, Ms. Janet Lewis, who worked in my office. She was on unemployment insurance at that time and therefore could not claim the child care deduction even though she needed child care in order to get her high school diploma. This inequity has now been addressed in the government's budget.

[Translation]

I would also like to mention that the new budget will give \$250 million more a year in supplementary assistance to some 700,000 low-income Canadian families, a third of which are single-parent families.

• (1805)

This is quite significant since the earned-income supplement under the child tax benefit will be doubled in the two next years, going from \$500 to \$750 in July of 1997, and to \$1,000 in July of 1998. Let us not forget that our children hold the future of our country in their hands and that child poverty represent a threat. I think that that initiative will bring more social and economic equity in Canada.

I noticed with pleasure that the government dealt with the situation of youth on the job market by reallocating funds from other programs to the Student Summer Employment Program. That is a step in the right direction. Nonetheless, I hope that the government will take more initiatives to create more new jobs for all Canadians.

[English]

In this regard several initiatives come to mind. The government's infrastructure program is a fine example of job stimulation, obviously benefiting the workers who obtain direct jobs from the project but also the economy as a whole. The future continuation of this program would, I believe, be beneficial to Canada's economy.

A project to stimulate the construction industry would also go a long way on the job front. This project, apart from the creation of construction jobs and industry spin-offs, would also contribute to the social development of communities, allowing the government to kill two birds with one stone.

[Translation]

By bringing changes to old age pension benefits, the government is once more confirming its support of the principle of equity by better targeting benefits in order to give better support to low income Canadians and by reducing or eliminating benefits to high income seniors. Liberals have not forgotten the concept of a just society. They stand by it and have shown it in the budget.

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Need I mention, as many hon. members already did, that the new seniors benefit will be tax free and fully indexed?

This budget is based on a sense of moderation. It will allow the government to reach its goal of fiscal consolidation. In fact, the government acknowledges the need to put its fiscal house in order but not at the expense of a just society.

Economy is only a means of making society work. It is not an end per se and should never be.

Mr. René Laurin (Joliette, BQ): Mr. Speaker, I did not have time to say everything I wanted before and this gives me the opportunity to ask a question of my colleague opposite who praised the measures proposed by the government.

He did not say much about the measures proposed by the government in its budget with regard to corporate taxation. For months and years now, the Bloc Québécois has been asking the government to act to ensure that all profitable businesses pay at least a minimum tax. We are not talking about start-up businesses which are struggling and losing money, but there are thousands of businesses in Canada, some say between 60,000 and 70,000, which have been profitable for years and which are still not paying a cent in taxes because of the existing Canadian legislation.

We learn in the budget that the government is creating a technical committee to review business taxation. It will carry out studies to determine the appropriate level of taxation. Should corporations be paying more taxes or less? Should tax shelters be revisited? Should they be eliminated or should new ones be created? What should become of tax havens, for example?

• (1810)

The government announced the creation of that committee in its budget and said that seven or eight experts would be members of that technical committee. There will be university professors, chartered accountants, scientists and some experts who already manage funds in tax shelters because they have offices in tax havens. These people will be members of the committee and will advise the government on the approach it should use.

The finance minister said, at lunch time today, that it is normal to consult people who know about tax shelters if you want to get some adequate recommendations. If we were to push the comparison a bit, we could say that it is like creating a Hell's Angels committee to help the government change the legislation on organised crime. We have almost gone that far.

I would like to know my colleague's opinion on these measures his government wants to implement.

Mr. Paul DeVillers (Parliamentary Secretary to President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I thank my hon. colleague for his question.

I totally agree with him that businesses should pay their share of taxes to the government. In his question or comments, he indicates to us that he is not satisfied with the membership of the commission, but that is only a beginning. I am sure the government will try to find ways to settle its matters so that large businesses pay their share of taxes.

[English]

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, I am sharing my time with the Parliamentary Secretary to the Minister of Human Resources Development.

The residents of Etobicoke—Lakeshore join me today as I stand to participate in the discussion of the 1996 Liberal budget. This is a budget which clearly demonstrates the government's ability, not only to listen but, more important, its ability to act.

In my town hall meetings, in discussion with community groups, and my regular meetings with various community leaders, the message has been consistent: maintain vital social programs but reduce the deficit with spending cuts, not tax increases. This is the message that my constituents in Etobicoke—Lakeshore told me to bring to Ottawa.

Without digging into the pockets of Canadians, the budget has managed to offer something for everyone. It reinforces a secure, stable and growing system of federal support for medicare, post-secondary education and social assistance. At the same time it re-emphasizes jobs and economic growth while creating investment in three priority areas; youth, technology and trade. These areas are essential to future jobs and future growth in my constituency.

I invited 50 of my constituents to meet with me this morning to hear what they had to say about the 1996 budget. I held a forum in order that we may continue on in our important dialogue, addressing the needs and concerns of our community. We met and we will continue to meet because a budget is not an end in itself but a means to a better future for all Canadians.

I would like to take this opportunity to tell the House that my constituents were very pleased that the Liberal government, for the third consecutive year since its election, has not introduced personal income tax increases. Businessmen and businesswomen drew more encouragement from the fact that no new corporate taxes were introduced.

Many of my constituents wrote to me and expressed their concerns about gasoline taxation. I remember letters from Mr. Victor Rowland, Mr. and Mrs. William and Jean Christie, Mr. and Mrs. Andy and Theresa Manuel, about gasoline taxes. They were

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told this morning that their voices were heard. The government did not increase the price of gasoline or any other excise tax. Less taxes translate to more money in the pockets of individual Canadians. Etobians and other Canadians have every reason to be encouraged by the fiscal process the government is making on the national agenda.

• (1815)

The Minister of Finance reaffirmed our deficit reduction plans in the House. We have delivered on the red book commitment to reduce the deficit to 3 per cent of GDP, down from the 6 per cent that existed when the government took office slightly over two and a half years ago. Over the horizon we can already identify evidence of the inevitability of the new 2 per cent goal.

Fiscal progress should always be a means to greater public ends, to lower interest rates, to more jobs, to a more prosperous and secure Canada.

Of equal importance, our fiscal progress will better enable us to move forward on other priorities and issues so important to our citizens. Clearly one of those high priorities must be the preservation of Canada's network of social programs. These are programs which offer life long protection to Canadians. These programs have helped established us as one of the most envied nations in the world.

To achieve that end, as the Prime Minister promised, we had to provide a long term funding arrangement for health and social programs that is growing, stable, predictable and sustainable. The Canada health and social transfer was introduced in last year's budget as the single largest federal means of providing financial support to provinces for health care, for secondary education and social assistance.

One of my constituents, Ms. Barbara Center of the Lakeshore area multiservice program, which in Etobicoke we fondly call LAMP, articulated her concerns on the effects of possible reductions in federal transfer payments for health care at my Etobicoke—Lakeshore prebudget consultation in early January of this year. She will be pleased to know that not only the present parliamentary secretary to finance but also the Minister of Finance heard her remarks.

My constituents are pleased to hear that the 1996 budget now acts to extend the CHST, and furthermore that there will be no further cuts to the CHST. Following consultations with the provinces, the new budget sets out a new five-year funding arrangement for the CHST in which transfers grow and the cash component is stabilized and increased over time.

The CHST entitlements will grow from \$25.1 billion to \$27.4 billion over the next five years, an actual projected increase of \$2.3 billion higher than in 1997-98. This will mark the first time the

federal government has taken action to increase the growth in these transfers since the age of restraint instituted in the mid-1980s.

It is also important to note that the government will legislate a floor to provide a sound guarantee that cash transfers will never fall below the \$11 billion mark at anytime during those five years, and this is important for us. These proposals demonstrate the Liberal government's strong commitment to secure Canada's health system and social safety net and to build a renewed social and economic union. This is a system that many Canadian seniors have helped to build.

In this light, the 1996 budget takes the necessary action to safeguard the public pension system not only for present seniors but also for our youth who will one day become seniors.

Our system faces many challenges. Canadians are living longer and hence receive pension benefits over a much longer period. There will be fewer working Canadians to support the escalating cost. These factors and others will increase the cost of our public pension faster than our capacity to pay for them unless we act.

The government in partnership with the provinces and territories has already launched a major public consultation program on changes needed to the Canada pension plan.

The Ontario Coalition of Senior Citizens was also represented and did submit its concerns at the Etobicoke—Lakeshore prebudget consultation. The coalition will appreciate knowing that while the OAS and GIS programs have been subject to taxation, the new seniors benefits will be completely tax free. They will incorporate the existing age and pension income tax credits. Seniors will not have to report the benefit on their tax forms. Furthermore, payments to couples will be made in separate and equal cheques to each spouse. As the benefit will be fully indexed to inflation, a vast majority of seniors will be better off.

• (1820)

It should be emphasized that savings will come from slowing the rate of growth in program cost, not at the expense of those in need. While the savings at first will be small, they will build year by year to about 11 per cent of program cost by the year 2030.

Public consultations will be held on legislation which will be introduced in the future. We are ready to participate. The constituents of Etobicoke—Lakeshore can be assured that I will once again offer their input toward the construction of a more sustainable public pension system. Their participation is critical to us as we move forward with these changes.

I end by underscoring my belief that the government is on the right track. In 1993 we ran on a balanced platform. We made a commitment to restore fiscal sanity to the country while focusing our efforts on protecting vital programs and improving opportunities. The budget shows we are firm in our resolve. The federal deficit will continue to decrease and the economy will continue to

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grow. Most important, I am especially pleased that we are not cutting spending on the backs of those who can least afford it.

I am confident that as I continue to discuss the budget with the residents of Etobicoke—Lakeshore they will support the measures the budget proposes to secure Canada's social and financial future. I therefore call on all of my colleagues in the House to join with the government in support of the budget.

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, I remind the hon. member that the budget offered no tax relief. It was not a balanced budget, which we had hoped for, at least for 1997-98, which we certainly could have achieved.

The debt is climbing at a tremendous rate. The debt was not mentioned. We keep talking about the deficit. The deficit may be decreasing but the deficit could also disappear if it were handled correctly. What about the debt? The debt is growing. What are we doing about the debt? That is the serious issue.

In particular, the hon. member mentioned there were no tax increases. The new child support package, which will come into effect on April 30, 1997, raises some concerns which relate to what I call tax increases.

One of the concerns is no deduction, no inclusion. That is the new role of the day. The parent paying support will no longer have an incentive and so they might default. It might be easier for them to default now. It probably will happen. Wonderful people that they may be, these are difficult times.

If this is the case, we may see that it will be more difficult for them to find the money. If the incentive is not there for deductions, we may see this occurring. We may have a new social problem erupting before our eyes, or rather an increased one because some of that occurs right now. It may be an enlarged social problem which will come about. That will make it very hard on the parent trying to support a child and counting on that support.

If the person paying support no longer receives a deduction, that is a tax increase. Therefore I disagree that there are no tax increases.

Will this cause a present problem to become larger, requiring more taxpayer dollars to be spent as a watchdog or as a guideline to keep these people paying? That will be costly to the taxpayer. Who pays when the courts get involved? The taxpayer. That is a tax increase.

The second concern with respect to the new rules announced is that the Minister of Finance can make it retroactive. I fear this will open the flood gates for more litigation. Either the payer or the recipient could sign and file for change. That will lead to enough litigation among family law lawyers across the country to ensure

that very few of them will be sitting idle. Who will pay the cost of the court cases or even of the new actions which may succeed with mediation only? That is another tax increase.

Nothing in today's world is as costly and expensive as court cases. Courts are expensive and divorced parents have enough hardships to overcome. Do the children want to be reinvented in more hassles this litigation will open up? They do not need to put in more time, more energy, wasted energy, that this new legislation will make possible.

• (1825)

I realize we have a problem right now with the legal profession. The *Globe and Mail* the other day stated some lawyers are not able to pay their fees to the law society. I can see this being a major problem.

However I am concerned that this almost seems like an attempt by the government to open up a flood gate, and so now we have all these new cases and for what purpose? I wonder if the member could comment on this. How does she feel this legislation will help people?

Ms. Augustine: Mr. Speaker, the premise of the member's question underlies the point that divorce and the courts are really a way to accept responsibility for children.

I ask the member to look very carefully that within marriage itself and within the responsibility parents have for their children, that responsibility has to be first and foremost, not looking at the legal system and the taxation system as the way and the means to bring about resolution to the responsibility parents have to support their children.

It is also interesting that Reform members look at the budget, a budget that contains so much, a budget that speaks to so many issues, and focus on the negative aspects. Instead they should pull from it some of the things we need as Canadians, as a community and as legislators to work together and to move issues ahead.

The budget provides the parameters. The legislation that will follow and the support through the taxation system will help confront the social problems that face us. We must focus on the problem of poverty among youth and among children, rather than seek to redress to every ill through the taxation system.

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, I am proud to rise in support of the budget tabled by my colleague, the Minister of Finance.

In the 1996 budget we have tried to reflect the commitments we made during the 1993 election. To the House and to all those listening in Kenora—Rainy River and across the country, it

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continues to put our fiscal house in order and promotes our job and growth agenda.

We all know and have to continue to emphasize that when we came to office we inherited a deficit of \$42 billion, 6 per cent of GDP. We stayed firm in our commitment to reach an interim goal of 3 per cent of GDP within three years.

To meet this goal we embarked on the most thorough review of government programs and spending ever seen in Canada. As the Minister of Finance pointed out yesterday, it would have been quite easy to balance the books in one year. We could have taken the Reform Party's approach and simply hacked away at the most vulnerable in society.

Fortunately, though, we are not the Reform Party. It tries to hide its lack of ideas by irresponsibility and spouting out simple solutions to complex problems. We take our responsibility to all Canadians very seriously. We do not try to offer easy answers because there are not any.

We have met our commitments to Canadians. Through our balanced approach we have brought government spending to its lowest level of GDP since 1949. At the same time we have maintained vital programs like health care which some members across the floor would be happy to abandon.

We have not only met our deficit targets, we have exceeded them. This budget sets out a 2 per cent deficit target for 1997-98. We are on the way to a balanced budget. We will not stop, I assure the House, and the finance minister has reiterated this, until we get there.

• (1830)

Cutting is not an end in itself. It is a means to an end. We on this side of the floor recognize that. Our management of the economy has seen interest rates fall dramatically, a vital component of job creation which some people seem to forget. As a result, more than half a million full time jobs have been created during our mandate.

Some of us who are little bit younger may not be as wealthy as some of the folks across the way, but just think about this for a moment. If the average homeowner with a \$100,000 mortgage were to factor in the changes in the interest rate for the last two years that have been possible by the changes that this government has made, the savings would be \$2,400 a year. That is a significant amount of money for someone who has a mortgage. That is as good as any tax cut, the ability to say to the millions of people who have mortgages that they have saved a tremendous amount in interest payments because of the good fiscal management and policies of this government.

We recognize that we can and should do more. The budget sets the wheels in motion after the first two budgets cleaned up the Tory mess. We are going full steam ahead to provide opportunities to Canadians.

I do not have the time to go into the full details, but I want to touch on some of the key points in the budget that was presented to Canadians yesterday. The first point is youth. Young people today face great challenges both in financing their education and in finding their first job. The budget marks a major commitment to youth. Tax benefits for full time students are being increased. By doubling federal funding for summer jobs, an extra 30,000 young Canadians are being provided the opportunity to finance their education.

The government is building on the successful youth internship program and committing an extra \$315 million to work with the private sector to create youth employment. Some people across the way might think that is small potatoes and something to sneeze at, but for young Canadians who know how difficult it is to get their first jobs that kind of help is welcomed news. By investing in our youth I can assure hon. members that the government and most Canadians believe we are building a stronger future.

We are also helping Canadian families, especially the working poor. Parents who want to upgrade their education and find better jobs will now be able to claim child care expense deductions. This includes parents who show the courage to return to high school. By changing the child support system, we are doubling the working income supplement of the child tax benefit. This will benefit more than 700,000 working Canadian families. This support for the working poor is one of the values that makes me proud to be a member of the government.

It is very easy to say cut and slash until the budget is balanced. However, we all know and I am sure you know, Mr. Speaker, that in your riding there are many poor people who could not survive the kind of quick action that some parties in the House advocate.

We are also showing a dedication to seniors now and in the future by introducing the new seniors benefit. By targeting resources to those most in need, benefits for seniors with incomes below \$40,000 will be maintained and increased. Our seniors built this country and the government will fight to protect their independence, their benefits and their dignity from those across the floor who want to leave them twisting in the wind.

I come from a relatively lower than middle class riding in northern Ontario. These kinds of changes are going to improve the positions of the vast majority of seniors who I represent. I would have thought that people across the House would have been quick to get up on their feet and say that this is a welcome change and something of which all parliamentarians should be proud, that we have made seniors more secure in their golden years.

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● (1835)

I am also proud that we have set out a plan which will not only stabilize but will increase transfers to the provinces for health care and post-secondary education. After all, our party created medicare and will not see it destroyed. That commitment is what differs members on this side of the House from other members.

I would also like to touch on aspects of the budget that will directly affect rural Canada. As a rural member of Parliament I have spoken many times in the House and in caucus about rural Canada and its unique problems, as opposed to the problems some cities have.

The community access program helps rural and isolated communities develop and expand Internet access. In northwestern Ontario it is a real opportunity for us to overcome our isolation and compete with the world. This program has already benefited several communities in my riding, including Ear Falls, Ignace, Sioux Lookout and Dryden. The budget provides an extra \$30 million to the vital program and I applaud the Minister of Finance for this.

Sometimes the very basics of infrastructure that people from major centres take for granted do not exist in the rural parts of the country. For us in rural Canada to compete not only with our friends in some of the major centres in Canada but around the world we must have the tools.

Private sector companies like Bell Canada will not put that kind of investment into rural Canada because there is no return on the investment. Therefore the government has a very legitimate role to play. I applaud the Minister of Finance and the government for recognizing that without government help these links would never take place.

Another vital sector that members have heard me speak about on several occasions is mining. The rural caucus my colleagues and I belong to has spent many afternoons and evenings in meetings with various ministers trying to convince them of the need to help the mining sector.

The new tax provisions concerning flow-through shares and capital cost allowances will spur exploration and investment. Rural Canada has been asking for these measures and the government has responded to the need.

Finally, the budget allows a 2 per cent increase for Indian Affairs and Northern Development. I know the members of the Reform Party are going to criticize that increase. Before they do, they should learn a little history. They should visit some First Nation communities and have their blinders removed.

There are 46 First Nations in my riding, more I believe than any other riding in Canada and I am proud to represent these First Nations in the House. I have seen firsthand the poverty and despair

brought on by decades of neglect and mistreatment by governments of all stripes. I have also seen the determination that First Nations have to take control of their destiny and break the cycle of despair.

We cannot rewrite history, but we can and must help toward a better future. Through our commitment to aboriginal Canadians we are writing a better future. I quite frankly applaud the government for recognizing the poorest of the poor in our country.

In conclusion, we have listened to the Canadian people. We have reduced spending. We have held the line on taxes. We have protected and enhanced the programs and benefits that provide opportunity for Canadians.

The Minister of Finance has lived up to his commitment and I want to congratulate him. Once again, I reconfirm that I support the budget and the government. We are on the right track and we are going in the right direction.

Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.): Mr. Speaker, I want to compliment the distinguished presentation from my colleague from Rainy River. I thought I should seize the opportunity just in case the opposition did not see the wisdom of this budget and the wisdom of the member's presentation.

We have to remind the opposition what the finance minister meant in his budget speech when he said: "We must never let the need to be frugal become an excuse to stop being fair". That sums up the essence of the 1996 budget. We have stayed the course of fiscal health while at the same time focusing attention on the needs of all Canadians. The government has demonstrated a caring sensitivity all along.

● (1840)

I liked the creativity of the hon. member's presentation when he used a concrete example. He talked about the savings that each one of us have on mortgage payments. I still have a mortgage to pay. Maybe members opposite have fully paid for their homes but I, like most Canadians, have not. Savings like these are real savings to Canadians and we must not lose sight of that fact. That is a mark of the government's caring and compassionate commitment to Canadians.

Speaking of another mark of the government, it was stated in the budget that there will be a health services research fund. That is a mark of the creativity of the government. It ensures that our health care system is the best in the world, not only in the quality of care, but in the efficiency and the effectiveness with which we deliver the system.

The hon. member for Rainy River told us about the attention, the focus and the commitment to the youth, the students and the seniors of the government. All are hallmarks of its caring soul. I

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compliment the member on his excellent speech, seeing that the opposition hesitates to do so.

Mr. Nault: Mr. Speaker, I want to thank my colleague for his kind remarks.

One of the things that has intrigued me the most about some of the comments members of the third party have made is that they keep saying the government did not cut taxes. Why did it not? They say it would stimulate the economy.

I want to quote a politician that the opposition knows very well, Premier Klein of Alberta. He has given advice to another friend of ours, the premier of Ontario, on the issue of making major tax cuts as part of his overall game plan.

I want to put it on the record because I think this must be the only group in Canada that thinks you can make these tremendous changes and reduce the deficit and get it under control while at the same time cut revenues by 30 per cent, as Mr. Harris has suggested.

Let me read the advice that Mr. Klein gave to Mr. Harris the other day, as quoted in the *Toronto Star*. "Harris is wrong to be planning to cut taxes at the same time as he is cutting government spending. I think he is going to have real difficulty doing both. Here in Alberta we never even contemplated a tax cut. Our focus was entirely on eliminating the deficit".

I concur with that. I believe that anybody who thinks that Mike Harris is going to give Ontarians a 30 per cent deal with his fiscal problems is smoking something that is illegal in Canada.

I cannot believe that the members opposite keep suggesting to us that we have not done a good job with our budget because we did not give a tax cut. I just thought maybe the members would keep in mind that their friend in Alberta disagrees with them.

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, I am pleased to take part in this debate.

Before I begin my comments I want to say this. I am sure that Premier Harris of Ontario will be delighted at the words of wisdom that have been passed his way by a member of the government which is running up the largest deficit in this country's history.

The Liberals are running up a debt of over \$600 billion. They talk about their concern for our children's future. They have just mortgaged it to the point where our children will not have the opportunities in their future years that we have had. I am sure Mr. Harris will take that remark on the basis of where it came from. I speak tonight on this budget with our country at a crossroads, a country in a fiscal and unity crisis. It is a time in our history when Canadians are looking for leadership, vision, hope.

• (1845)

That was reflected in the year end poll that was reported in *Maclean's* magazine where Canadians' view of their future is at an all time low. That is after two years of the Liberal government. Canadians view their future with more pessimism than they have in 20 years.

After two years of the Liberal government we had a throne speech and a budget and hopefully a new beginning, a realization of the errors of the past and a move toward a new and brighter future. They both failed miserably in addressing that, unfortunately.

The Prime Minister started out in the throne speech by declaring to the world that the back of the deficit has been broken. I do not know of any business organization that agrees with that comment. The only back that has been broken up to this point is the back of the taxpayer. We have not broken the back of the deficit.

I will read from a letter that came from the president of the Canadian Chamber of Commerce. The Canadian Chamber of Commerce is a group of entrepreneurs, an organization that creates jobs in this country, an organization that wants to get this economy moving. On December 6, 1994 a letter to all members of Parliament and the Senate stated:

Last year through the aim for a million jobs survey our members told us in no uncertain terms that elimination of the deficit and reduction of the debt must be our number one priority if Canada's entrepreneurs are to create new jobs. The next federal budget will be crucial to the future of our country.

Tough choices will be necessary and despite the overwhelming consensus that the deficit must be cut, we fear that the cuts will not be deep enough. The finance minister's promise to meet his target of a deficit that is 3 per cent of GDP by 1996-97 is simply not good enough. The deficit must be reduced to zero by 1997-98. The consequences of the government not following through on this are unthinkable.

That is a survey of 6,000 entrepreneurs, the people who create the jobs we are looking for and which the government is failing to create. That is what the business community is saying.

There is nothing in this budget that will create jobs, jobs, jobs. There certainly is no hope for tax relief. There is no vision. There is no future that Canadian taxpayers can see in it.

This is not the first budget. This is the third budget this government has brought forward. The first budget did absolutely nothing. It was a stand pat, feel good, we do not really have a problem budget. That is after nine years in opposition. The Liberals were nine years in opposition. They finally come into power and they are not ready for it. They do not know how to deal with it. They do not even understand the magnitude of the problems the country was facing.

Along comes the second budget in 1994 and finally we get some realization that we do have a problem. They finally come to realize that there is a relationship between these deficits and this huge debt and job creation. In that budget we started to make some modest

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cuts, not nearly deep enough but at least we saw some hope that there is now a move in the right direction, that the government has made the connection that if we want to create jobs, if we want to offer tax relief to Canadians, we have to do something about our overspending and get our budget in balance.

This third budget has just dashed all those hopes that Canadians had. What we have in this third budget is time out, no more cutting. We will stand back now and just let things roll along. We are in a battle to save Canada, the most crucial budget in Canada's history, and what does the government do? It calls time out.

The government can call time out. It will quit the battle at this point but the clock keeps ticking. At \$1,000 a second, \$100 million a day we are deeper and deeper in debt while the government stands back and tries to decide what it will do. It just is not good enough.

This budget fails to deal with two main election promises. Those are jobs, jobs, jobs and the GST.

• (1850)

The infrastructure program was to be the answer to job creation. For month after month we heard what the infrastructure program has done to create jobs. It has been an absolute failure. Worse than that, it has put us \$6 billion deeper in debt. If it were half as good as the Liberals claimed it to be, I would have thought they would have reintroduced it. It has been deep sixed, as it never should have been introduced.

In the budget speech the finance minister delivered there was not a word about the GST. There is not a word about it because the Liberals are embarrassed about their inaction with respect to the GST. A lot of Canadians voted for the government on the understanding that it was to scrap the GST, not sugar coat it and not have it reborn under another name.

At least one member of the government has had the courage to stand up in public and say: "We were not true to our word. We did not do what we said we would". I applaud the hon. member for York South—Weston for saying that. A few other members have indicated their embarrassment. I hope they have the courage to stand up and say the same thing.

What we will not find in the budget speech but which is in one of the documents is a reference to the federal sales tax being harmonized. There was never any talk of harmonizing it, but that is what is coming down. That means we will have what is known as the LST, the Liberal super tax. We should mark our calendars. It is not far down the road. Canadians will not be fooled by the LST; a tax is a tax is a tax.

Let us take a look at exactly what was in the speech presented by the finance minister yesterday. On page 3 he very clearly outlined the problem. In his opening remarks he told us that he understood the problem under "Securing the Future". It is as clear today as it has ever been that Canadians do not want rhetoric from their governments. What they want is action. What they seek is real progress.

Seldom in our history have so many experienced such anxiety. Canadians feel their very way of life is at risk. They look at medicare and feel it is threatened. They look at the pension system and wonder if it will be there in future years. They consider the economy and worry that the gale force winds of competition and change will carry their jobs away. Canadians think about their children and ask what kind of opportunities will be left for them.

If there is one obligation before government today it is to do its part to address these deep concerns. It has to do what it must so that confidence can overcome anxiety and hope can replace the despair in the country today. The budget does not deal with those deep concerns.

Let us move on to page 4 under "Securing Our Financial Future". Here we get into the 3 per cent of GDP they keep heralding in speech after speech. I do not know who set that yardstick. It is no yardstick. The IMF and Moody's have both said it is no yardstick, that it is too low, it is not a realistic objective. What the government is saying by aiming so low is that it does not really understand the magnitude of the problem and it is not prepared to deal with it in a realistic way.

Page 6, paragraph 4, talks about getting budgets in balance:

No matter their political stripe, every single province and territory has as a primary goal the return to fiscal health. In fact, eight are expected to report a balanced budget—or even a surplus—for the fiscal year ending this month and the results are striking.

Striking results. It is right there. Why have the Liberals not received the message? There are striking results from getting the books in balance. They still have not committed to do that.

What he is saying in this document he is not prepared to do. Obviously he does not really believe it. However, it is right there. This is the blueprint.

On Page 7, "Principles for Securing the Future", paragraphs 4 and 5 state:

Second, our fiscal strategy will be worth nothing if at the end of the day we have not provided hope for jobs and for growth. We must focus on getting growth up at the same time as we strive to get spending down.

That is not happening.

Third, we must be frugal in everything we do. Waste in government is simply not tolerable.

• (1855)

We are about to spend \$675,000 advertising the \$2 coin, as if Canadians had any choice. If that is not a colossal waste of government spending I do not know what is.

On page 8 under the heading "A Measured, Responsible Pace":

Chronic deficits put the disadvantaged at risk, because it is they who suffer when the financial strength of government is so weak it can no longer reach out to those in need.

However, that does not mean that we share the view of those who think we should be going to zero deficit overnight.

No one said that. No one said we will get to deficit reduction overnight. We had a plan to do that in three years and it was achievable, but the government failed to realize it.

I will jump to the real tragedy in this document. It is on page 28 under the summary statement of transactions. The first line is the budget revenues. We show budget revenues going from \$116 billion to \$141 billion, an increase of \$25 billion. We then drop down to the deficit. The deficit declines from \$42 billion to \$17 billion, a drop of \$25 billion. The government is reducing the deficit on revenues, not on cost cutting, which this document is attempting to tell the Canadian people it is.

However, the real shame here is this net public debt. The government in its mandate is going from \$508 billion to \$619 billion of federal debt. I say shame. That is mortgaging our children's future and as a government it should be ashamed of itself.

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, I have the pleasure on behalf of the Reform Party of rising to speak to the budget. In doing so I will try to keep my remarks brief and to the point.

In the 1993 election the Reform Party ran on a proposal to cut the deficit in order to create jobs and to cut nearly \$20 billion in government spending over a period of three years. The Liberal Party ran on a program to create jobs by ignoring the deficit.

Let us look at what we actually have from the government after three years. I draw the attention of any Canadian who is interested to the budget speech. Skip through the first 27 or 28 pages, which is all bafflelegab. One thing we notice about this minister is that the less he has to say, the longer his budget speeches.

There were fewer proposals in this one than in the last two but it must have been the longest budget speech in history. When you get to the end, look at the four pages at the back because they provide a statistical summary of the budget that has most if not all of the relevant information for most Canadian taxpayers.

From 1993 to 1998 the deficit is projected to fall from \$42 billion to \$17 billion, a drop of \$25 billion. How is that achieved? Revenue will rise in the same period by \$25 billion. This is the

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government saying it has no tax increases but revenue is rising as a percentage of the economy.

However, if we have a \$25 billion revenue increase and a fall in the deficit of \$25 billion, why do we have any spending cuts at all from the government? Why do we not have a balanced budget?

We have an increase in interest payments of at least \$11 billion. I say at least because most of that has already been achieved and it will continue to rise. One of the ways the government makes the deficit look like it is to continue to fall is by insisting that interest payments will taper off, that we will have lower and lower interest rates, but that is the best case scenario.

Interest payments have already risen \$11 billion, and so the government has been cutting over this period. By the end of 1998 it will be cutting \$23 billion in programs and will still have a deficit of \$17 billion. That is an interesting figure, \$23 billion, because that is more than the Reform Party had proposed to cut in the 1993 election. It is because the \$100 billion in debt the government is adding, it is the cost of its delay and the cost of fiscal mismanagement. By the way, the debt at this moment and in the next year at least and probably the year after will continue to grow faster than the economy.

• (1900)

Now the Liberals tell us they have targets. The targets are outlined in the budget. We just had a deficit of \$32 billion. It will be \$24.3 billion next year and the year after it will be \$17.7 billion. This all sounded very familiar, so I asked one of my researchers to get me the 1991 Tory budget presented three years into the Conservatives' last term of office. Guess what the 1991 Tory budget stated. The deficit that year was \$30.5 billion; for the fiscal year beginning in 1992, the projection was \$24 billion; in 1993 it was \$16.6 billion. It all sounds familiar.

Mr. Campbell: And did they get there?

Mr. Harper (Calgary West): The parliamentary secretary asks if they got there. No, they did not get there. And there is no guarantee we will get there this time either.

The last government did not get there because it did not have a plan and because everything it did was eaten up by increased interest payments. But I will say that this government does have a partial plan to get there. What is that plan? Very simply it is to attack the slash and burn Reform Party while slashing in particular social programs far deeper than the Reform Party ever proposed.

In the 1993 election we said to cut unemployment insurance by \$4.5 billion. There were howls of outrage from the Liberal Party. The Liberals have already cut the program which was at \$20 billion at its peak under the Tories and which is now paying out \$13.5 billion today with more cuts to come as proposed in the bill the government tabled in the last session and will table again.

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We said to make old age security based on income and not to pay it to anyone with an income above \$53,000. The Liberals now propose exactly the same policy. No more universality. Make old age security based on income. Except now it is based on \$40,000 instead of \$53,000.

We said to cut the Canada assistance plan by roughly 10 per cent, \$750 million. The Liberals have done exactly that and there are more cuts to come in the next two or three years.

In our 1993 election proposals we said we did not need to cut post-secondary education at all to balance the budget. The Liberals have already cut it 10 per cent and there is more to come.

We said not to cut health care funding. It is the most important priority of all Canadians. The Liberals said they would not. They said they would preserve the five principles of the Canada Health Act. They have cut health care by 10 per cent and there is more to come. There are still the five grand principles; there will just be no money to implement them.

In fact, in these last three areas, the Canada assistance plan, health care and post-secondary education, in the next two to three years the Liberal Party will cut over \$7 billion in cash payments to the provinces. This will be the principal means by which the Liberals will reduce the deficit.

What is still there that we have proposed to cut that the Liberal Party has not cut? The Liberals have not cut the regional pork, the regional development programs. They did not cut the funding to the special interest groups. All those programs are still there. And of course, they still have their gold plated MP pensions.

What happened to the other promise, the one about jobs? We were told we did not have to worry about the deficit because we were creating jobs instead. Well, there is no jobs plan in the budget. There is not even an estimate on jobs in the budget. It is unprecedented in my 10 years of experience in federal politics to not even provide employment estimates.

The Liberals say cutting is not an end in itself. Cutting is apparently not an end in itself. Cutting is done by the government not as an end in itself but in order to protect friends, in order to send out political messages, in order to attack the Reform Party, in order to mask fiscal incompetence. In other words, the government cuts spending in order to make programs, in order to make taxpayers and in order to make jobs the targets of our policies instead of the winners; to make them the victims instead of the winners.

The Liberals were elected in 1993 by telling people what they wanted to hear: there would be no GST, no free trade, no distinct society, lots of jobs, universality of pensions and do not worry about the deficit.

Canadians have to make a very serious decision next time of whether they will be fooled again.

Mr. Derek Wells (South Shore, Lib.): Mr. Speaker, the member has been very critical of some of the things he says are in the budget. He has not recognized the programs for youth.

The theme of my speech when I give it next week is to compliment the government on two main things: the government has maintained its deficit targets and there are no new taxes. In my opinion it is reassuring to see that it is possible for a government to make a budgetary plan, as was outlined in the Liberal red book, and then stick to that plan budget after budget.

I did acknowledge the member opposite saying the government did have a plan. That plan projected certain deficit targets. Not only will we meet those targets, we will exceed those targets.

The main objective of the Liberal platform, the point I want to make, was job creation. There is a recognition of that. That is what we are doing by creating the proper economic climate.

The member would acknowledge that there is a direct link between deficit reduction, interest rate reduction and job creation. That is the aim of the government. That is what it will continue to do as it not only meets its targets but exceeds its targets on its way to a zero deficit over the next number of years.

Mr. Harper (Calgary West): Mr. Speaker, on the youth employment initiatives, I guess all I will say about them is the youth of Canada will be paying the interest on the borrowed money for those for the rest of their lives.

A comment was made of importance of lower interest rates for young people. Let me say something about the lower interest rates of the government.

When I was elected I was married just after that in 1993. Being an economist by training and watching what was planned in the fiscal policies of the government, my wife and I took out a mortgage. I said lock that mortgage in today for five years because under the government we will not get interest rates this good for the next five years. Today even with the low interest rates the government is talking about one cannot lock into a mortgage at the interest rate I locked into in late 1993.

The Acting Speaker (Mr. Kilger): It being 7.09 p.m., the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24.

(The House adjourned at 7.09 p.m.)

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