



CANADA

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OFFICIAL REPORT  
(HANSARD)

**Thursday, March 21, 1996**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Thursday, March 21, 1996

The House met at 10 a.m.

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*Prayers*

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[English]

## LIBRARY OF PARLIAMENT

**The Speaker:** I have the honour to lay upon the table the report of the parliamentary librarian for the fiscal year ended March 31, 1995.

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## ROUTINE PROCEEDINGS

[English]

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to two petitions presented during the first session.

\* \* \*

### RACIAL DISCRIMINATION

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I am making this statement today on behalf of the minister of multiculturalism who has the direct responsibility. However she is so active at the moment throughout the country on this very important day that she has asked me to present this ministerial statement on her behalf and I take great pleasure in doing so.

As Canadians we have a great deal to be thankful for on this International Day for the Elimination of Racial Discrimination.

In the 130 years we have grown together as a nation, we have been building a society which respects the diversity of its citizens. We have gained for ourselves a reputation around the world as a caring and compassionate country, a nation that can show the world how diverse people can live together in peace and respect.

[Translation]

The way we tolerate one another's differences is an example to all nations. It shows that we can find a solution that meets everyone's needs.

[English]

Thirty-six years ago today dozens of innocent men and women protesting apartheid in South Africa were gunned down. The Sharpeville massacre showed the world that racism and hatred are challenges for the global family. If part of that family is victimized, violated or held back from reaching its full potential then we all suffer.

Fortunately, much has changed in the decades since that terrible and horrible event. South Africa is now free from apartheid because of the enormous efforts made by countries around the world. And Canada played a very significant role in the fight against apartheid.

The civil rights movement which has swept the United States has brought about a number of changes for the black population in that country.

The iron curtain was lifted and new democratic rights have been established in a number of eastern European areas.

Increasingly, Canadians try to embrace the reality of our diversity to provide protection and opportunities. I can say, for example, that one important initiative which was taken by this government was the Employment Equity Act which ensured that in the area of employment, racial discrimination could be eliminated and there would no longer be a barrier to people obtaining gainful employment.

The General Assembly of the United Nations chose this day to recognize the importance of the ongoing struggle against racism and prejudice around the world.

Canada has been at the fore in the global efforts to eradicate racism, prejudice and hatred. We have dedicated ourselves to peace and to building bridges between the different peoples of the world. We are engaged in active and positive reconstruction in Haiti, which had enormous discrimination built into it over the years by authoritarian dictatorships. Now we are helping to rebuild that country.

We are helping countries around the world to develop new judicial systems and new human rights commissions which will give them the institutional basis on which they can build a more open society.

*Routine Proceedings*

[Translation]

On this International Day for the Elimination of Racial Discrimination, I urge all Canadians to reach out to their colleagues.

[English]

I urge Canadians everywhere to recognize that it is only when each and every one of us, no matter what our race, our religion, language or ethnicity, is able to participate fully that we will be a mature nation. We must hold ourselves up to the highest standards of respect and understanding if we are to continue to show the world what we can accomplish together.

Canada has been called the prototype of the 21st century.

• (1010)

We have shown people how we can live together in peace and respect, how we can find non-violent ways of resolving differences and conflicts and how we can respect individual rights while maintaining justice for co-activities.

We must always strive for that balance which creates a united nation while respecting the sum of its many parts.

[Translation]

On this day, we must redouble our efforts. We must remain vigilant in fighting injustice and racial intolerance, both within our borders and around the world.

[English]

This is an important day and I welcome the opportunity on behalf of the Government of Canada and my colleagues to present this statement. I look forward to the expressions of celebration and dedication that I am sure other members of the House would like to express.

[Translation]

**The Deputy Speaker:** My colleagues, in principle, it should be the official opposition's turn, but it seems that their critic is not here yet. While we are waiting for the member of the official opposition, may the Reform Party have the floor?

**Some hon. members:** Agreed.

[English]

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, before I begin I would like to thank the Secretary of State for Multiculturalism for promoting this day in honour of the elimination of racial discrimination. At the meeting this morning we all heard wise words about what is happening around the world.

It is with pleasure that I join my colleagues from all parties calling for an end to racial discrimination. I agree strongly with the themes being presented today. On behalf of the Reform Party, I

would like to say that racial discrimination in all forms is completely unacceptable.

It is important to say this because I know there have been several false allegations levelled against Reformers in the past. I have personally heard individuals who have tried to paint our party as one that tolerates racist beliefs. However this was just political mischief on their part.

I want the record to be perfectly clear. If there are any Canadians who think they can find a home for their racist beliefs in Reform they are dead wrong. Instead, they will find that they are not welcome and will be rooted out.

It angers me that I even have to deny this ludicrous image. But Reformers will not accept the slurs of our political competitors without reply. A perfect example happened last night at our rally in Etobicoke North, a very ethnic riding. People from all ethnic backgrounds were there and I was delighted to see the terrific mix of people, as everyone will see from the newspapers today.

I would like to give some advice to the government if it is willing to listen, and I know it is. In the quest to eradicate racial discrimination, it must be vigilant but it must not confuse the issues as it has often done in the past.

The elimination of racial discrimination means that everyone has the right to be treated fairly and equally. Everyone has the same rights, everyone is equal. This means that institutionalizing reverse discrimination through bills like C-64 is wrong. Overlapping one layer of unfairness with another is no solution to problems.

Instead, we have to make sure that Canadians of all ethnic backgrounds feel comfortable and proud to be who they are. All Canadians have to be given the chance to live up to their potential and this is done by looking beyond race and colour. It is done by judging the character and skills of people without regard to ethnic background. This is what Reformers believe and I think most Canadians would share this view.

The time has come to abandon the prejudices of the past and abandon the reverse discrimination quick fixes that have not addressed the root of the racial problem. Let us make this day a new beginning. Let us work together to stamp out racism.

I would like to quote what the Ambassador to South Africa said this morning at breakfast: "Racism can, should and will be defeated".

[Translation]

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, I am pleased to rise on this International Day for the Elimination of Racial Discrimination. This event is quite timely, since the chief commissioner of the Canadian Human Rights Commission tabled his annual report only two days ago.

• (1015)

The Minister of Foreign Affairs rightly pointed out that Canada plays a leading role in the relentless fight against racism, hatred and prejudice.

Nonetheless, the report tabled by the chief commissioner of the Canadian Human Rights Commission seriously tarnishes Canada's leadership in the global struggle against racism.

The commissioner notes that the government has backtracked on the amendments to the Canadian Human Rights Act that concern gays and lesbians. In this regard, he points out that this calls into question Canada's so-called leadership in the area of human rights, violates moral logic, and denies in a quasi-public way the many rights of good law-abiding, tax-paying Canadians.

The commissioner shows that the government must go beyond lip service and show through concrete actions, through Canada's human rights legislation, that it wants to remain in the forefront of the fight against racism around the world.

This example shows that the struggle against racism can never end and that even Canada is not beyond lowering its guard. We can only welcome yesterday's announcement by the Prime Minister that he would honour his commitment to the gay and lesbian communities.

By marking this important day, we as Canadians and Quebecers must make a clear commitment to avoid letting up on human rights, as the commissioner pointed out. We must make it a basic duty to pursue the fight against injustice and racial intolerance, both within our borders through model legislation and abroad through effective and targeted action.

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[English]

**COMMITTEES OF THE HOUSE**

PROCEDURE AND HOUSE AFFAIRS

**Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.):** Mr. Speaker, I have the honour to present the 10th report of the Standing Committee on Procedure and House Affairs regarding the membership of the Standing Committee on Citizenship and Immigration and the associate membership of various committees. If the House gives its consent, I intend to move concurrence in the 10th report later this day.

\* \* \*

**NUCLEAR SAFETY AND CONTROL ACT**

**Hon. Anne McLellan (Minister of Natural Resources, Lib.)** moved for leave to introduce Bill C-23, an act to establish the Canadian Nuclear Safety Commission, and to make consequential amendments to other acts.

*Routine Proceedings*

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

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**COMMITTEES OF THE HOUSE**

PROCEDURE AND HOUSE AFFAIRS

**Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.):** Mr. Speaker, if the House gives its consent, I move that the 10th report of the Standing Committee on Procedure and House Affairs presented to the House earlier this day be concurred in.

**The Deputy Speaker:** Does the parliamentary secretary have unanimous consent to move the motion?

**Some hon. members:** Agreed.

(Motion agreed to.)

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**PETITIONS**

TAXATION

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, pursuant to Standing Order 36, I wish to present two petitions. The first one concerns taxation of families and comes from Brighton, Ontario.

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. They also state that the Income Tax Act discriminates against families who make the choice to provide care in the home to preschool children, the disabled, the chronically ill or the aged.

The petitioners therefore pray and call upon 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 and the aged.

• (1020)

LABELLING OF ALCOHOLIC BEVERAGES

**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. Specifically, 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 upon Parliament to enact legislation to require health warning labels to be placed on the containers of all alcoholic beverages to caution expectant mothers and others of the risk associated with alcohol consumption.

*Government Orders*

## DANGEROUS DRIVING

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, I have a petition signed by 3,000 of my constituents. They urge the government to appeal the verdict of not guilty against Ryan Reed for negligence causing death in the car accident on the Whistler highway in 1994 that took the life of Jason Wulf, Devon Hedin and Dale Ethier of Squamish, B.C.

My petitioners also urge this government to enforce stricter laws for drivers convicted of impaired driving causing death.

## GASOLINE TAX

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, it is my pleasure to rise today to present to Parliament a petition signed by 50 constituents of my riding of Red Deer.

The petitioners express their concerns that the availability of a low cost energy source is a natural advantage that Canadians have to offset the high cost of transportation because of the great distances required to reach markets. Therefore the petitioners request that Parliament not increase the federal excise tax on gasoline.

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## QUESTIONS ON THE ORDER PAPER

**Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.):** Mr. Speaker, I ask that all questions be allowed to stand.

**The Deputy Speaker:** Is that agreed?

**Some hon. members:** Agreed.

**The Deputy Speaker:** Before going to orders of the day I should inform the House that because of the ministerial statement and replies, Government Orders will be extended by 12 minutes today.

## GOVERNMENT ORDERS

[English]

## BORROWING AUTHORITY ACT, 1996-97

The House resumed from March 18 consideration of the motion that Bill C-10, an act to provide borrowing authority for the fiscal year beginning on April 1, 1996, be read the second time and referred to a committee.

**Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, there have been consultations among political parties and I think you would find unanimous for the following motion. I move:

That notwithstanding Standing Order 74(1)(b) that members be permitted to speech for a maximum of 20 minutes each, or to split their time pursuant to the standing orders during the remainder of the period for consideration of second reading of Bill C-10.

This will permit members to continue to have 20 minute speeches notwithstanding the fact that within the next few minutes we would automatically be going to 10 minute speeches.

**The Deputy Speaker:** Is there unanimous consent for the motion?

**Some hon. members:** Agreed.

(Motion agreed to.)

**The Deputy Speaker:** The hon. member for Capilano—Howe Sound has approximately 11 minutes remaining in his intervention.

**Mr. Grubel:** No, Mr. Speaker.

**The Deputy Speaker:** Is there a suggestion that we have miscalculated the time? There has been some miscommunication. Does the hon. member for Capilano—Howe Sound wish to resume his debate or is he not speaking at this time? Might he indicate his intentions?

**Mr. Grubel:** Mr. Speaker, I cede my place to the hon. member for Red Deer.

**Mrs. Jennings:** Mr. Speaker, on the same point of order. If you do not have the list in front of you, I can get you one if you need one.

**The Deputy Speaker:** The lists do not seem to be making as much sense as one would hope, especially when the day is about to begin. Nevertheless, the hon. member for Capilano—Howe Sound is not speaking.

• (1025)

Because the member for Capilano—Howe Sound is not speaking, by the rotation principle the right to speak passes to the other side of the floor.

**Mr. Andy Scott (Fredericton—York—Sunbury, Lib.):** Mr. Speaker, I am pleased to have the opportunity to speak on Bill C-10, the borrowing authority bill.

The bill authorizes the Minister of Finance as of April 1, 1996 to raise such amounts by way of a loan or by the issue and sale of securities of Canada as may be required for public works and general purpose. This in essence is the content of Bill C-10. I urge the House to pass the legislation so that regular financing operations for the government may continue.

I will alert you, Mr. Speaker, to the fact that I will be sharing my time with the member for Edmonton East.

Every government must decide where its priorities lie. This government has outlined its priorities in the latest budget. I believe it to be one of the best blueprints for growth and opportunity for the

country since the red book. Traditional Liberal views are what this party is about and Liberalism recognizes that the government plays a part to make sure that the market works well for everyone. The course the government has set leads to equal opportunity, economic equity and national unity, three main themes in the budget speech and in the direction the government is taking.

First, if we look at social reform, the most vulnerable are protected in terms of employment insurance, as we have been assured that the impact of changes will not fall unfairly on workers who are in most need of support. This will ensure that there is equal opportunity for every individual in the country no matter which region they happen to live in.

Who else can make the claim that they represent equal opportunity? The members of the third party certainly cannot. Whether it is the fishery, employment insurance, regional economic development, regardless of what it is, we know where they stand as far as Atlantic Canada is concerned.

The contempt for Atlantic Canadians by the third party was demonstrated by the member for Fraser Valley West who, when asked about commenting that he would run in Nova Scotia in the next election, stated: "I was trying to be nice because I knew it would be in the Atlantic Canadian papers. I did not want to say who the hell would want to run there". This kind of inflammatory divisive statement does nothing to advance the cause of equality in a system for all Canadians.

The announcement of an improvement to Canada's child support system with the particular objective of helping single parents and low income working families is very encouraging. This increased income from families living in poverty has been a particular concern of mine and many of my colleagues since being elected. I am pleased that the government is moving in that direction.

The focus on jobs for youth is good news for New Brunswick and Fredericton—York—Sunbury in particular, as the summer career placement challenge program will double. This is an important change given the number of universities in the area. The emphasis on youth employment is very important and programs such as the youth services corps have served our province and my particular constituency very well.

I welcome our commitment to build on these programs and the invitation to all of us to come up with more creative ideas. For example, we should be considering new ways of creating jobs such as recommending the distribution of work be changed so that the maximum allowable overtime annually by one worker is limited. This would encourage employers to hire more people and benefit the economy by reducing unemployment.

The federal government with the private sector and the provinces could help students pay off their student loans through partnerships whereby the federal contribution could be the pay down on student loans. This would provide students with a lighter debt load and would create jobs for an age group that suffers unusually high rates of unemployment. Also it would contribute to worthwhile projects in all of our communities.

### *Government Orders*

A reaffirmation of our continuing commitment to the medicare system is reflected in the conditions set for the Canada health and social transfer. I am very pleased there is a commitment to establishing stable cash transfers from the federal government which will ensure that we are able to enforce national principles.

• (1030)

Our social policy committee of caucus recommended separating cash from tax point revenues. I am delighted the government is headed in that direction.

[*Translation*]

Many Canadians disagree with the government's direct approach. They would like to talk about Canadian institutions like the Senate and find ways of improving them. Canadians want their country to do well. They want the various levels of government to be efficient and to fulfil their respective roles. They want the federation to be modernized. That is the direction we are headed in.

[*English*]

I am pleased with the emphasis the government has placed on technology, as Fredericton—York—Sunbury has been identified in many ways as a forward moving, high technology region. The high tech park in Fredericton is well on its way in our community. Our universities are information centres which offer much opportunity for growth, whether it is distance education at UNB or the dissemination of information to seniors through third age centre programs at St. Thomas. When we talk about technology and creating jobs, it is good news for our region.

[*Translation*]

As for national unity, it is not a matter of party politics. It is a matter of concern to all Canadians. It has been the government's position not to beat around the bush, by promising to involve every citizen of this country in the debate. As long as there is talk of yet another referendum in Quebec will, this government will discharge its responsibility in ensuring that everyone is acting above board, that the rules of the game are fair, that the consequences and implications are made clear and that, wherever they live, Canadians can have their say on the future of their country.

[*English*]

Culture is an important component of identity. We are committed to strengthening such programs as the Canadian Broadcasting Corporation, Telefilm Canada and the National Film Board. A country sharing a vision of itself is a country united.

[*Translation*]

At an upcoming first ministers' conference, we will have an opportunity to redefine the national economic development goal so as to determine our respective responsibilities as governments. Combined with the governments' commitment to cultural institu-

*Government Orders*

tions, this approach clearly shows that those in power fully intend to keep our country united, and I commend them for that.

[*English*]

I state again that I believe the budget was a reaffirmation of traditional Liberal values, addressing economic opportunity, social justice and national unity. I hope we can all recognize the importance of an unwavering commitment to this agenda so that we can keep the opportunities it creates alive for ourselves and for our children. I urge all members to support this bill.

**The Deputy Speaker:** By unanimous agreement we have agreed to go back to 20-minute speeches. It has not been indicated whether the text of the motion indicates there will be a question and answer period and the Chair has not been able to determine that. Therefore unless somebody can correct the Chair, we will go on the principle that we do have, if desired, a question and answer period.

[*Translation*]

**Mr. Ghislain Lebel (Chambly, BQ):** Mr. Speaker, I listened with great interest to what my friend opposite said. Unfortunately, I am not quite clear about what he said, and I would appreciate it if he could explain a few things to me.

Yesterday in this House, the Prime Minister was questioned by the leader of the Bloc Québécois, who asked him if he intended to hold a socio-economic summit like the one in Quebec City just yesterday. He said no. His answer was that the necessary public consultation had taken place at the time of the general election, in which his party was elected, and that that was enough.

• (1035)

But it has been 24 or 26 months since the federal election. On the subject of culture, I remind the House that yesterday Mrs. Lambert, the Montreal architect, stressed the role Montreal plays in tourism and culture, as well as the need to preserve its architecture, and so on.

Am I to conclude from the Prime Minister's answer—the hon. member will tell me—that he has innate knowledge and, more to the point, limitless knowledge, or should he not show humility instead and consult with his social, economic and cultural partners in the Canadian community?

I would like to hear the hon. member's comments on this.

[*English*]

**Mr. Scott (Fredericton—York—Sunbury):** Mr. Speaker, it is a pleasure to respond to the question by the member.

I point out a minor flaw in his preamble in reference to the fact that the government has not been a particularly consultative administration. In question period, although perhaps not coming from the member himself, most of the time the official opposition has challenged that the government consults too much.

My experience as a member of Parliament has been to participate in the social security review which was a significant exercise in consultation. This type of exercise should not be limited to the Prime Minister or to the government. We all have a significant responsibility to consult with our own constituents in terms of the direction the country should take.

In answer to his question, we have had a large number of consultations in Fredericton—York—Sunbury, 14 or 15. We had two consultations on the question of the budget. We had a consultation on health care, two consultations on the social security review and consultations on national defence and national unity following the referendum.

Therefore I challenge the suggestion of the hon. member that the government and this Parliament have not been consultative, quite the contrary. I am quite pleased with the opportunity given to me as a member of Parliament to consult with my constituents and bring their concerns to this place.

[*Translation*]

**Mr. Lebel:** Mr. Speaker, I get the impression that the hon. member is mixing things up but, since we must always assume that people are acting in good faith, I will not say “deliberately”. However, when developing major policies, a ruling party has to conduct consultations throughout the land, to reach as many people as possible to develop a consensus.

I know that the government does consult. It has even been criticized, and rightly so, for consulting regularly and often unnecessarily on some issues or subjects. Yesterday, in the debate on the motion concerning the committee set up by the Minister of Finance to review business taxation, we pointed out that this committee may not have been the ideal forum for consultation the minister could have devised.

But when it comes to the general thrust of a country's socio-economic policies, I think that the government never once brought labour and the business community together as part of consultations on this subject. I would like the hon. member who just spoke to tell me this. Is it superfluous to gather all the socio-economic players around the same table in an attempt to create a consensus?

[*English*]

**Mr. Scott (Fredericton—York—Sunbury):** Mr. Speaker, I can only repeat what I said the first time the member put the question. I draw his attention to the social security review as an example.

There were business, labour, social activists, women's groups, anti-poverty groups and university students. I believe we received 600 briefs from organizations in all parts of Canada. It is probably one of the more comprehensive consultations ever been undertaken in the country.

• (1040)

I simply cannot concur that the government does not consult or that I have not been clear. On many occasions opposition members have challenged the government for consulting too much. I think that answers the question.

**Ms. Judy Bethel (Edmonton East, Lib.):** Mr. Speaker, I am delighted to support Bill C-10, an act to provide for the borrowing authority.

I enthusiastically support the budget tabled by the finance minister on March 6. It budget sets a course for our future, securing our financial future, securing our social programs, all of it in order to build a strong and united Canada which will be able to compete successfully in the world in the 21st Century.

When the government embarked on this journey some 29 months ago Canada was at a fiscal and economic crossroads as a nation. It was faced with a structural deficit of over \$42 billion and a debt of \$508 billion which was growing much faster than our economic productivity.

Our social programs were captive to the whims of financial markets and vulnerable to rising interest rates which drove up the cost of servicing the debt, putting increased pressure on medicare, our social safety net and our public pension system.

It is a vicious cycle and it has exacted a heavy toll on Canadians. It sapped consumer confidence. It soaked up our domestic savings. It has increased our foreign indebtedness, reduced our productivity and dried up investment and job creation. We were on an unsustainable course. Quite simply, Canadians had lost faith in the capacity of the federal government to competently manage its fiscal affairs and create a climate for economic growth, investment and job creation.

Over the past 29 months our government has taken dramatic, decisive and disciplined action based on what Canadians told us in their local communities.

We listened when Canadians told us to refocus our spending priorities toward areas that are building blocks for our nation's future in a competitive world marketplace: a sustainable, publicly funded medicare system; a secure social safety net for vulnerable

### *Government Orders*

Canadians; an affordable pension system; investments geared to achieving the vast current and future potential for our youth.

The government is on track to meet these deficit targets: \$24.3 billion in 1996-97. The deficit will be reduced 60 per cent over four years through fundamental and structural changes in our spending habits, the lowest level since 1949-50.

Over the past three years cumulative spending reductions have outstripped tax revenue measures by a ratio of seven to one. Six hundred and four thousand jobs have been created since we took office. There is further action in budget 1996.

Budget 1996 takes steps to put our social programs on a sustainable and affordable path. We have established a floor level for cash transfers under the Canada health and social transfer and we have put in place a five-year funding allocation arrangement which recognizes for the first time population growth in provinces such as Alberta.

We have established a new seniors benefit that will ensure future generations will reap the benefits of their contributions to the country. We have revamped the child support system to secure a future for children, our most valuable resource.

These are major achievements which resulted from our political will and our commitment to listen to the collective wisdom of Canadians.

On the evening of budget 1996 I held a budget round table in Edmonton East. It included small business owners, students, seniors, representatives from community associations and agencies. After watching the budget speech we conferences by telephone to discuss the impacts on Edmonton East. The general collective wisdom was that the budget took a careful and balanced approach to reducing the deficit by putting the interests of people first.

Round table participants pointed out that reducing the deficit was simply a means to an end. It creates positive conditions for economic growth, investment and job creation, and it improves the standard of living for all Canadians.

This shows the effectiveness of the government program review, the process designed to ensure that taxpayer dollars are value for money and are allocated to people's priorities.

• (1045)

Program review is not only about spending less money, but spending it wisely, more effectively and more efficiently by measuring the results achieved. There has been a fundamental difference between the carefully measured approach toward getting the fiscal house in order and the slash and burn approach of the Reform Party of Canada.

*Government Orders*

The government will sustain national standards in medicare and will ensure the viability of the social safety net. It will secure the public pension retirement system for future generations of seniors. It will protect children and target investments toward people and technology. This is what will build the innovative economy needed to compete on the world stage.

The Reform Party of Canada is proposing to reduce benefits to seniors by \$3 billion over three years, to reduce funding to unemployment insurance by \$3.4 billion, to reduce transfers to the provinces for equalization, health care, post-secondary education and social assistance by \$6.5 billion over three years.

While the Reform Party is proposing to eliminate the fiscal deficit over three years, it would create a human deficit of such epic proportions it would hamper Canada's ability to compete effectively. It would leave those who are most vulnerable in Canadian society to fend for themselves, denying them the opportunity to participate and to contribute in building an innovative economy for the future.

What the Reform Party seems to forget is that deficit reduction is more than just numbers. It is about the future of people. When the Reform Party holds up the Klein government as a standard for deficit reduction, it fails to look beyond the numbers.

Fifty-eight per cent of the reduction in Alberta's deficit over four years, or \$2.3 billion, comes from increases in personal and corporate tax revenues, oil and gas revenue windfalls, video slot machines, health care premium increases, profit from the provinces own commercial businesses and offloading to local governments.

Let us be clear for the record. The unconditional provincial grant to municipalities in Alberta has been reduced by 69 per cent from \$1.74 billion to \$58 million over four years. The provincial grant for community and family service support has been reduced by nearly 25 per cent.

Participants in our Edmonton East budget round table were unanimous in their view that slash and burn budgeting is not the answer to achieving long term stability for Canada and security for Canadians.

Measures to reallocate existing program spending toward the SchoolNet program that will ensure affordable access to the information highway for small to medium sized businesses and to encourage education and skill development through employment measures were seen as really positive by Edmonton East.

Although 604,000 jobs were created since the Liberals took office and the unemployment rate has been reduced by 2 per cent, our Edmonton East group wisely pointed out that youth unemployment continues to be far too high, sapping Canada's future economic potential. As one participant said, dealing with the human deficit of youth unemployment should be a priority for the government.

There was general support among the Edmonton East group regarding the government's focus on boosting Canada's innovative capacity as a means for fuelling productivity and growth. The establishment of Technology Partnership Canada will certainly be helpful to areas in Alberta where it is a growing sector of the economy.

Small business owners in Edmonton East share the national problem of securing capital and export markets for their businesses. They comprise 90 per cent of all Alberta businesses and create over 70 per cent of all new jobs on an annual basis. Their continued health and access to capital is absolutely critical.

Since we have come to office, we have done much to assist in this way. We have reduced regulations and paperwork. We have introduced single window business service centres and we continue to reduce the unemployment insurance premiums.

Budget '96 has taken further action. A program will be instituted in which 2,000 computer students will help connect 50,000 small businesses to the Internet. Fifty million dollars in new equity capital will be provided to the Export Development Corporation and \$50 million will be projected into the Business Development Bank.

Participants in the Edmonton East Budget '96 round table also indicated their support with the tax fairness and equity measures contained in the budget. No tax increases, not personal, not corporate, not excise, not gas, was seen very positively by our group in Edmonton East. Our intention to consult Canadians on how the business taxation system could be improved was seen as vital. Canadians within their local communities, particularly small business owners, have valuable advice for us on the business taxation review.

● (1050)

Concern was expressed in Edmonton East about giving provincial governments, such as Alberta, increased flexibility over the design and administration of social programs. Many in Edmonton East had experienced firsthand the Klein government's dismantling of the health care system and its attack on the most vulnerable in society, the poor, the sick, the young and the aged.

Participants were relieved to hear the government reaffirm its commitment to sustain Canada's social programs by taking action. The \$11 billion floor level for cash transfers was considered favourable. Implementing a five-year funding allocation arrangement for the CHST that emphasizes growth in population is seen also as fair for Alberta.

Ensuring that CHST cash allocations are tied to the provinces upholding the five basic principles of the Canada Health Act and the no minimum residency requirements for social assistance is also positive.

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Our Edmonton East group has agreed with the need to set priorities for our future. One key priority is to maintain national standards within social programs, such as medicare, as a means of investing in people. There was absolutely no support for the dismantling of the publicly funded medicare system or massive commercialization or delisting of health care services as has been advocated by the Reform Party.

The Edmonton East group believed that our network of social programs is a reflection of our unique Canadian identity. This is a unity issue. It is an example of how Canadian federalism can work effectively to meet the needs of its citizens.

Edmonton East wants to be involved in the discussions leading to the development of shared values, principles and objectives, those that will underlie the CHST and the social union. They want to ensure that core Canadian values—

**The Deputy Speaker:** I am sorry, the hon. member's time has expired.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, it is extremely difficult to sit here, coming from the same province, and listen to a message that I know the people are not conveying in our province. The people are saying: "What about the MP pension plan? You talk about setting an example and showing us that you really care about us. Are you taking the pension that none of us can get after only six years at age 55? Do you think that is fair? Is that setting an example?" I know what the people in Alberta are saying.

The member who just spoke had a meeting of 17 people and we had 800 people out to a meeting on the same evening. I know what the people there were saying. It is very difficult to sit here and listen to a misrepresentation of the grassroots. They care that their income is continually dropping.

The member is right. They care about medicare and so do we. They care about those terrible waiting lists that exist now. They care about the downsizing and the offloading that the Liberals are doing while saying that they are holier than thou. It is time they set an example instead of being all talk and no action.

**Ms. Bethel:** Mr. Speaker, I appreciate the member's question.

Clearly, the people of Canada really need to be heard and understood. Each of us has a tremendous responsibility within our ridings to fairly represent the thoughts, feelings, wishes and desires of those people.

We also recognize that there are differences in the thoughts, feeling and opinions of the people of various ridings and people within ridings. But of incredible importance is the honest effort and desire to meet with and discuss matters with the people.

I have found it incredibly important to bring to Parliament the voices of the people of Edmonton East. We have discussed the issues. Our greatest desire is to bring understanding of these issues.

• (1055)

I have held nine forums on different issues of interest to Edmonton East. We have talked about aboriginal youth justice and euthanasia. We have included panellists who know and understand those issues so they can share with us the importance of understanding the issues before we make our decisions.

[*Translation*]

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, the government is once again showing its inability to provide measures that are fair to all Canadians and Quebecers.

Once again, low income people will be the ones paying for the Liberal government's unrealistic projects, for its shallow financial policies, for overlap, for the expense accounts of senior public servants—more on this later—for the maintenance of tax loopholes, not to mention useless structures—and the term useless is indeed the appropriate one—such as the other place, whose members were sleeping—and I will say it again to be understood—members of the other place were sleeping when the speech from the throne was being delivered.

I think it would be in the interest of all Canadians and Quebecers to know how this came about. In 1867, the provinces that subscribed to the idea of a common pact had faith. The agreement was based on mutual trust. Consent was given following an agreement based on mutual trust. However, the progressive centralization of power in Ottawa gradually deprived the provinces of what little power they had left.

This centralizing process reached its peak under the government of Pierre Elliott Trudeau. This is when the economy started to collapse. All hell broke loose, as we say. In 1977-78, Canada's deficit was \$10 billion. The following year, it stood at \$12.6 billion. A \$2.6 billion increase in one year is some kind of a record.

The saga continued under Mr. Trudeau's successors. Former minister Allan MacEachen managed to accumulate a \$56 billion deficit in three years. Marc Lalonde accumulated \$70 billion over a period of two fiscal years. Michael Wilson accumulated \$146 billion in six years. As for the current finance minister, time will tell whether he will pick up the pace in terms of reducing the debt, without adversely affecting the poor. I doubt he will.

Since the Trudeau years, Canada's spending has exceeded its revenues. We gave up the essential for the accessory. Imagine a family saying: "We do not have money to buy groceries this week

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because we treated ourselves over the weekend?”. It simply does not make sense.

This financial abyss is the result of the fight led by Mr. Trudeau to crush Quebec separatists by throwing money out the window to ensure greater federal visibility. This is what has been dubbed the war of the flags. Faced with Quebec’s wish to be recognized by the international community, the current Prime Minister said: “What separatists want is a Quebec flag on the hood of diplomatic cars”. And that person is our Prime Minister. The level of discussion in this House can be really low. I can understand why visitors in the public gallery are disappointed by this circus. I am an elected member and even I sometimes get depressed when I go back to my riding, in Beauport. The lack of decorum in this House is simply incredible.

By the way, in 1975, the accumulated debt was \$23,958,000,000.

• (1100)

After the Conservatives came to power, the debt rose substantially, reaching \$125.625 billion by 1983, and it has continued to climb ever since, now standing at close to \$600 billion, the equivalent of \$20,000 for each Canadian in the country, whatever their age. From the tiniest infant born a few minutes ago to the oldest person in the land, a 103 year old Quebec woman, they all have this \$20,000 hanging over their head.

Now, the Prime Minister and the Minister of Finance are overcome with remorse over their earlier financial management under the Trudeau government, realizing they had better do something with a federal election coming up, if this budget is any indication. We in the Bloc Québécois have news for the Liberals. We are ready for them in the next federal election. They have decided to bring down an election minded budget. Fine. But this social reform is a source of discontent throughout the country, both in Quebec and in the other provinces. A demonstration by people exasperated by the situation is the top story in the news and concrete proof of the mood in the country.

And this brings me back to the lack of decorum in this House, about which I spoke earlier. I would like to add my comments, to give my opinion, regarding the remarks made by the Minister of Human Resources Development, which were the epitome of arrogance. This same Minister of Human Resources Development used the term “baveux” in referring to a colleague, this was acknowledged, and he was not asked to withdraw his comment. This is the same Minister of Human Resources Development who called the demonstrators against unemployment insurance reform lazy people with nothing better to do on a Sunday. There were 5,000 people demonstrating in Amqui, in the Matapédia valley. In other words, 5,000 lazy souls with nothing better to do on a Sunday than take part in a demonstration. This is an arrogant disregard for the unemployed workers of Quebec and of Canada. It is unbelievable.

I knew the Minister of Human Resources Development in the days when I was transport critic. This is the same man who, at a WESTAC meeting in Winnipeg on October 5 or 9, 1994, had the following to say about railway workers:

[English]

“Railway workers cannot be blamed for negotiating excessive labour contracts because they only have a grade nine education”.

[Translation]

What an insult to the 62,000 railway workers in Canada, to say that they cannot be blamed for negotiating excessive labour contracts because they have only a grade nine education. I know the Minister of Human Resources Development is a lawyer, but I was taught—and I too am a lawyer—that competency and intelligence were not handed out along with your diploma. Having a diploma up on the wall does not make you any more competent. When a minister who ought to be concerned about labour issues behaves like that, one wonders: Is this normal. Is it acceptable in a society like ours to be labelled “baveux”, swine, spineless, shiftless? It is unacceptable. We do not accept it, nor do the people we represent. This does not have anything to do with party allegiance, either, for in our riding offices we have federalists, both Liberal and Conservative coming in to tell us: “We will not stand for such unacceptable language. Denounce it.”

And we do exactly that, when we have the chance, and that is what I am doing.

What I wanted to illustrate was how the government is always picking on the same groups. One wonders whether the heart of the government is in the right place. What is proposed in this budget is a semblance of decentralization, but with the provinces retaining only a few theoretical powers, while following in the wake of Ottawa.

• (1105)

Former Prime Minister Pierre Elliott Trudeau made a statement only a few months ago to the effect that decentralization of power would be the death of Canada. The present Prime Minister, and the present Minister of Finance, not wishing to contradict their mentor, are putting tools in place that will increase the decision making powers of the central government.

It cannot be denied; the federal government is continually encroaching on the exclusive jurisdictions of the provinces, guaranteed to them by the Constitution. The overlap it deliberately created in the area of social security hampers the provinces’ ability to establish any effective policies.

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The measures in the 1996-97 budget do nothing to contribute to reducing expenditures or this year's deficit. On the contrary, what we got was an additional expenditure of \$104 million over the 1995-96 budget. The government is behaving as if it had created no waste, as if there was no duplication and as if there were no tax inequities. You would think there were no unemployed, no such thing as bankruptcy and no cases of violence arising from the state of the economy, because sometimes we tend to neglect this in our debates.

There is a lot of talk about job creation and the economy, but what does that do for tension in couples, in homes and among young people? What affects the level of suicide among young people and the dropping out rate? We should ask the question. Let us go to the source of the problem. What are they related to? Is it because things are going well? Are things going well?

Go and talk to the principal of a secondary school or a comprehensive school. Ask her how her students are doing. Ask her whether things have improved or worsened in her 25 years in education. It is incredible; it is a disaster, and I think we have to point out the link, a direct one in my opinion, between dropping out of school, suicide among young people, domestic violence, including violence against children, and the state of the economy.

I am not excusing those who commit violence, but, perhaps, when people are discouraged and feeling hugely stressed, they lose their patience. When all is calm, it is easy to control one's nerves.

As the chairman of the Standing Committee on Public Accounts, I am very concerned over the use made of public funds. The reduction of the deficit, the Minister of Finance's pride and joy, is surreptitious, because the minister drew \$5 billion from the surplus in the UI fund. This money comes directly out of the pockets of employers and employees, because, as we know, it is their contributions that keep the system afloat. The surplus might have perhaps been used to offset the continued under-employment of society's most disadvantaged.

The minister is using public funds to buoy up Canada's financial rating on international markets, thereby forcing the people of his own country into a social crisis. Not only is he misleading Canadian and Quebec taxpayers, he is misleading international partners by falsifying the situation in Canada.

Quebec considers this budget unacceptable, because it suffers the most when funding is on a per capita basis. According to this principle, Quebec alone will bear the brunt of 42 per cent of funding cuts. To make this bitter pill easier to swallow in Quebec, the federal government is announcing a one year delay, but what it is not saying is that the machinery has already been set in motion.

Moreover, the cuts announced last year, which are coming into effect this year, amount to \$2.5 billion, of which \$650 million in

Quebec. In short, it is business as usual, Quebec is paying and the rest of Canada is lining its pocket.

With regard to employment, the government is boasting it is creating jobs. The Prime Minister, answering a question from the Leader of the Opposition, replied: "Look at what journalists have been saying about our budget. They all think it is a good budget". I would like to quote the results of a SOM-*Le Soleil* poll conducted between March 1 and 6; 1,000 individuals throughout Quebec were asked: "Are you counting on the federal budget to stimulate job creation?" Twenty-eight per cent answered a little; 25 per cent answered not at all; 53 per cent of respondents know full well that the federal budget will contribute nothing to job creation, a fact which has proven true to a large extent.

• (1110)

With regard to our young people, the government is earmarking \$60 million more for student employment, but on the other hand, is reducing post-secondary education funding by \$150 million in 1996-97, and \$400 to \$500 million in 1997-98. These cuts are sure to result in increased tuition fees, which will limit access to education.

In this Parliament, we have young people working as pages, young people who are benefitting from the democratic availability of education. Under the present system, young people from any social background can go to university for reasonable, acceptable fees. The kind of family or background they come from matters not. This is what democratization of education really means.

If we go ahead with the increase, if we double or triple tuition fees—we could ask the young pages who work here if they would still be able to afford a university education if tuition fees were doubled or tripled. Possibly many would say they would not because they are not from a well-to-do family. There is a real danger in a country when you create two social classes of people.

Rich people can afford health care, they can send their children to university, but if you have the misfortune of coming from a middle-class family or one that is a bit hard up, you cannot afford health care and university. So you are condemned to low-paying jobs and that does not make for what I would consider a more equitable country.

How can we put public finances in order if, at the same time, we let senior public servants run up travel and expense accounts to the tune of \$691 million? I see members of the Standing Committee on Public Accounts that I chair and I know that when time comes to examine this issue in committee, members from all parties will accept that we take a close look at those \$691 million, a figure that was stated by Yves Séguin from the Mouvement pour le redressement économique du Québec.

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Another example of the federal government not encouraging job creation is the allowable amounts for tax credits. This is seriously threatening the viability of venture capital funds of Quebec labour confederations like the FTQ and the CSN which create thousands of jobs. It seems there are 19 such funds all over Canada. It is not an issue that concerns only Quebec.

I do not understand why the Minister of Finance does not want to encourage such constructive and viable initiatives. Instead, he puts in place a technical committee on business taxation, some members of which are already taking advantage of tax shelters offered to businesses having branches in countries considered tax heavens.

I could also, but I do not have time, talk about the \$6.4 billion in unpaid taxes by more than 400,000 delinquent taxpayers. Ordinary people listening to us who are about to file their income tax return, if they did not already do so, and include their cheque, would they have the right to be like the 400,000 delinquent taxpayers and not pay their income tax? It does not matter, the government is not going after them. It is not going after the \$6.4 billion. This is incredible.

I could also have talked about old age pensions, talked about interference or talked about child support payments. Unfortunately, you are signalling that I am running out of time.

To conclude, with this budget, the government is proving once more that it is incapable of managing, of showing imagination and audacity in the search for solutions, and that it is incapable of acting in good faith to tackle, once and for all, the problems of the public debt and unemployment. This budget contains some paradoxical measures. It seems to be giving with one hand, while with the other taking away the means for people to get by.

It is high time that the present federal system be seriously revamped. It stifles development of the provinces, which now are simply regional branches. As to the majority of Quebecers, they believe that it is through sovereignty and creation of a new partnership, in an atmosphere favourable to good negotiations, that we will reach, together, the balance required to grow as peoples.

• (1115)

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am sorry the hon. member from the Bloc is angry, disturbed and distraught about Canada. Life in Canada, the best country in the world, is very wonderful. I hope he will soon find peace and learn how to enjoy this wonderful country.

The member made several references in his comments about Canada and Quebec taxpayers. I understand the member is a separatist and does not respect Canada, but I invite him to get to know the rest of Canada by travelling outside of Quebec. He should

believe, as I do, that he owns a bit of every part of Canada, every province, the lakes, the Rockies, Banff, the beautiful prairies and the wonderful maritimes. Walk on the rocks of Peggy's Cove and he will fall in love with Canada again and again.

The member also asked whether this party had a heart. This party does have a heart and a soul; it is in the Prime Minister who we all know always speaks straight from the heart.

The member in most of his speech basically said we have a lot of economic problems in Canada and gave examples of the consequences. He referred to things like school dropouts, teen suicides, et cetera. He contradicted himself by saying we were interfering in the areas that are exclusive jurisdictions of the provinces.

Schools are under the responsibility of provincial jurisdiction and the dropout rate now in Canada is something like 22 per cent. If he speaks to the school boards he will find out most school boards are not dealing properly with dropouts. They are spending a lot of money on school dropouts but they are spending it on kids who have already dropped out. They are not spending anything on children who are thinking about dropping out.

Rather than trying to rip the heart out of the country would it not be a better use of the member's time to start working within his riding to make sure we are spending and focusing our limited dollars on trying to prevent problems rather than reacting to them?

[*Translation*]

**Mr. Guimond:** Mr. Speaker, the hon. member for Mississauga-South mentioned that I should go to various places in Canada to get to know it. I will offer him the same thing. It is unfortunate that he will not be able to answer, but I wanted to ask him if he has ever been very close to my riding, in Saint-Ferréol-les-Neiges, if he has ever travelled around the Île d'Orléans, if he has ever been on the Beaupré coast, if he has ever seen the heritage character of the Royale Avenue, in Beauport.

It reminds me that, in 1980, when I was campaigning door to door and speaking with Mrs. Asselin, my neighbour in Chicoutimi, she told me: "Michel, I cannot vote yes, because we will lose the Rockies". I said: "But the Montmorency falls in my riding will not stop flowing if we become sovereign tomorrow morning. A valve will not be installed at the top of them. We will be able to come and visit them, and we will be able to go see the Rockies". The Alps are in a different country, and when we want to visit them, we take the plane and go see them.

The Rocky Mountains as the symbol of Canadian unity, what a joke. Anyway, you are cutting the railway, you are cutting the very thing that led to Canada being built, the railway. And you, the Liberals, are hacking it to bits. Mr. Bouchard, last night, said it: a project such as the high speed train, which could link Quebec to Windsor, would be an interesting partnership project. I made some speeches here on the HST, some carefully wrought speeches at 5.30

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p.m., the best time slot, and of the 177 Liberal members in front of me who could have come to listen to my speech on the HST—on which I had worked three days and three nights—not one was there to listen to it. So, you do not have a prayer.

• (1120)

The hon. member speaks of the “best country in the world”, yet, he seems to be forgetting that the “best country in the world” is mortgaged to the hilt and living on credit. Personally, I could have a fantastic lifestyle if I loaded my credit cards to the limit. That is precisely what the “best country in the world” is doing. It is living on borrowed money, with every single baby born in the past ten minutes already saddled with a \$20,000 debt. It is incredible. They will never convince us that ours is the “best country in the world”.

The hon. member said: “I understand, the member is a separatist”. Just saying the word “separatist” makes them feel better. Yes, I am a separatist. The member is right. I admit it. But saying that I do not like Canada is not true.

What we want, far from destroying your country, is a country we can call our own. I like Canada, and I do enjoy travelling in Canada. When I am in Vancouver, I find English Bay quite beautiful. When I visited Thunder Bay with the hon. member for Thunder Bay, I enjoyed Lake Superior. We do not want to destroy your country, but simply to build our own.

Furthermore, we heard the hon. member’s heartfelt cry, because the Liberal Party does have a heart. That reminded me of 1967, when I first got interested in politics. I was only 14 years old then, but I still remember the large signs saying: “Canada, stand together; understand together”. We are now in 1996, but how could we explain that we reacted to such words in 1967? How is it that nowadays, in 1996, there are still 50 or 51 per cent of people in Quebec saying that this country is not working? Will you, once and for all, get it into your head that this country is not working? Get that into your head.

Why is it that, since 1967, there are sovereignists saying: “We want to get out. Let us go. We want to leave”? Why are you not letting us go? Because it suits you that we stay.

Here is my last point, because I want to give other members who would like to speak the opportunity to do so. I like that, it gives us the opportunity to make another speech.

Dropping out from school, I agree with the hon. member, falls within the school boards’ jurisdiction. I agree that it is up to the school boards to put whatever energy the money is needed into preventing dropping out. However, when I made my point about dropping out, it was to point out that that happens within a whole economic climate, like suicide among young people. We see an increase in the number of dropouts in the current economic conditions.

[English]

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, we need to move this debate away from the heated rhetoric which has been taking place here today to the issue that really counts, the people of Canada, those of Longueuil, Lac-Saint Jean, Montreal, Papineau—St. Michel, Toronto, Hawkesbury or Victoria.

The issues being discussed today affect everybody in the country. The hon. member brought up the issue of overlap in government. This is a problem we are all labouring under. We need to solve this problem for all our constituents, including Canadians in Quebec.

The net transfer of payments in the order of billions of dollars has been going to Quebec for many years. Where does it come from? It comes from the west, British Columbia and Alberta. Do the people of Alberta and B.C. complain? Absolutely not. Why? At this time we are enjoying economic prosperity whereas the east is not.

Since we are all Canadians we do not mind transferring the funds to the east to help other individuals in the country who are not doing as well. That is a part of being a Canadian.

What will they do when the transfer funds are eliminated if they separate? The business community has repeatedly told the premier of Quebec that if there is separation there will be a huge negative economic impact on the people of Quebec.

• (1125)

What does the hon. member think about that, and what does he think about our 20-20 plan which is a comprehensive plan on how to decentralize federal-provincial jurisdictions for all Canadians across the country?

[Translation]

**Mr. Guimond:** Mr. Speaker, when the hon. member speaks about the transfers to the provinces, about equalization, he says that the people of Alberta and British-Columbia are paying a lot to support other provinces. Should we not also think about the poverty level in the Maritimes? Is British-Columbia paying for the Maritimes?

**Mr. Martin (Esquimalt—Juan de Fuca):** Yes.

**Mr. Guimond:** But when he says: “We are paying and we are glad to be part of Canada”, I want to remind the hon. member that I went to Vancouver, last year, at the invitation of two Reform members, to speak on the sovereign movement in Quebec. I was even invited as a guest speaker at the annual meeting of the Reform Party to talk about the sovereign movement. What do we hear more

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and more often in British-Columbia about Quebec: "Let them go. Let them go. We are sick of paying. Let them go."

To which we answer: "We want to go. Let us go. You say that you are sick of paying for us, that you are sick of supporting us. Because you seem to think that you are supporting us. Very well, then let us go; we want to go. Let us go. Stop paying \$99 trips from Vancouver to Montreal to come and tell us that you love us just three days before the referendum."

Do you really love us right now? You say you love us, but is it really true, with all the insults you hurl our way in the House? Quebecers will not be taken in at the next referendum. They will never forget the rally held on October 27, 1995. We will not be fooled again.

The NDP member from Burnaby said: "Next time, 60 per cent of Quebecers will vote yes." The hon. member for Burnaby—Kingsway is right; he knows Quebec and shows some respect for Quebecers' wishes.

The hon. member also talked about the companies that could flee Quebec. Do you think these companies have decided to settle in Quebec just because they like us?

I was born in Chicoutimi, just like the hon. member representing the riding of Chicoutimi. In the Saguenay—Lac-Saint-Jean area, we have Alcan and the paper mills. Why do you think Alcan chose to settle in Arvida, far away from the big markets? We are used to seeing aluminium plants springing up close to Chicago or Boston. Why do you think Alcan chose Arvida, in the depths of the country? Because of a natural resource called hydro. God created the Shipshaw and the Saguenay rivers and Alcan harnessed them to produce electricity.

This is why some companies have chosen the province of Quebec. These companies are not in Quebec because they like us or just to please us. Their goal is to make money. No matter what political system is in place, if there is no longer any money to be made, these companies would take up and leave. There is no money to be made here anymore? Let us go to the Philippines or to Mexico.

Once Quebec is sovereign, these companies will remain in Quebec if there is still money to be made.

[English]

**Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, I will be sharing my time with the hon. member for Lincoln.

[Translation]

The Bloc member is long on demagoguery and very short on substance. He started shouting because he did not like hearing questions asked by another member. Maybe he did not like these

questions, but I can tell him I did not like his answers at all, to put it bluntly.

Mr. Speaker, I submit to you that the member opposite is disrespectful of the Quebec people, of Quebec electors when he says: "Let us go". He knows the people in his province said the contrary in a referendum. Who is lacking respect in this House? The hon. member who just spoke. This kind of demagoguery is in no way conducive to good understanding.

• (1130)

I could also comment on his speech on the budget and the government's economic policy. Did he forget—I know he will listen carefully to what I have to say—that 600,000 more Canadians have found a job since the government came into office? Did he forget that? Why did he not mention it? Of course, too many Canadians are unemployed, but, at least, 600,000 more have a job now. What is the difference between interest rates now and on election day? Canadians know that our economy has improved thanks to the good management and leadership of our Prime Minister and Minister of Finance.

Let us talk a little about the deficit, another point the hon. member criticized. The deficit went from 6.6 per cent to 3 per cent of the gross domestic product this year and will go down to 2 per cent next year. We are close, in Canada, to having a balanced budget.

In 1993, when we were canvassing and telling people that we would bring the deficit down to 3 per cent of the GDP, many did not believe us and said it was not possible. Why? Because the previous government had never kept its word. In nine years, it never succeeded in making year-end figures and budget agree. As for us, we never failed even once in three years to make them agree. That is the difference.

**Mr. Pickard:** That is great planning.

**Mr. Boudria:** Thanks to good management and to good planning by the Minister of Finance and our government, as my colleague said. Sure, we had to make some cuts. But we did not do it in the Mike Harris style. That is why we do not see tens of thousands of demonstrators today in front of Parliament.

Yes, we had to cut, but we proceeded according to humanitarian principles, which is the best way to do things, and not as members of the Reform Party would have it, that is, cutting even more than we did to reduce the deficit. Of course, this depends on which Reform members we are talking about because some of them, like the hon. member for Esquimalt—Juan de Fuca, are a little more reasonable than others. But some of them are extremists who would cut everything now in the Mike Harris style. In that case, we would have demonstrations. We would see people reduced to a state of dire poverty as so many have been by the Ontario government. This

is not what we want. We want to treat people decently. Of course, we have to make cuts, but we also want to treat people with respect.

Listen to what certain Canadians have to say about the budget. Let me read quote a few of them. Most Canadians, men and women, know what Mrs. Solange Denis said, and I quote: "No, I do not think that they took advantage of me to catch people's attention. I agree entirely with Mr. Martin's plan. I have always supported the Liberals." Bill Good is the host of an open-line program in British-Columbia, and it is well known that, in that part of the country, they do not always agree with the measures proposed by the Liberal Party. He said, and I quote: "The Minister of Finance gained a lot of credibility by meeting the goals he had set, namely, by keeping interest rates relatively low." I ask the members opposite to listen carefully as I continue: "International investors now think that the Minister of Finance is serious about reducing the deficit." Members of the Reform Party would learn a lot if only they listened to Bill Good. He also said this: "Yes, they would want him to go faster, but he met the goals set and, in fact, he even exceeded them, something neither Mike Wilson nor Don Mazankowski even accomplished." He said that, not I.

So that is what people say.

• (1135)

I can quote others. Jeffrey Simpson, of the *Globe and Mail*, who is not considered to be a great Liberal, said: "If only the federal government had presented ten years ago a budget similar to those of the last two years, including yesterday's budget—" That was on March, 7. Those are the praises we are hearing.

Ghislain Dufour, president of the Conseil du patronat du Québec—

**Mr. Chrétien (Frontenac):** Now, there is a friend of mine.

**Mr. Boudria:** Mr. Speaker, I wish the member would listen carefully and with all due respect. I am asking him to listen.

This is what Mr. Dufour said: "From a consolidation and continuity standpoint, it seems like a good budget". That was said by Mr. Dufour.

I can quote a few more. Bernard Derome, who does not frequently praise the Liberal Party, especially not during a referendum campaign, but that is another matter. Mr. Derome said: "Basically, the business community is satisfied. At least, it seems to be reassured. It feels that the Minister of Finance, since last year, has regained control over public finance". I must say that I expected some praise, but not from him.

There are many more people. Claude Edwards, president of the seniors' coalition for social equality. People talk about social justice, as do certain members of the Bloc Québécois—of course, some of them talk of something else, but others do talk about it. I tell them: "That was in the *Globe and Mail* dated March 7". Mr.

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Edwards said, and I quote: "A number of things that we appreciate and that we had asked for were done". He speaks for the coalition of seniors.

You see, the budget is supported almost unanimously, except, of course, for some members on the other side. Our world is not perfect. But besides them, most Canadians, be they business people, seniors, private citizens or prominent Canadians, have good things to say about the budget.

Of course, we succeeded in putting public finance in order. Our government achieved that. People are almost unanimous in admitting it. We will continue on the right track, manage well, avoid wasting public funds and restore respect among the population for government, not only for our government but also for future governments. Moreover, we will give Canadians the ray of hope that we want so dearly to give them.

I say to the hon. members on the other side that if they want jobs created for their constituents, if they seriously want jobs, they only have to co-operate with us for the wellbeing of all the Canadians who hope for a better future.

**Mr. Maurice Godin (Châteauguay, BQ):** Mr. Speaker, I will be brief enough to allow my colleagues to speak. I simply want to point out to our colleague from the Liberal Party that there is a subject he completely forgot to talk about, and it is our \$600 billion debt.

When he talks about the good things, he always shows only one side of the coin. When he talks about the deficit, he says that it is being reduced. Well, the deficit is not being reduced through good management and certainly not through spending cuts because, next year, there will be no cuts in government spending. The government is reducing the deficit by using the unemployment insurance fund, by shirking its responsibilities, by cutting its transfers to provinces, by laying off employees. That is how the deficit is being reduced.

• (1140)

We hear constantly about the referendum. We hear that Quebecers voted no in the last referendum. But everybody forgets to say that the yes side is now up to 49.5 or 49.6 per cent and that it will win the next time.

I would like the member to tell us about the programs he has proposed to eliminate the debt.

**Mr. Boudria:** Mr. Speaker, I do not want to give my colleague a lecture on economics but, before eliminating the debt, we have to get rid of the deficit.

I think most Canadians who listen to this speech or who will read it in *Hansard* tomorrow will know that. The comparison that needs to be made is this: What is the point of discussing old debts if we still have not paid off the new debt? The first thing to do is to eliminate the deficit. We have reduced it, and we have done this

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well. The next step is to eliminate it. After that, of course, we will start paying off the debt.

The hon. member raised an issue I had forgotten to mention. We have been told in recent days that beginning next year the deficit of Canada will be, in terms of its gross domestic product, the lowest of the seven most industrialised countries in the world. The lowest. In other words, we have a better record than the other six members of the G-7.

[English]

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, the hon. member for Glengarry—Prescott—Russell never fails to astound me as he stands up in this House and blames the country's problems on everyone else except the Liberal government.

Surely the hon. member realizes that over the last 35 years the Liberal government has held power in this country more than the Tories, far more than the Tories. All the things that have caused discontent in the province of Quebec could have been sorted out a long time ago by previous Liberal governments. Sure, the Bloc party has to take some credit for whipping up the current separatist feeling within Quebec, but the things the province of Quebec is asking for, such as devolution of powers and more control over things the province of Quebec could do better itself are the same things the other provinces in Canada have been asking for all these years.

Why did it take bringing the country to the very brink of separation which was caused by the Liberals' inept handling of the referendum campaign in Quebec? Why did it take coming so close to breaking up the country of Canada to wake the Liberals up to the point that finally after 35 years they are starting to talk about devolving some of the powers of the federal government to the provinces?

**Mr. Boudria:** Mr. Speaker, I cannot believe what I am hearing.

**Mr. Thompson:** I can.

**Mr. Harris:** I can. You do not listen to the people.

**Mr. Boudria:** Maybe that is the difference between us and what I just heard across the way.

We just heard two things. First, the way to save this country is to emasculate it and second, this government here today should have done something 35 years ago.

**Mr. Harris:** They have the same philosophy today.

**Mr. Boudria:** The member across may think, and I am not one of them, that all of us should stand for splitting the spoils among provinces and having no country left. That is not the Canada I see. I see a strong and united Canada and I intend to do my share to keep this country together.

I do not stand with that kind of nonsense that the member across believes in, which is to totally emasculate the country. It is nearly as bad as what the Bloc Quebecois—

**The Deputy Speaker:** Resuming debate. The hon. member for Lincoln.

**Mr. Tony Valeri (Lincoln, Lib.):** Mr. Speaker, I am pleased to have the opportunity to speak on Bill C-10. In concert with the 1994-95 budget, the 1996 budget continues a comprehensive strategy for federal finances that is determined, measured and responsible.

• (1145)

Jobs and economic growth are the priority of every G-7 nation and certainly are the priority in Canada. Our government was elected on a jobs and growth platform and it has spent the last two and one-half years trying to meet those goals. To meet the objectives of jobs and growth we had to make some tough decisions. The 1996 budget stays the course on deficit fighting and we have made those tough decisions.

As a federal government we need to strike a balance between reducing those deficits in a prudent and measured way while not hurting those most in need. One only has to look at the reaction of the people of Ontario recently to understand that the Tories' slash and burn approach does not work and it is an approach that this government will never emulate.

Listen to some of the comments. John McCallum, chief economist at the Royal Bank said that the Minister of Finance "has struck a good balance between on the one hand having to get the deficit down and on the other hand not inflicting real damage on a struggling economy. I think the course is being steered quite well".

The president of the Quebec Chamber of Commerce stated that the budget gives a positive signal to financial markets and it is felt that the minister will deliver what he promised by cutting the deficit. This is quite contrary to what is being said by the Bloc members across the way who say: "Please, please let us go". Let us remember that Canadians live in Quebec and they have said: "We want to stay in Canada and we will do everything possible to ensure that this country remains united".

In the past 27 months the most common theme I have heard is action. Action is needed. Canadians know that government cannot be all things to all people. They do expect government to spend taxpayers' dollars prudently and to ensure a better future for their children. We will provide that future. We will achieve this through our determination. We are not letting up.

As the Minister of Finance stated, the attack on the deficit is irrevocable and irreversible. We will balance the books. Furthermore we will put the debt to GDP ratio on a constant downward track year after year after year.

Our fiscal action plan is measured; it is not indiscriminate, it is not mindless but it is structured by a pace that is conducive to adaptation. It is not designed to be a quick fix, but it is designed to achieve long term and permanent progress. It is also responsible because it is a strategy that involves carefully weighing the needs of our economy and our society, and equally carefully designing the policy options to meet those needs. Clearly our fiscal house is getting in order. We need to do that to sustain jobs and growth over the long term.

Many in my riding of Lincoln are involved in the small business community. I believe that this budget sends very strong signals, a signal that this government is committed to promoting and enhancing small business. The economic recovery of this country is based on the growth of that small and medium size business sector.

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

The first budget in 1994 set the course for our fiscal house so that we could create that environment for jobs and growth. In 1995-96 we stayed the course.

It is worth looking at what signals this budget is sending to small business in my community of Lincoln and across the country. The budget recognizes that the role of government is to provide the private sector with a framework for growth. Our budget to date has reflected our fiscal and economic policies of getting interest rates down, of keeping inflation low and of cutting the burden of deficits in order to create that climate.

The budget also announced initiatives to encourage technology and innovation. The Minister of Industry recently released the science and technology package which will form the basis of Canada's global competitiveness in the 21st century.

Again no one is suggesting that this budget or the last two budgets are the panacea for the Canadian economy. However, I think we can all agree that we are certainly on the right track. I can say that with full confidence because just last week I had the pleasure of participating in the opening of the Cosella Dorken plant, a joint venture between Canadian and German companies in Beamsville. It is an innovative company that is poised for growth and export.

• (1150)

Locally, I see the impact of getting the fundamentals right, of getting lower interest rates, of getting low inflation and of cutting the deficits. At the end of the day, tackling Canada's fiscal problem is not the goal in and of itself. Rather it is a fundamental

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component of our objectives of national growth, new jobs and economic security.

We will continue to set credible, two year rolling deficit targets by using prudent economic assumptions for fiscal planning purposes and by establishing contingency reserves. Credibility is being restored to the nation's finances. We have maintained our focus on reducing program spending because the debt is a problem created by government. We all know that. The solution should focus on cutting in our own backyard.

There are no new tax increases in this budget, not in personal taxes, corporate taxes or excise taxes. Constituents of Lincoln feel confident that this government is listening when they say they are overtaxed and it does not increase taxes.

My constituents are pleased with the direction our government has taken. They are confident that by staying the course and continuing to be sensitive to those most in need Canada can continue to be a model to all the world as a country where fiscal soundness, a competitive environment and social responsibility are not mutually exclusive but rather are all interconnected.

The job before us is clear. It is to build on the progress we have made, to see it translated into good jobs, sustained growth and social programs suited to the millennium that lies ahead.

[*Translation*]

**Mr. Jean-Guy Chrétien (Frontenac, BQ):** Mr. Speaker, I wish to congratulate the member for Lincoln for his great speech. Of course, his speech was typical of Liberal supporters who, of course, will fully approve, whatever the content of the Minister of Finance's budget.

A recent opinion poll suggested that barely four per cent of Canadians trusted their politicians. Unfortunately, the quality of our members of Parliament and ministers, the present Minister of Finance in particular, is no help in improving this meagre four per cent our constituents are giving us. With four per cent, we might just as well say we are in the basement. Since the margin of error is plus or minus three per cent, one might wonder whether it is one per cent or seven per cent. If it really is one per cent, it could mean only their friends.

Speaking of credibility, Mr. Mulroney, on taking office in 1984, said: "Let me run this country for 20 years, and you will not recognize the country". We put our trust in him for nine years and, in fact, after nine years, Canada—or Quebec—is almost unrecognizable.

When Mr. Mulroney took office, the Liberals had accumulated a \$250 billion debt. Oddly enough, this morning, not one member opposite mentioned that fact. Yet, these Liberals are the ones who created this outrageous deficit of \$250 billion.

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Mr. Mulroney took over the government with a deficit of \$250 billion and brought it to \$500 billion. Two years and a few months after the Liberals came back in office, the amount is over \$600 billion—from \$500 to \$600 billion. It seems that the bigger the deficit, the less scary it is.

The member for Lincoln should also understand that these Liberals are ruining our reputations as politicians. The Deputy Prime Minister, the member for Hamilton, promised to resign if, after twelve months, the GST had not been scrapped. What did she do? Yesterday, she did not hesitate to vote against a motion, a silly motion, I must say.

• (1155)

In this budget—and I would like the member for Lincoln to tell us why—the Minister of Finance did absolutely nothing to reform the tax system in order to eliminate the numerous tax shelters that allow people to pay less taxes, something he himself is an expert at. On the contrary, he targeted the unemployed, farmers, women and young people. This is the future the Liberal Party is preparing for us.

[*English*]

**Mr. Valeri:** Mr. Speaker, I have to dispute the polling that was done. Certainly the polling I am doing in Lincoln states that the credibility of members of Parliament is increasing. Read the commentary that is out there.

I would be interested in seeing the poll, its sample and its size. Better still, I would like to see the question that was posed in order to get the response which the hon. member was looking for. I know there is always some doubt when we talk about the question here in the House.

The hon. member asked what we were doing with respect to the debt. Again, let us talk basic economics. We need to tackle the deficit before we can talk about the debt. We need to put the fundamentals in place.

It is astonishing to me when I hear comments which suggest that the party opposite or the member opposite is not concerned about the debt. No one in the House is supportive of putting a burden on our future generations.

We are committed to getting our fiscal house in order. We are committed to putting the fundamentals in place. We are committed to dealing with the debt. However, we have to deal with the deficit first.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, I am astounded to hear the remark about putting a burden on future generations from the hon. member for Lincoln.

Using the Liberals' own numbers, they are going to add a minimum of another \$100 billion to the national debt and another

\$10 billion to the interest payments. If that is not a burden, I do not know what it is. It is a burden which was created by the Liberal Party.

The hon. member talked about there being no tax increases in the recent budget. I would like to refer to the de-taxing of child support payments for custodial parents. While I am sympathetic to that change, will the hon. member deny that the change will in fact result in a net revenue gain of \$200 million to the Liberal government?

**Mr. Valeri:** Mr. Speaker, again we are on the constant downward trend. We are meeting our economic targets of reducing the deficit and ultimately dealing with the debt. We are not doing it in a slash and burn fashion, which is how Ontario is doing it.

The easiest thing for us to do would be simply to come forward, slash and burn, and get the numbers down. However, that is not the goal in and of itself. We must take a balanced approach in dealing with the debt and deficit. We must deal with social programs. We cannot cripple the economy because we want to hit a certain number. We have to be balanced, measured and determined.

When we talk about tax reform, when we talk about wanting to change things, we have to get the fundamentals in place in order to deal with the main objectives of jobs and growth in the economy. That is what we are committed to on this side of the House. We are going to deal with it.

With respect to changes in taxes, we are talking about fairness, what is equitable. We made some of those changes in the last budget and we will continue to do so as we move into the following budget and the next election.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, I have followed this debate with interest.

Some of the quotes the hon. member for Glengarry—Prescott—Russell used were interesting. Maybe I should reply to some of those with some quotes from the Prime Minister: "I have a plan and I have the people". We are still waiting to hear the plan. We are still waiting to see which people will carry this out.

• (1200)

He said we will have a government that will listen to the average Canadians and earn their trust with a balanced, realistic plan with concrete goals, not empty promises. He said that after nine years of broken promises and shattered dreams Canadians deserve a change. We are all still waiting.

He said that for nine years Conservatives have claimed to cut costs while they have been transferring them to the provincial and local levels but the same taxpayers keep paying. They still keep paying because we still keep transferring it to the provinces. We still keep hearing the phony thing that we have planned.

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A lot of people have not heard about that plan and certainly do not see it coming from the government. In the past couple of weeks I talked to 400 farmers in Alberta. I have talked to people in Etobicoke. I talked to people in Regina last weekend. They are all waiting for that plan.

They are looking at what the Liberals are saying: "We have everything under control. Feel good, be happy, do not worry about anything". Everything is fine is what the spin doctors are telling the Canadian people but the Canadian people are way ahead of the politicians.

Albertans feel pride because now we are starting to pay down our debt. The pride and the feeling of accomplishment certainly are much greater than anybody feels from the lame duck budget the federal government has put forward now for a third year.

I have made up a little card which I have started handing out to people. People say the Liberals say everything is under control. We hear quotes from some of their henchmen saying everything is under control. We have a deficit that has gone from \$42 billion to \$30 billion to \$21 billion to \$17 billion; are we not wonderful? Really what we have done is set the target so low that anybody could hit it.

The hon. member from the Bloc said what the Liberals never talk about is the \$600 billion of debt. They never talk about the \$50 billion of interest accumulating every year which has to be paid down before we can provide any services.

What members have to look at is how that happened, which is on my card. We started in 1972 with approximately \$16 billion and a Liberal government. In 1983 and we were up to \$160 billion under a Liberal government.

In 1984 we said here is a guy who said he will not let this grow any more from \$160 billion. By 1993 we all know the day we were elected it was \$489 billion. When we go back to the people again, it will be \$620 billion. It is going straight up, but the Liberals never talk about that.

The people talk about that. The people know what is threatening their programs, what is threatening their health care, what is threatening their jobs, what is threatening their pensions. They are all being threatened by that debt and by those interest payments. That is what is threatening the programs, and the people are smart enough to know that.

The people are asking where is the plan? Where are the targets that will actually achieve something? Do not simply offload problems to the provinces. The provinces are trying to do their job; at least seven will have a balanced budget. Then they will start paying down their debt.

I mentioned the pride when that is finally achieved.

• (1205)

Let us talk to the people. What do the people say? They say lower taxes to give them the incentive to create jobs. Give them some reforms to the systems in place so they can preserve what they all value as Canadians.

The Liberals are stuck on this slash and burn thing. Two or three years ago some speech writer wrote that down for them and they are not clever enough to come up with anything new that describes anything like what the people are saying.

We should probably start right here with ourselves. What are we doing with the number of members of Parliament? We are increasing it. We should be decreasing the number of members of Parliament and setting an example. We are over governed. We do not need all the government we have. We should be totally reforming that place on the other side of this building. That is a disgrace. I am embarrassed about it but nothing comes forward in that regard.

We do not have reform in this Parliament. We have members taking their pensions and justifying it. How can they do that when they are telling people they have a plan, that they will lower spending, that they will set the example for Canadians?

We are increasing the number of members of Parliament. We are taking a watered down pension. We are not doing anything about the GST. We are not doing anything about the debt. We have so little business to do in the House that it is embarrassing. We delayed the opening of Parliament because there is so little to do.

The people of Canada recognize this. They know the sham that is going on. They know the government has no plan. They know the government will not deal with the debt, will not deal with the interest payments, will not deal with threats to our social programs, will not provide jobs. It is just sitting there coasting along and hoping a miracle happens.

I do not believe that miracle will happen. Business knew what to do long ago to get its act together. Government has not even started. In this place nothing has happened. This budget is another disaster with no goals, no limits, no plan as we were promised.

The people know where it is at and the people again, as so often is the case, are way ahead of their leaders. They are ahead of their bureaucrats and they know what has to happen. They are prepared for it and they will take pride in it.

We need a government that has a plan, and yet there is no plan. Yesterday's debate was a perfect example: "We will get rid of the GST, that is a promise. We will kill it, destroy it, bury it". Yesterday in the House every single last Liberal voted to keep the GST. That is the plan and the delivery of the things they went door to door with and promised.

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How can one feel any way but unhappy with this place? How can one feel anything but disgust when one hears the sorts of things we keep hearing? There are prepared speeches that people pick up. They do not feel it from the heart. They do not feel it from their people. They have not talked to their people. They are just doing what the spin doctors say will get them elected again. It is a disgrace.

We are talking about the most important thing we all have, our economy. We do not have jobs, we do not have anything and there is no plan here. We have MPs taking their pensions, we have MPs increasing the number of members in this place. We have no plan, and that is sad. It is sad for my grandchildren, for my children, for future generations. We should all have a moment of silence, and the members across should join, because of the lack of a plan. The budget only demonstrates that.

• (1210)

**Mr. Jesse Flis (Parkdale—High Park, Lib.):** Mr. Speaker, I always listen very attentively when the hon. member speaks because when he first came to Ottawa he made a lot of sense. However, today he has fallen into the Reform rhetoric and does not make any sense at all.

He said he was in Etobicoke helping the Reform candidate to get elected there. I was there as well. There was not much support for the Reform Party in Etobicoke.

The other day he also saw what happened at Queen's Park when the riot police had to be called in. These are scenes we witness in other countries. Never did we predict we would witness such scenes here. The Harris government is doing what the Reform Party wants for the entire country. Does the hon. member want to see these kinds of scenes repeated across the country?

**An hon. member:** That is what the people want. That is why they elected him.

**Mr. Flis:** An hon. member says that is what people want. If that is what people want, can he explain why the government party is running 58 per cent in the polls and his party ratings are going down further and further? It shows the public is not buying the Reform program.

The hon. member went on to talk about the GST. He tied that in with party's lowering taxes. It would lower taxes, get rid of the GST. At the same time he criticizes the deficit and the public debt. What he shared with us will drive the deficit up even further and increase the public debt.

That is why I said he used to make sense but all of a sudden does not make sense. He complains the government has no plan. The government ran on a plan. We put out a very clear platform and the people gave us the mandate to implement the platform over the next five years.

We have another two years to go. Mike Harris tried to do in one year what we are spreading over a four year period. This why the people are quite happy with our latest budget, quite happy with the first two budgets. They know we are on track. The financial confidence is there. The investment confidence is there. I think the government is right on track and I do not see why the Reform Party cannot understand this.

**Mr. Mills (Red Deer):** Mr. Speaker, there were a number of questions and I do not have enough time to answer them all.

I remind the member that a number of Liberals believe that support is an inch thick and a mile wide.

I tried to convey the feeling that Albertans have of the pride of ridding the deficit and who are now working on the debt. We are proud of that. The threat to everything in the country is the growing debt and the interest payments. That is the message; \$50 billion in interest is what is threatening health care, pensions and jobs. Business will not provide more jobs until it sees a plan and light at the end of the tunnel. The only light at the end of the tunnel must be the lowering of taxes, a plan whereby people are treated equally and fairly.

With regard to his reference to polls, I go back to a much earlier politician from this place when he described that polls were for big dogs. That probably summarizes what we can do with these polls.

Why the great popularity of the government? After probably the most disliked Prime Minister the country has ever had, anything would be a breath of fresh air. I agree with that. We need light at the end of the tunnel. The debt and the deficit have to be dealt with and interest payments must be cut down.

• (1215)

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, Bill C-10, an act to enable the government to borrow, simply should not exist. It is proof positive that the government has failed the Canadian people in trying to do that which it professes to do, which is get our economic house in order, preserve social programs and above all else, give hope to a Canadian public that so desperately needs hope.

Once again the government has mortgaged the future of every Canadian. It is borrowing on the future of Canadians, their children and their children's children to pay for today. Granted all of what we have today goes on their shoulders because previous governments, Progressive Conservative and Liberal alike, have spent wildly giving us the situation we have today.

Although the government has done a few things that no previous government has done, it still has much further to go. It is still compromising the country as we know it, compromising the very roots of Canadian society. Hence we see the great angst that exists among the Canadian people: their fear of the unknown, their fear

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of the future, their fear of losing their jobs, their fear that their children cannot find jobs, their fear of losing the social programs which all of us have come to depend on for health care, for education and for pensions.

The fact that we have to borrow from the future speaks loudly to the fact that our economic house is not in order.

Reformers have been accused of being the slash and burn party. The government has repeatedly said that it is on the right track. This is a track running right into a brick wall.

The International Monetary Fund at the end of last year told the finance minister clearly that if the government does not change its targets, if it does not bring those targets more into line and be more aggressive, not only in its deficit reduction, but most important, in its debt reduction, then Canada is going to be in severe trouble.

We need not look any further than New Zealand to see the consequences of inaction. If the government does not act, if it does not get our economic house in order today, then Canadians are going to suffer. Those who will suffer the most are the poorest and most dispossessed in society. These are the people above all else who we should be here to help. The fact that the government is borrowing once again, spending more money than it takes in, is compromising the health, the welfare and the future of every Canadian.

Three years ago the Reform Party gave the government a specific, concise and effective plan to get the country's economic house in order, to get people back to work, to give confidence back to the people, to preserve social programs, to preserve programs that help those who need help. Did the government take it? Absolutely not. The government ignored it, to its peril and the peril of all Canadians.

The purpose of the plan was to make sensitive, effective cuts to government spending to preserve funding for those people who need it the most, to preserve health care, to preserve education and to preserve the core of the pension programs for those who need them for the future. The government ignored it. Yet the Liberal plan we are following is eroding away at government spending as we speak.

When we were all elected two years ago the government had \$120 billion to spend on government programs. Today it has \$103 billion. Next year it will have \$93 billion to \$94 billion. Where has the money gone? It has gone to pay the interest that must be paid on the debt, the debt that is being added to as we speak, the debt that will continue to be added to because the government has failed to balance the books. Every day Canadians have to balance their books. If we do not we go bankrupt. That is reality. The government is committing Canada to bankruptcy and that is completely unthinkable.

• (1220)

Why does the government not act? It does not act out of fear. I understand that. It takes courage to move ahead and address the problems in our midst. Why are the problems in our midst not addressed? It is for fear of having to lead the debate, for fear of the media and for fear of what some small minority groups will say.

However, members must have the courage to act on their principles. They must have the courage to do the right thing for the Canadian public. If they do not it will be the Canadian public that suffers. It is our job. It is not our job to play partisan politics which is what we are descending into and to an even greater degree every day. This place is fracturing into different groups rather than having the vigorous debate that is necessary to find solutions to the problems of the country.

I fear that the problems have become secondary to playing the game of politics. The maintenance and acquisition of power is the game. Canada's problems become secondary to that little dance that is going on here. That is the system and the morass with which we are faced. However, this is an opportunity to change that system and to become more effective.

As an aside, I personally believe that we need to make a hybrid model between the American system and the Canadian system to give individual members of Parliament more power, to give committees more power in enacting legislation and to enable all members of Parliament to represent their constituents rather than doing what the party tells them do. That is something that we in this party have been pushing forward for a very long time, free votes in the House of Commons. I believe it is essential for a democracy to have this because we do not live in a democracy today.

If those changes can be made then this House will provide a more vigorous and effective debate that enables members to formulate plans that can be directly applied to the problems which face Canadians today. I fear these problems are not being dealt with in an effective fashion in the House because of the insidious creeping of partisan politics among us. That is in part why we do not see action on the great problems that face Canada today.

However, it is still inexcusable for the government not to act on the economic situation by continually borrowing on the future of all Canadians.

The Minister of Finance wants to create a study group to determine how the tax system can be addressed more effectively for businesses. I will give the minister a free bit of advice. If he wants to improve the economics in Canada, if he wants to give people a better chance of getting a job, if he wants to preserve social programs and if he wants to give people hope, then he should

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cut the tax rate. People should be given more money in their pockets so they can spend it.

Interestingly enough, I believe in 1991, in the dark years of the Conservatives, the Prime Minister of the day actually decreased taxes for a very brief moment in time. What happened? More money was coming into government coffers at that time than ever before. What did the government then do? It started to tax wildly. It brought in the GST and increased taxes. What did all that do? It simply decreased the amount of money coming into the public purse, crushed the economy, raised taxes, decreased the ability of people to get jobs and generally smothered an economy that could otherwise have been more vigorous.

In Canada, we have an enormous opportunity. We are blessed with enormous riches in minerals, in timber but also in the people. We have an enormous wealth of individual strength, tolerance and understanding that cannot be rivalled by any other country in the world. These enormous talents, ideas and potential need to be focused on the issues that not only affect us but affect all countries in the world. It does Canadians a great disservice not to do that.

• (1225)

I implore the government to use its power to work with us, to employ some of our ideas and to use them itself for the good of all Canadians. The problems of this country cannot wait another day. They must be acted on today. The solutions are out there. Let us act on them for everybody.

**Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the hon. member is one of the more moderate members of the Reform Party. However he stated some things that I do not think carry a lot of water.

He is using the New Jersey model to cut taxes. Let us take a look at that New Jersey model since he brought it up. New Jersey is now the most polarized state in the United States. The poor have never been more poor and the rich have never been more rich. The middle class has shrunk. That is the state that cut taxes. It is a model that was used by one of our provinces in its approach to an election.

The other model he used was New Zealand. New Zealand has not recovered from the crash of its program. It is still not on its feet yet. It is not a vibrant society.

Why are the major financial lenders in the world giving kudos to Canada? It is because we are attacking the problems in a thorough manner. The government has set targets and it will reach those targets, as stated by the Minister of Finance.

The hon. member talked about a fractious caucus. There is no more fractious caucus than the one to which he belongs. That

caucus brings its members back to account to them and some come out in tears. It does not paint a very good picture of a party's solidarity.

He also talked about freedom of speech. That does not speak well for the party either. Talk about practising the new politics. The party that came into power saying it was going to do it a new way but it just found a new way of doing the old things better.

This is not as easy as one thinks from the outside. It takes a lot of co-ordination and practice among all of the parties. To bring laws into place a lot of consultation has to take place and there is no knee-jerk reaction to it.

I wanted to pick up on those points made by the hon. member. I have one question for him. Has the Reform Party chosen to use the New Jersey model for a tax cut model the same as the province of Ontario did and end up as a result with a polarized community of the very rich and very poor?

**Mr. Martin (Esquimalt—Juan de Fuca):** Mr. Speaker, I thank the hon. member for his questions. I am glad he asked them.

First, I never brought up a New Jersey model in my speech. To answer his question on tax cuts like there were in New Zealand, the plan we gave the government, the zero in three plan, did not involve an across the board tax cut for anybody.

Reformers maintain that government spending has to be controlled, the deficit has to be brought down to zero and then the debt, the real ogre, must be attacked. That is the plan we gave to the government. That is the plan it ignored.

Second, I did bring up the New Zealand model. It does take time for a country to get back on its feet after decades of overspending. The reality for New Zealand is it took 10 years. For Canada it is probably going to take a similar amount of time. If the changes are made today, we cannot expect to have the results for some years.

The converse of that argument is if the changes are not made things will be a lot worse for a lot longer. That is why we demand that the issues be addressed now, and if the government fails to do that it will imperil the Canadian public.

The hon. member did make a number of erroneous statements. New Zealand is doing better than it has ever done. It is one of the lions in terms of economic growth of countries in the world. Over the last couple of years its economic growth rate has increased dramatically from 5 per cent to 10 per cent.

• (1230)

The hon. member said that kudos have been given to Canada. I suggest the hon. member look at what the International Monetary Fund said. The IMF gave our Minister of Finance a very stern warning, making it very clear that his targets are totally unaccept-

able. That is not the first time. It has been repeated time and time again. The primary international financial agency in the world has told Canada to buck up or it will be in trouble.

The hon. member brought up the issue of free speech. We do not have a bunch of cowardly individuals, such as those who are in government. Many of them say they would like to make changes in the government but are afraid to do so because of the whip structure. At least in our party we can speak our mind, and we do.

**Mr. Derek Wells (South Shore, Lib.):** Mr. Speaker, I will be sharing my time with the hon. member for Bonaventure—Îles-de-la-Madeleine.

I rise to speak on second reading of Bill C-10, the borrowing authority bill. The government is asking this honourable House for \$18.7 billion of borrowing authority for the 1996-97 fiscal year. As in previous years, the amount of borrowing authority requested in the bill is directly connected to the financial requirements set out in the 1996 budget.

The budget which was presented on March 6 was good news for Canadians. It focuses on many important areas that need the attention of government. The areas being addressed that I am especially pleased with are the deficit, the economy, social programs and young Canadians. Bill C-10 will allow for the implementation of these initiatives.

I would like to applaud the Minister of Finance for keeping the government on its deficit targets with no new taxes. 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 it budget after budget. Our deficit targets are not only being met, they may be exceeded. This provides us with the confidence that our deficit target for 1996-97 of 3 per cent of GDP is secure, as well as our new interim target of 2 per cent for 1997-98.

The main objective of the Liberal platform during the election was job creation. That is exactly what we are aiming to do through creating the proper economic climate by getting our fiscal house in order. There is a direct link between deficit reduction, interest rate reductions and job creation.

The government has not only kept its promises, it has made new ones.

A very important focus in the budget is on children, youth and the future of our country. The budget provides an additional \$165 million over three years to help students and their families deal with the increased costs of education. The budget will increase education tax credits, raise the limit on the transfer of tuition and education credits and increase the limit of contributions to RESP, the registered educational savings plan. That is a small price to pay

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to open up new educational opportunities to the younger generation. I welcome these measures.

Also announced was an additional \$315 million of funding over the next three years to create new youth employment opportunities. There was a real need for government action in this area.

This country has a 16 per cent youth unemployment rate. That is unacceptable to me and it is unacceptable to the government. It is important to provide young people with new challenges and their rightful place in the workforce. That is why the government has committed to doubling the funding for the summer career program to provide students with the work experience needed when they graduate and seek their first full time job.

I am also pleased with the government's new domestic Team Canada style partnership approach between business and government to create entry level jobs for our youth. The government is also on the right track when it devotes funding to involving youth in the Internet. That has happened in several ways.

• (1235 )

The SchoolNet program will eventually connect all schools throughout Canada to the information highway. This is vital in keeping Canada globally competitive. It provides youth with the technological skills which will soon be considered mandatory to doing business throughout the world. This also provides schools with a link to the rest of the country which promotes the exchange of information and allows students to learn about their country in new and creative ways.

I applaud the innovative plan announced in the budget by the minister to provide jobs to 2,000 computer students to connect 50,000 small businesses to the Internet. This not only provides valuable work experience for youth but will give small businesses the competitive edge they need to succeed in today's economy.

The financial security of children was also an important focus of the budget. I was pleased to see that new child support measures will be introduced. Fairer tax treatment has been called for by custodial parents for some time now and the government has acted. The new tax system will be simpler for parents. To be fair, the increased tax revenues received will be reinvested to support the implementation costs of the federal child support guidelines.

In addition to this, children will be directly aided by a two-step doubling of the working income supplement. This increase from a maximum annual benefit of \$500 to \$700 in 1997 and to \$1,000 in July 1998 will help low income families cope with such increased costs as child care and transportation to work. This supplement is an added incentive to work rather than to collect social assistance.

This type of incentive is vital to break the cycle of financial dependence that many Canadians face. These changes will affect

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upwards of 700,000 families by increasing their benefits an average of \$350 a year. It is important to note that one-third of these families are headed by single parents.

A major focus of the recent budget which we are implementing with Bill C-10 will be helping Canadians who need it the most. This has been exemplified by the government's new initiatives for children and youth, which I have discussed, and for seniors with the new seniors benefit which will begin in the year 2001.

Along these same lines, the government has taken measures to protect those Canadians who need medical services, post-secondary education and social assistance. These services were secured in the last budget when the government created the Canadian health and social transfer.

The government in the budget announced a firm commitment for five years starting in 1998-99. For the first two years funding will remain constant at \$25.1 billion. For the remaining three years funding will increase each year. This is good news for the provinces and for all Canadians.

Recently I met with representatives of the Federation of Canadian Municipalities. They told me that they are very supportive of this on behalf of the municipalities. They feel it will provide them with the stability they need as they do their planning. That was very encouraging to me.

There is security in knowing that funding will remain the same or higher for the five-year period beginning in 1998-99. The government has made several other long term commitments such as the new seniors benefit. Not only does this allow Canadians the opportunity to plan ahead, but it demonstrates to business that the government has a long term financial plan that will promote a stable economy. They can therefore feel secure doing business in Canada.

I fully support Bill C-10 and the budget it is implementing. The budget contains much needed programs and additional spending in the areas I have outlined. We have met our deficit targets and will continue to do so with no new taxes in 1996-97. I urge all members of the House to vote for Bill C-10.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, I listened with interest to the member opposite talk about his party's lack of vision in reducing the deficit.

• (1240)

The province of Alberta has adopted platforms which parallel what the Reform Party believes with regard to fiscal matters and responsibility. This year the Government of Alberta will not only balance its budget but also anticipates having a surplus. It can make a decision to either apply the surplus to the debt, to its health care system, to post-secondary education, or to the seniors program.

Alberta has the luxury of a surplus because it has adopted some very hard and tough fiscal programs to get its deficit under control and its budget balanced.

How would the hon. member respond to that success?

**Mr. Wells:** Mr. Speaker, the member talked about a vision or lack of vision with respect to the deficit; it depends on how one looks at it. I would be the first to acknowledge there are two plans, two visions for the future, two budgets: the budget presented by the Reform Party and the government's budget.

I said in my speech and I have said over and over that the deficit is something we must get under control. We are not only committed to reducing the deficit on a planned basis but to eventually eliminating it, then being able to use that money for programs and to pay off the debt.

There is a difference between the position of the party opposite and my position. I recognize there are two deficits while the member opposite only recognizes one deficit. He recognizes the fiscal deficit as I do but I also recognize the human deficit. We cannot put the people of this country at risk and make the human deficit worse by taking the approach advocated by the member opposite.

I appreciate what the member is saying. To a great extent we agree on many issues as they relate to the eventual elimination of the deficit, but there is a difference in approach. As I have stated, the main difference is the recognition by this side of the House that we must also consider the human deficit.

[*Translation*]

**Mr. Gilbert Fillion (Chicoutimi, BQ):** Mr. Speaker, I would have liked my colleague to talk a little more about the 1,400,000 unemployed people in this country. He did not mention them. Of course, he referred to the program designed to provide summer jobs for students, but this program will not save Canada or the unemployed.

I would like to find out from my colleague what measures are favoured by his party to create high paying jobs that would enable people to make ends meet and to put bread on the table.

[*English*]

**Mr. Wells:** Mr. Speaker, I would like to give the member specifics but my timeframe will not allow me to do that.

I did address the question of unemployment. I did address the question of the unacceptable level of youth unemployment which is at 16 per cent. As I mentioned in my speech I also recognize, as I believe the hon. member opposite should recognize, the direct link between deficit reduction which will lead to interest rate reduction and will lead to job creation. That is a sound economic principle. I am sure the member opposite realizes that until we get our fiscal

house in order, businesses will not have the climate in which to create the jobs we need in this country.

We have had a good record of job creation but it has to get better. The unemployment rate of 9.4 per cent is still unacceptable. The youth unemployment rate of 16 per cent is unacceptable. I am convinced the measures we started two budgets ago and that we are continuing with this budget will over time reduce that rate. I am very confident of that.

• (1245)

[*Translation*]

**Mr. Patrick Gagnon (Bonaventure—Îles-de-la-Madeleine, Lib.):** Mr. Speaker, I, of course, wish to speak to this bill to provide borrowing authority so that the federal government can service its debt. This debate deals with the last budget speech delivered by the Minister of Finance, the hon. member for LaSalle—Émard.

I think it is important to remind our listeners that the 1996 budget contains no tax increases. There is no increase in individual income tax, corporate tax or the excise tax. In fact, there were no tax increases in this budget, which was very well received by the media in general, by the national and international financial community, of course, and by groups of young and not so young people, including seniors.

In its third budget, the government intends to continue keeping the federal deficit under control. Since the last two budgets, we have saved \$21.5 billion. This is a significant cut in the present circumstances.

The government's third budget cuts another \$1.9 billion. In 1992, Canada's debt amounted to 6 per cent of our gross domestic product. It was a very large debt, one of the largest in the western world.

This year, however, the debt has fallen from 6 to 3 per cent of GDP, and our goal is to reduce this figure to less than 2 per cent. Should we reach this goal, Canada's deficit would rank among the lowest in the western world.

I am also proud to tell you that, of all western countries, Canada is the one that borrows the least, so that it can service its debt and stimulate the economy.

This, I think, is serious evidence that highlights the government's competence and, of course, the finance minister's determination to help and especially to ensure—repeat, ensure—that the Canadian government remains fiscally responsible.

The budget touched on several issues. I especially want to tell Canadian seniors that they can rest assured that those over 65 years of age will continue to receive benefits. The only changes that were made concern people who have single status or earn \$52,000 or more. As far as couples are concerned, the program will still apply to those who earn \$78,000 or less.

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As for young people, it has been announced that nearly \$300 million will be invested over the next three years to encourage young people to re-enter the workforce as well as to set up apprenticeship programs. Also, the federal government intends to make sure that twice as many summer jobs are available for students.

I think the government is headed in the right direction. Much attention is paid to independent workers as well as to new technologies and new incentives for business to invest in various areas, including in the rural area.

The past year, the federal government invested in the information highway to make so-called remote areas more competitive and, of course, up to date as regards new technology and the new marketplace, as we know it.

• (1250)

I should also say a word about what has been going on in Quebec, especially over the last few days, as the Quebec government, through its premier, Mr. Bouchard—a former member of this House, as you know—is hosting a socio-economic conference bringing together union leaders, industry and Quebec government members of course.

I am rather surprised to see that the premier has the intention of bringing down a balanced budget within four years. But I think that what is important is to realize why the premier is aiming for the year 2000 with his plans to balance the budget, and that is because, at one time, this man was notorious for his cuts affecting the Quebec government and its employees, who suffered wage cuts in excess of 20 per cent during the 80s.

I think that Quebec will have it hard in the next few years, for two reasons: because of the size of the accumulated debt in Quebec and because Quebec is the Canadian province whose per capita indebtedness is the highest. I must also add that the signal sent to Mr. Bouchard on October 30 last by the people—by the industry, small business and the public in general—is the following: “Put your fiscal house in order and work toward economic growth. This is all we want and this is how we will pull Quebec out of its economic slump”.

Unfortunately, the premier still seeks to achieve sovereignty, that is Quebec's independence.

Let me remind you that, as a cornerstone of the Canadian federation, Quebec is very much a winner. This year alone, Quebec will receive close to \$11.634 billion in federal transfers, including \$3.8 billion in equalization payments.

As regards the issue of equalization, opposition members often tell us that Quebec is the big loser in Confederation, but that is simply not true. Since 1993-94, federal equalization payments to Quebec went from \$3.7 billion—again that was for 1993-94—to \$3.8 billion the following year and \$3.8 billion this year. In

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1996-97, they will go up to almost \$4 billion. It is obvious that Quebec benefits from being a member of the Canadian federation.

However, in spite of these federal transfers, Quebec is about to make drastic cuts affecting welfare recipients. It will reduce the schools' budgets. I feel, as do several other people, that Quebec will experience lasting difficulties if the political issue, which is a real threat, is not settled.

We are simply asking the premier of Quebec, and I believe I am speaking on behalf of a large percentage of Quebecers who want to remain in the Canadian federation, to sit down with the federal government to find solutions that will ensure jobs and a future for all. This is what we want.

Quebecers voted no for several reasons, the first one being of course that they want to stay in the Canadian federation. But I believe that the political maturity of Quebecers made them realize that, to move forward and reach the objectives that they had as a society, including getting the Quebec and Canadian economies back on track, we must work together.

• (1255)

Time is running out, but let me tell you that Quebec's economic growth will be dependent on political stability. Quebec's debt will certainly decrease, provided we believe in economic growth, which is the key to getting rid of the debt in Quebec and Canada within the next few years.

**Mr. Jean-Guy Chrétien (Frontenac, BQ):** Mr. Speaker, I will start off by congratulating the hon. member for Bonaventure—Îles-de-la-Madeleine. He is very involved in the regional development of his riding. He often wears his work shirt to show that he knows what work is all about. And work can also be profitable.

However, I want to ask my distinguished colleague, who cannot seem to stop bragging about his new budget, how come in his riding, and especially in the Magdalen Islands, more than 10 per cent of the overall population rallied to protest against the tough UI reform. Every federal measure taken these days seems to go after the seasonal unemployed, numerous in his riding and in mine as well. In other words, the government is mostly picking on women and young Canadians.

Does this budget mention anything about tax shelters and tax avoidance? Not once. The Aucoins, from the Magdalen Islands, whom I had the pleasure to talk to again yesterday, as well as the Delaneys and Mr. Dalhousie are not very proud of their member of Parliament. A letter published in the op-ed page of *L'écho du Nord* and *Le Radar* harshly criticized not so much the hon. member, but rather the federal government which is hardly visible in the regions. It is as if the federal government only cares about the larger urban areas, while the smaller towns and communities in the member's riding are being hard hit.

The hon. member for Îles-de-la-Madeleine knows something about the predicament the seasonal workers and frequent users are now in. No wonder the deficit has been reduced, with the \$5.6 billion the government is taking from the UI fund. A strange thing to do. While the big companies are not paying their fair share of the deficit and the taxes, the government goes after ordinary Canadians.

I think the hon. member for Îles-de-la-Madeleine should apologize to his voters. He should be ashamed. I think he will soon be invited to a meeting where he will have to explain the measures his government will take to water down the Axworthy reform, which has now become the Young reform.

How is he going to sweeten the pill for his voters? I would like to hear what the hon. member has to say about all of this.

**The Acting Speaker (Mr. Kilger):** We undoubtedly want to hear what the hon. member for Bonaventure—Îles-de-la-Madeleine has to say, but he is not being given a lot of time to answer in this five-minute question and comment period. With the consent of the House, I will give the hon. member a little more time, in fact as much time as the previous speaker, to reply to the hon. member for Frontenac.

• (1300)

**Mr. Gagnon (Bonaventure—Îles-de-la-Madeleine):** Mr. Speaker, I would remind the hon. member of the opposition that I naturally prefer work shirts to ties. I think that might answer his question. The hon. member across the way seems strangely interested in the riding of Bonaventure—Îles-de-la-Madeleine, to the point where it almost sounds like he is considering running against me. It is, of course, a lovely area.

However, it will take a lot to kickstart the economy. Take unemployment insurance reform. I have had the privilege of meeting with my constituents, who had a number of very interesting and constructive ideas to pass on. I also offered my opinion to the minister. I implore him to make major changes to this bill. We are, in fact, going to invite opposition members and a number of Liberal MPs to suggest constructive changes to this bill.

Quebecers, and particularly the people of my riding, are no longer satisfied with the status quo, with an unemployment rate of 20 per cent and higher, with a dropout rate of over 40 per cent. This is why we want to introduce incentives to give young people a chance, to give them some hope in the region I come from. This is what is important.

Furthermore, I was the first to rise, as a member from Quebec I would add, when I told the minister that we had to re-examine the method used to calculate unemployment insurance benefits, that the 410 hours is unacceptable in my region. That is what I said. I also said that we must take a second look at this idea of penalizing

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seasonal workers, of dropping from 55 per cent to 50 per cent of income after five years of benefits. I took a stand.

I have confidence in the minister, I have confidence in this government, and I want my constituents to know that it was the Canadian government, a Liberal government, that established this country's social safety net. It is to the great credit of my party and I have not forgotten it. But I can tell you that it was the former Leader of the Opposition who cut the budget in Quebec by 20 per cent in 1982-83. There are tens of thousands, hundreds of thousands of Quebecers who have not forgotten that yet.

We want equity and with the amounts, the \$300 million we will be transferring to remote areas, the programs to promote the employability of people in a number of sectors, particularly aquaculture and the high tech field, in order to give the young and the not so young a chance, a hope that they will be able to find suitable employment.

In conclusion, our government is an equitable one which seeks social justice above all and that is why I am here as the member for Bonaventure—Îles-de-la-Madeleine, so that we will be heard loud and clear, listened to here in the House of Commons, and to ensure that these programs meet our needs.

**The Acting Speaker (Mr. Kilger):** This concludes the period of questions and comments. We have also used up the five hours of debate on second reading of the bill on borrowing authority.

I am told that unanimous agreement was reached earlier today for addresses to be either 20 minutes in length, or divided into 2 blocks of 10 minutes each. In both cases, however, there will be no questions and comments.

**Mr. Gilbert Fillion (Chicoutimi, BQ):** Mr. Speaker, I will be splitting my time with the hon. member for Lévis. In connection with Bill C-10, I shall be attempting to strike a totally different note from what I have been hearing since this morning. I wish to speak of the government's borrowing authority.

Can we still afford to borrow? When all our credit cards are charged to the hilt, can we still afford to borrow? We should keep in mind how things were years ago in our families, in Quebec and Canada. Very often, Mother controlled the budget. She knew that the family had to live on the money that was available. Money was only borrowed as a last resort, generally to acquire such major items as a home, when there was no other way.

• (1305)

Today this government is borrowing right and left, borrowing to meet day-to-day expenses, borrowing just to buy its groceries, as it were. It is even going so far as to dip into the UI fund, the workers' fund, in order to get billions of dollars to reduce its deficit.

The government certainly does not seem to have the same family tradition as I. Why does it want to borrow so much money? And how, more importantly, can it want to continue to borrow and to put the people of this country further into debt? The budget presented by the Minister of Finance contains all of the answers to these questions, I think.

This government is not tackling the deficit, yet it is shouting from the rooftops that it has solved Canada's financial problems. Untrue. We know very well that, at the end of this year, the debt will have surpassed the \$600 billion mark. You may well say "but that is just a drop in the ocean". The problem is, the government seems unaware that the ocean is raging out of control.

What is worse still, I think that it is stirring up the winds of storm even further with this bill. We need only look at what is going on in our own ridings. People are taking to the streets and with reason. Their message to us is clear.

Borrowing, at some point in time, also means having to pay back, and that is what we are doing. We are paying back \$49 billion a year in interest and more than half of this goes abroad. It is money we could use, money that could be invested at home to create jobs for young people, money that could be invested in paying jobs and in research and development—all to improve things in our communities. But, no.

Why is this government rejecting the evidence. Why is it not putting its shoulder to the wheel when it is asking the disadvantaged to do so even more? I need only think of those receiving UI, who had been hoping to hear about jobs from the Minister of Finance, but who, once again, can see that those opposite are doing nothing about their problems, except add to them.

Here again, I repeat, he is using the unemployment insurance fund to refloat his deficit. People are not unemployed because they want to be. They are forced into it. It is jobs they want. If the money in the UI fund was used for jobs, the Minister of Finance could settle much of the problems of his deficit and his borrowing power.

Generally, what people want is to survive without government handouts, but the minister has forgotten this. Digging in the pockets of the disadvantaged is something they know how to do. What about asking those who use tax shelters to make an effort—not a chance.

• (1310)

What about setting up mechanisms to plug the loopholes that enable taxpayers to avoid paying income tax—not a chance, either. Instead, a committee of alleged experts is set up and is to report within a few months. Reports like these often end up on the shelf.

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Just ask someone who is unemployed if they know about tax havens. Those who come to my riding office do not even know what a tax shelter is. They are looking for a job.

The Liberal government can no longer meet the needs of those of its citizens in greatest difficulty. What is more, it is also passing on to the provinces a shortfall problem. The government is announcing it is cutting dairy subsidies. It keeps on increasing expenditures.

In this year's budget, it will spend an additional \$104 million; great management, indeed. Moreover, the government wants to add to the debt with this bill. Enough is enough. It is about time our friends across the way realize that the Canadian people has had it, it is suffocating.

The finance minister should look at what has been happening in Quebec lately. This is a responsible government which consults people and takes their views into account. This is a government which wants a better future for its people.

When can we expect the Liberal government to go through a similar exercise? When can we expect the people opposite to listen to Canadians? Is this government afraid of true consultation? To look at what is happening with its unemployment insurance reform is to know the answer. As I was saying earlier, people have taken to the streets, and they keep on coming. This government is lending a deaf ear. These people are not protesting because they are lazy, this is not true. Nor because they are arrogant. They are protesting because their livelihood is at stake, their family's livelihood is at stake. I cannot help but repeat that the Liberal ship is rudderless in an ocean of troubles.

She is taking with her millions of people who are suffering and have no trust in the government. This government does not deserve their trust, anyway. Why? Because it has betrayed their trust. It is certainly not by putting the country further into debt that it will redeem itself and regain their trust. Therefore, we must fight any further borrowing with all our strength.

The finance minister should go back to the drawing board and make new suggestions. The Bloc Québécois, in the Standing Committee on Finances, offered solutions; he should try them out. He should try to offer Canadians real solutions such as the one the Bloc Québécois made.

But since it is not possible to review them all, I will mention only this one. The government could try to collect the \$6 billion owed to Revenue Canada. The auditor general has criticized the government on several occasions for failing to do this. What is being done to collect from some 77,000 corporations which pay no federal income tax? I believe we should stop compiling statistics and start trying to get the money where it really is. The Bloc Québécois made suggestions. Borrowing is not a solution. Therefore, we cannot support any further borrowing.

• (1315)

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, I also thank my colleague from Chicoutimi for having agreed to share his time with me. I am pleased to have a turn at voicing my opinion on Bill C-10 on the government's borrowing authority. I interpret this bill, in the same vein as my colleague from Chicoutimi, as the federal government's asking the members of the House of Commons' permission to put Canadians and Quebecers further into debt, for, in the budget presented to us, there has been no real effort to tackle the deficit and the debt.

The Minister's projection refers to the next three years, and we can see that his planning has not yet allowed him to successfully predict the day there will no longer be an operating deficit, when the deficit will be zero and we can start paying back that debt.

We need to realize that the public debt has increased by close to \$100 billion since the Liberals came to power, on the federal level alone. I tried to use my calculator to divide that \$600 billion by the number of people in Canada, a little over 27 million, to get a figure per capita. I must admit I had to give up and do it manually because my calculator was not able to divide \$600 billion by 27 million.

I was amazed. I said to myself "Incredible". People hear about the public debt all the time, but in terms of billions. A billion more, a billion less, they do not have much idea what that represents. One of my colleagues figured it out the other day. He said it came to \$100 million per day, \$69,000 per minute. That breaks down to \$1,100 per second. Imagine, this all adds up.

We are talking big numbers, but if we express it in terms of individual Canadians, when we reach the end of the fiscal year, when we have reached \$602.7 billion, the figure will be \$22,322 per person. Newborn babies in Canada owe \$22,322 from day one, in terms of the federal debt alone. Earlier, I was saying that, with the Liberals, it is another \$100 billion. Individual Canadians have gone another \$3,800 into debt since the Liberals came to power.

Sometimes in municipalities they talk of taxpayers, but here every single Canadian, from infants to old folks, will owe \$22,000. That means that a family of four, comprising two parents and two children, will owe nearly \$100,000 in debt to the federal government alone. I am saying this, because people often look at their own budget first. It is, therefore, a considerable amount.

Of course the Minister of Finance planned to reduce the deficit from \$32 billion to \$24.3 billion this year. In one way, there is a reduction. But, how did he manage it? He did it over the past two years by cutting \$7 billion in transfer payments to the provinces. He is asking the provinces to work at the deficit more than he is doing himself, because, if you look at the budget carefully, you can

see that it has increased in the end by \$150 million. Federal expenditures are not really being cut.

• (1320)

Seven billion dollars in reduction comes from transfer payments to the provinces, and \$5 billion comes from the unemployment insurance fund. The federal government is feeding off the provinces and the unemployed. They are the ones being asked to pay off the deficit and to work on the debt, because we will certainly not pay off the debt by the year 2000. We are only reducing the deficit.

I listened earlier to the member for Bonaventure—Îles-de-la-Madeleine when he talked about youth. He also talked extensively about the provincial government. I found that a bit odd, I thought maybe he wanted to run for provincial office. He devoted eight minutes, out of his ten-minute speech, to the Quebec government.

I will not make the same mistake. I will talk about the federal government, since this is where we are. This is the House of Commons, therefore, we will talk about the federal debt. My specific role as member of the opposition is that of critic for training and youth.

In the throne speech and in the budget speech, the government said it would double funding for summer jobs. Naturally, I looked closely at that; I perused the press release issued by the Minister of Human Resources Development on March 12, 1996. I read each line and each figure. I added the amounts and discovered that there is a \$14,350,000 shortfall in the \$120 million announced.

I see the parliamentary secretary is here now. I wonder what happened in the government press release; there are three possible explanations for that \$14,350,000 gap. It might be a printing error. If that is the case, it is unfortunate, but we should know. It might be a miscalculation. In that case, a mistake of \$14,350,000 is cause for concern and one could be a bit insecure. If the human resource development minister cannot add figures, if his many civil servants cannot add properly, where does that lead us?

A third possibility is that it means new cuts since the tabling of the budget. We would like to know.

Assuming that this is a mistake and that the amount is really \$120 million, instead of \$60 million last year, we must understand that the \$120 million the Liberal government is spending for summer jobs this year is even less than what the Conservatives were spending when they were in office.

The last year the Conservatives were in office, just before the Liberals in 1993, they spent \$156 million for summer jobs. In the two previous budgets, that is for 1991-92 and 1990-91, they had spent \$180 million for summer jobs.

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The Liberals are boasting that they are doubling and increasing the amounts, but if we put that in perspective, it is a reduction over what the previous government was doing. And I do not take inflation into account.

Also, assuming that this \$60 million is true, even if we cannot find this amount in the press release, that means \$15 million for Quebec, \$60 million to be divided by about 25 per cent of the population, which represents Quebec's population; for Quebec, it is \$15 million more than last year. However, this year, as a result of a decision that was made last year by the then Minister of Human Resources Development, transfers to Quebec for post-secondary education will be cut by \$150 million.

• (1325)

This is an additional \$15 million to dissimulate a \$150 million cut to post-secondary education, which will indirectly affect students since slashing transfer payments to Quebec in this area by \$150 million will force educational institutions and the Quebec government to raise tuition fees. It has already started, and it is only going to get worse.

In fact, what they are doing is investing a little more in McJobs, in summer jobs, while forcing individual students, the targeted public, to borrow more money. This is what I would call an indirect transfer to students.

Among other measures in this budget, the Liberal government wants to amend the Unemployment Insurance Act to make it even more difficult for new entrants to the labour force to collect benefits. While they needed only 300 hours of work in some regions and 400 in others, new entrants are now required to accumulate 910 hours to qualify. Is this helping young people? I think this is a masquerade.

In the old days, seniors used to warn us about getting candy, explaining that recipients should wait for the other shoe to drop. This is what is hitting us, what is hitting students. It is a little present. An increase on the one hand, but a cut that is ten times bigger on the other hand.

This is what I call smoke and mirrors designed to hide this government's unforgivable attitude toward young people, on whom this budget places the heaviest burden for paying back the debt.

In conclusion, the government is not making a special effort for young people. On the contrary, it is making a special effort to push them even further into debt.

[*English*]

**Mr. John English (Kitchener, Lib.):** Mr. Speaker, I will be sharing my time with the hon. member for Winnipeg South.

*Government Orders*

I am pleased to have the opportunity to speak on Bill C-10, which provides borrowing authority. The budget is an outstanding document. It is balanced and fair and comes to terms with our deficit while creating opportunities for Canadians.

I begin with a matter of deep concern to my constituents as well as to the constituents of Waterloo, the neighbouring riding, the announcement having to do with the insurance industry.

The announcement that the present restrictions will be maintained governing the selling of insurance by banks has been warmly welcomed in my riding of Kitchener. It was an important announcement. It has been applauded by large insurance companies such as Manulife, the Mutual Group and Economical Mutual, and by the many hundreds of agents who sell insurance in our area. It was an important decision which reflects the importance of the diversity in the financial services sector and which recognizes also the importance of insurance as the lifeblood of our communities.

The insurance industry, other businesses in Kitchener and the citizens of Kitchener are gratified that the budget takes an important step toward restoring Canada's confidence and toward restoring a sense of hope among Canadians.

Moreover, it addresses their worries about security. It has done this in so many ways, in direct responses in the changes affecting seniors security and in the broader questions of economic security. It addresses, in short, our fears and our hopes. Most important, it addresses a question which very much concerns my riding, the problem of youth and their future.

Let us admit that under the Liberal government the economy has shown significant improvement. Our interest rates have declined by three percentage points in the last year, a remarkable achievement. We were challenged to meet the American rates. We have done so and we will improve on that.

We have achieved a level of inflation which was unimaginable five years ago. It is the lowest level in 30 years. There is every indication that it will be lower.

The competitiveness of the country has been greatly improved. We are now a trading country setting a mark for the world to match. Our improvement in trade not only with the United States with which we have an agreement but with the rest of the world is improving rapidly.

• (1330)

Moreover, since our election in 1993, we have created 600,000 new jobs. In the last three months alone we have created 137,000 jobs. These are all real accomplishments but as the finance minister pointed out, much work remains to be done and we are doing it. We

are assuring a future for our youth which can give them the kind of opportunities we had.

During the Christmas break I had the opportunity to speak at many schools in the Waterloo region and in my riding of Kitchener. I also spoke with many young people in my constituency office, over family dinners and at other gatherings during the holidays.

What struck me very strongly were the deep concerns of our youth. They do not have the opportunities we had when we were younger. They have legitimate fears about their futures. The youth unemployment rate is much higher than it was 20 and 30 years ago and it is very unacceptable for all of us. We are fulfilling our obligation to deal with these questions. The unemployment rate in my riding for youth under 25 is roughly 14 per cent. It is lower than the national average but is still absolutely unacceptable.

The stories I heard during my Christmas vacation were often very sad. I heard about individuals who studied for many years but who found no opportunities to use their degrees. There were fears of technological change which youth recognized could not be avoided. I sensed in their comments that although they had these fears, there was an enormous commitment to the challenges of the future and a recognition that learning and training were fundamental to the kinds of opportunities that our youth would have in the future.

The transition to work has been recognized as critically important in this budget and in all government policies: from school to the workplace, from the classroom to the shop floor. In this respect, the Waterloo Region Roman Catholic Separate School Board and the Waterloo County Board of Education have been leaders in Canada in co-op education. I have been privileged to have co-op students work in my constituency office. These students have learned computer and filing skills which supplement what they are learning in the classroom. I am confident my hope will be reflected in reality that this experience will lead them to job opportunities in the future.

As I have said, the government has recognized the concerns and the problems and has striven to create opportunities. Let me indicate how it has done so. First, the government has reallocated \$315 million in budget savings to help create employment opportunities for young Canadians.

Second, the government has devoted \$160 million to youth internship programs and Youth Services Canada. In the Waterloo region, Lutherwood has a program under Youth Services Canada which brings together youths with seniors and the police to work at finding job opportunities in the broadest possible sense within the community. It is a very successful program carried out by an esteemed institution within our region.

Third, there has been a doubling of funds to \$120 million for student summer employment.

All of these things are extremely important but ultimately success will depend on encouraging a climate of innovation within Canada and within our region. In this case, the Waterloo region and Kitchener are models. Kitchener was the centre of traditional industry and manufacturing. Thirty years ago Kitchener was called the Akron of Canada and tires were its major business. Tires are still made in Kitchener but far more people are employed in other industries and far fewer make tires. Textiles was another industry, as was furniture.

**Mr. Telegdi:** And shoes.

**Mr. English:** My colleague from Waterloo reminds me of the making of shoes.

These industries remain but they do not employ as many people as they did earlier. Those thousands of jobs that have been lost in what we call the more traditional industries, which are still extremely important, have been replaced by others such as jobs in educational institutions, for example. A great university and one of Canada's leading community colleges are located in Kitchener-Waterloo. The auto sector and the aerospace industry have grown to fill the gap created by the loss of other industries. We have developed a fairly significant high tech sector.

• (1335)

The budget will help Kitchener maintain its competitive edge. An additional \$270 million have been allocated over the next three years to encourage technological innovation. We have created through the technology partnership program in excess of \$500 million over the next three years which will assist the aerospace industry in our area as well as in other industries.

For our youth in this year's budget we have allowed \$30 million over the next three years for SchoolNet, an Internet computer program for young students. It is a program that I have personally examined and have found to be a remarkable achievement for Industry Canada. Its benefits can only be imagined in terms of the work done in schools and the effects it will have on young Canadians.

Once again this budget has created opportunities for youth and has dealt with the problems of the past. We have looked at the opportunities for the future and we can be proud that finally we are dealing with the hopes and fears of all Canadians, not only in Kitchener but throughout Canada.

**Mr. Reg Alcock (Winnipeg South, Lib.):** Mr. Speaker, it has been interesting for me as a new member in this House to watch the business of budget creation.

I spent some time in the early eighties as a senior bureaucrat in the provincial Government of Manitoba and then some five years in the provincial legislature as the finance critic. I have participated

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in the creation of budgets from the perspective of a bureaucrat. I have participated in budgets from the perspective of a critic sitting on the opposite side of the House. For these last couple of years I have had the opportunity to participate as a backbencher of the governing party.

I would like to congratulate the Minister of Finance for his unprecedented openness in the budget development process. Never in my experience has a Minister of Finance been so willing to consult, to open the process up, to invite people in and to sincerely listen to and respond to their concerns.

After the last budget I sent out a letter to a cross-section of people in my riding which included individuals from a large university, small and large businesses, social services and labour. I asked them to take up the finance minister's challenge. He said to us at the end of the budget process last year that he would be as open to us as he could possibly be, that he would invite as many of us as possible into the process of examining possibilities and developing new approaches to the finances of this country.

I invited a large number of people from across Canada into those very discussions. We set up a series of working groups. We first spent some time looking at issues they wanted the finance minister and government to focus on. Over time we began to do more detailed research on the issues and worked them down. This fall we came up with a series of proposals which we presented to the Minister of Finance.

In my role as chair of the social policy committee of caucus I went through a similar process with a series of working groups in our own caucus. I want to reflect on some of that work today.

The people in my riding of Winnipeg South said this to the Minister of Finance: "Continue to meet your targets. We know it is tough. The deficit process has been a difficult one. It is not easy. Nobody likes the process of cutting but we believe that it is producing better decisions, more efficient decisions and in the end the pain will be worth it". That is exactly what we are beginning to experience as confidence has increased in the finance minister's ability to manage the financial affairs of the country.

The terrible fluctuations in interest rates, fluctuations in the dollar and the uncertainty about investment decisions has begun to diminish and we see a much more stable, secure investment climate for the people who are confronting those decisions in their lives today.

All of the indicators are moving in the right direction. The feedback response and the analysis of the course set and maintained by the finance minister has been extremely positive. I can tell the finance minister and the House that it meets with the complete approval of the people in my constituency.

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• (1340)

There were some areas of concern. Seniors had a serious concern at the time of discussions on the reform of the pension program. I had a number of groups working on it, a number of people consulting with me on it. People were caught because they could see from the tables and the research produced that there was a serious problem with the Canada pension plan. They knew there were some serious inequities in the distribution of support under the OAS and the GIS. They had that information.

People who were on income support programs, people who were retired and receiving benefits or people who were close to retirement and close to receiving benefits were extremely concerned. These were people with very limited options. They had set their course, they had made their plans and to have those programs changed suddenly was very threatening and very frightening.

They have reacted to the finance minister's decisions with great support and great relief. He and the government are committing to no change in the benefit structure for people who are currently receiving pensions. The government has agreed to involve seniors in a process of change that will take some years. The idea that people can alter their planning as they approach their retirement has been received with great support and great appreciation.

Another great concern was the threat of very large cuts to social programs, particularly the plan to combine the EPF health, the EPF post-secondary education and the Canada assistance plan into the Canada health and social transfer. People understand we have to deal with the major expenditure programs in order to get a deficit of our magnitude under control. They know and accept that. There was a great deal of concern about the size of the cuts and what the eventual outcome would be.

There was much work done within the caucus committee and a tremendous amount of time put into this by the advisory committee in my riding. It came forward with a proposal much like the one that came out of the finance committee, that a floor be placed on these payments which could be maintained until such time as the deficit could be brought to zero and we could start to reinvest in health care.

We are delighted the finance minister has chosen to take that route. Not only are we delighted he has chosen to accept the recommendations to establish a floor but that he has actually set a higher floor than we thought was possible. People are absolutely delighted that we will continue to play a role in medicare, post-secondary education and social programs in this country into the foreseeable future and that now the real work has begun on determining the national standards and principles in terms of providing a true social safety net for all Canadians.

Another area provoked a lot of debate in my riding because I have a very large university, the University of Manitoba, one of the best universities in Canada located fully within the boundaries of my riding. Like all universities it is undergoing tremendous difficulty right now as it works to restructure its programming, upgrade its style of teaching and its technology. There is a tremendous amount of pressure on universities across the country.

The pressure is very difficult to understand in some ways when we think that Canada is at the forefront of countries in transition to becoming knowledge based economies. By their very existence universities are major producers of knowledge. They are net generators of new ideas, of information, of new approaches and challenges to the ways in which we think of doing business.

Yet those very institutions that are so vital to our growth and our continued economic health are currently under tremendous pressure at all levels. Students have felt the effects of many increases in their fees to the point where people are beginning to make decisions not to go to university because of the costs. The pressure from new technologies and the questions about the style, the nature and the goals of training have put enormous pressure on the faculties of universities across the country.

• (1345)

They have been looking to us, asking us what our policy is on post-secondary education. They note that in the red book on page 111, which all members have memorized by this point, the second largest cash commitment we made was \$1 billion in new money in the area of research and development. They have also noticed that in the budgets of the past two years, the first two years of this government, did not live up to that commitment. Not only did we not make those new investments, but we began to cut support for science research in Canada.

I am delighted and certainly the people in my riding are delighted to see the government begin to act upon this very important promise. The decisions on research and development, the support for students, the greater involvement of business and universities in the economic life of this country are decisions that are broadly welcomed.

Finally, the decisions around youth job creation were central to the discussions I had in my riding. People wanted to see us give more varied opportunities and options to youth in their search for employment and opportunities for wealth and security.

The decisions the finance minister finally made, which are reflected in the budget in terms of student aid, summer help and entry into the labour market, have been broadly welcomed. By and large, the constituents of Winnipeg South have been delighted by

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the budget. We wish the finance minister well and look forward to working with him on the next one.

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, I would like to start by congratulating the Minister of Finance. He gave an excellent political speech when he brought in his budget. He smiled throughout and came very close on a number of occasions to breaking his arm while patting himself on the back.

What we are talking about is a futurama like "2001: A Space Odyssey". Everything happens way down the street. We were pleased to see the minister admit and recognize what Reform has been saying for the past eight years, that in the present financial circumstances, universality is really an impossible dream. What must happen and what he did in this budget is to recognize that support must be focused on those who need it.

Sadly, the minister has misled the public. He said for instance, that 75 per cent of old aged people would be better off. He neglected to say that if 75 per cent are going to be better off then 25 per cent will be worse off. He did not mention that.

He said there would be no new taxes. Between 1993 and 1995, the average Canadian family income tax has increased by \$993 in real 1994 dollars. Since 1987, disposable income before taxes has dropped by 8.6 percentage points. The minister said: "We are not raising personal taxes. We are not raising corporate taxes. We are not raising excise taxes. In fact, we are not raising taxes".

However, in the budget at least nine changes to the Income Tax Act provide for a tax grab through the back door. What about the reduction of RRSP termination age from 71 to 69? This adds only \$100 million by the year 2000. What about no more tax deductions for RRSP fees paid outside the plan? This adds \$10 million over the next three years.

The minister has frozen the RRSP contribution limit at \$13,500, whereas it was supposed to rise to \$14,500 and beyond. This is until 2003 and results in \$215 million in extra taxes over the next three years. These RRSP changes send conflicting messages. People are asked to provide for their own future, yet the incentive and advantages of doing so have been stripped away. Taxes have increased.

• (1350)

What about the taxation of those paying child support payments? We were looking for the mechanism whereby we could be assured those child support payments went to the appropriate place, to the children concerned. The finance minister has said that the government will collect the taxes which may be diverted elsewhere. This was not the purpose of child support payments. It remains to be seen if the changes will benefit the children and the families involved.

Despite election promises, the GST and the Deputy Prime Minister are still with us. During the election campaign Liberal candidates stood on doorsteps and said that they were going to axe the GST, that they were going to scrap the GST, that they were going to abolish the GST. Here we are three budgets downstream and not a change has been made.

In yesterday's GST debate the Liberal government members voted against the motion to abolish the GST. Even if the GST were harmonized, as the government suggests it is going to be, this would increase taxes for all Canadians, except perhaps Albertans who do not have a provincial sales tax. It would broaden the taxation base.

Why or how did the finance minister think he would succeed where the former Conservative minister Wilson could not? Was he hopper-groping? Was this a rash promise, a naive promise or was it a deliberately calculated vote garnering election misrepresentation to the Canadian public? Whichever, it has become yet another broken promise. The finance minister even avoided using the term GST, referring to it rather as the federal sales tax. He is asking the provinces to help him achieve his deficit reduction. He has passed the cost saving measures on to them.

The government has also proposed spending \$50 million to try to battle the underground economy. It expects to cash in on \$185 million over the next three years. The root cause of the underground economy has not been addressed. This includes high personal income taxes and the GST. Obviously, as long as these remain in place there will be a higher and more active underground or barter economy.

The budget affects taxation in an indirect way. It backs off from fiscal restraint and does not provide any tax relief into the next century. These rolling two-year targets which the finance minister is so proud of exhorting are being met because they are too timid, too faltering and too slow. Almost anyone can be an expert high jumper if the bar is set only a foot above the ground. The reason the targets have been met, besides being set too low, is because we have had a growing economy and the interest rates have remained unexpectedly low.

Let us look at our next projection. The next deficit target is set at \$24.7 billion. That is another \$25 billion added to drive our debt to over \$600 billion with another \$2 billion added to the interest on that debt. Under the Liberals the debt has increased by more than \$100 billion since 1993. The interest payments on the debt have gone from \$38 billion to around \$48 billion. That is \$10 billion paid out at the expense of social programs.

The taxpayers' budget would have cut only \$1 billion in health and welfare spending; whereas the Liberals cut \$8.2 billion to the Canada health and social transfer. The Reform Party has been saying for the past eight years that the biggest threat to Canada's social programs is the debt and the interest payments on that debt.

*S. O. 31*

The target for the following year has another \$17 billion deficit and we will be well on our way toward a debt of over \$700 billion.

• (1355)

If the Liberals would have adopted the Reform taxpayers' budget in 1994 instead of following their infamous soft rolling two-year targets, by this time next year we would be debating where to apply the surplus. Would we apply it to the debt or to social programs? By the next election, rather than increasing the debt by \$112 billion the debt would have increased by only \$50 billion, a difference of \$62 billion, almost \$3 billion less in interest payments that we would be required to pay.

There is still no time line for a balanced budget. The minister simply will not say when he intends to balance the budget. That means there is no tax relief. This is causing economic concern and a lack of confidence for both the consumer and the business community. This constrains spending and expansion which in turn constrains employment opportunities.

The government has said that it is going to strike a technical committee to study the business income taxation act which will look for ways to encourage job creation and investment, yet another committee. This is simply window dressing. Based on past experience, we know the cost of a committee is anywhere from \$500,000 to \$5 million.

The Liberals spent \$6 billion on the infrastructure program. We know every well this created no lasting jobs and was borrowed money that went down the drain. The best way to fuel the economy and to create jobs is to balance the budget and start to pay down the debt.

Canada is a rich country despite the huge debt we have. However, it needs a far sighted, courageous government willing to do what must be done. This government, this budget lacking in foresight, courage, ideas and leadership is not doing the job. Most of these budget measures will not be implemented until after the next election. Promises, promises. Much like the past election, the Liberals make them, but they do not have to keep them. This budget is not the budget Canada needs at this time.

**The Speaker:** I believe there is time for questions and answers. I propose that we do that right after the question period. We will recognize questioners at that time.

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

**STATEMENTS BY MEMBERS**

[English]

**CIAU BASKETBALL CHAMPIONS**

**Mr. Glen McKinnon (Brandon—Souris, Lib.):** Mr. Speaker, I rise today to pay tribute to the best university basketball team in the country, the Brandon University Bobcats.

Coach Jerry Hemmings' team out ran, out jumped and out scored its opponents last weekend at the CIAU championships in Halifax. On the way to its fourth national championship in 10 years, Brandon had to get past excellent teams from the University of Toronto and the University of Alberta. The Bobcats rose to this occasion.

Tournament MVP and all Canadian Keith Vassell took his team to new heights as he led them toward the championship. In the final it was Jason Scott, the home grown athlete who elevated his game to shut down Alberta's top scorer.

The constituents of Brandon—Souris are proud of the team's accomplishments. Way to go Bobcats. Congratulations on yet another outstanding season.

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[Translation]

**RACISM**

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, in remembrance of the massacre of several Black protesters in South Africa, today we celebrate the 30th anniversary of the UN resolution proclaiming March 21 as the International Day for the Elimination of Racial Discrimination.

All Canadians and Quebecers must pledge to fight this curse by developing values based on fairness, justice and mutual understanding.

I take this opportunity to mention the exceptional contribution of ethnocultural communities, aboriginals and visible minorities to society in Canada and Quebec. I am proud to represent the riding of Bourassa, whose population truly reflects Quebec's multi-cultural character.

May this day remind us of the importance of being tolerant, open to the world and respectful of people's differences.

\* \* \*

[English]

**NISGA'A LAND CLAIMS**

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, the future of British Columbia is about to change. The

Nisga'a agreement in principle is to be signed tomorrow, an agreement that lays the template for 50 other agreements.

This odious, non-transparent process took place behind closed doors without the full consultation of the public. The Nisga'a people must realize that no agreement can take place without full consultation with all people.

It is balkanizing British Columbia, creating many states with their own laws and regulations. It constitutionally protects a commercial fishery for aboriginal people where no legal precedent exists. It transfers the management of other resources to aboriginal control. It is not accountable to existing laws and regulations for the protection of the environment for all people.

The Nisga'a agreement in principle is apartheid. It creates different laws and different regulations for different people. It is by its definition racist.

Apartheid never worked in South Africa and it will not work in Canada.

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#### PAY EQUITY

**Mr. Bill Blaikie (Winnipeg Transcona, NDP):** Mr. Speaker, in February 80,000 public servants in occupations dominated by women thought they had won a major victory in their 11 year struggle to win pay equity from the federal government.

The Canadian Human Rights Tribunal ruled against the government's attempt to quash the findings of a study that found a large wage gap between women and men in comparable positions in the public service and began hearings on how the government could make good on its legal obligations.

However, today we learned that the Liberals will try to steal that victory and continue to deny pay equity to public servants. The Liberals ought to be ashamed of the way they are evading their legal obligations at the tribunal's hearings by bringing forth the argument that pay equity discriminates against men. The idea is to pay women more, not men less.

The Liberals should heed the advice of Canada's human rights commissioner and take the lead in pay equity. The Liberals have thrown out a challenge to the private sector to be responsible. We in the New Democratic Party join with those Canadians who also expect the federal government to be a responsible employer.

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#### FREDERICTON HIGH SCHOOL

**Mr. Andy Scott (Fredericton—York—Sunbury, Lib.):** Mr. Speaker, last month during heritage week Fredericton High School

held an assembly to mark the week which celebrates our cultural diversity and to learn about our rich history.

Fredericton High School is the largest high school in the British Commonwealth. It wanted to raise a flag for unity. I presented it with a large Canadian flag which had flown over this building and which is now flying proudly among many others in my riding.

I commend the school on its vision for a united Canada and Jack Davies in particular for his initiative in organizing the event. I urge all members of the House to encourage people in their ridings to show their support for the fly a flag for Canada initiative.

On behalf of FHS and in particular the class of 1973, I challenge all high schools in Canada to do the same.

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#### YOUNG OFFENDERS

**Mr. Tony Valeri (Lincoln, Lib.):** Mr. Speaker, recently a constituent of mine, Mrs. Ferraro, lost her son in a tragic head-on collision. A young person has been charged.

In the hopes that no other family will have to suffer such a loss and experience her family's pain, Mrs. Ferraro circulated and collected the names of 7,785 Canadians requesting that Parliament take stronger actions against young offenders who commit a crime causing serious injury or death. These young offenders should be treated as adults and given stronger punishments.

I encourage all members of the House to work with the Minister of Justice and the members of the justice committee to see that changes to the Young Offenders Act are made. Being a young person is not and should not be an excuse for committing crimes causing serious injury or death.

It will be my honour to present this petition to the Minister of Justice on behalf of Mrs. Ferraro and her late son.

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#### RACISM

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, March 21 marks Canada's eighth anniversary of observing the international day for the elimination of racial discrimination. Today we are reminded that racism still exists and of the challenges we face each day to take a stand for the values we hold dear as Canadians: mutual respect, understanding, equality of opportunity and justice.

This year's fourth anniversary of the end of apartheid in South Africa is a poignant reminder of the will of the people to end the oppression of racism. Today we join with the citizens of the world who represent every religion, colour and racial origin in a mutual commitment to end discrimination and racism.

*S. O. 31*

Through education true respect for each other's differences and an awareness of each other's strengths and struggles can be achieved. Let all of us of every colour, race and religion pledge ourselves on this day to live together in united harmony as one people of many colours under one flag.

\* \* \*

• (1405)

**CORRECTIONAL SYSTEM**

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, despite the fact that sex between inmates is explicitly prohibited in Canada's prisons, the federal government spent more than \$180,000 last year on condoms.

Now we have learned that there is a plan to distribute dental dams, lubricants and bleach kits for cleansing drug needles to prisoners, all courtesy of the taxpayer.

The government has given new meaning to prisoners' rights with its plans to subsidize inmate sex with free condoms and drug use through the distribution of bleach kits.

When will this insanity end? Canadians want common sense restored to the Canadian correctional system. The government should immediately end condom and bleach kit distribution. I urge the government to divert its resources to the rehabilitation of victims, not the deviant habits of prisoners.

\* \* \*

**EMPLOYMENT INSURANCE**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, I rise today in the House of Commons with regard to Bill C-12, the legislation establishing the employment insurance program.

I appeal to the minister to listen to the people. People in New Brunswick are really afraid. They want their dignity. They want work. They want jobs. They really do not want to be on UI but they need something if the jobs are not there.

There have been amendments put forth in the past week by members of the Liberal Party. I ask that the hon. minister to please listen to his own members and make adjustments to the bill so that people can continue to live in dignity.

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**GROSSE ILE**

**Mr. John O'Reilly (Victoria—Haliburton, Lib.):** Mr. Speaker, I rise today to salute the Minister of Canadian Heritage on the recent announcement that Parks Canada will proceed with the naming of Grosse Ile and the Irish memorial.

Grosse Ile has for years been known as the Irish island, and the Irish community is very pleased that the peace and tranquillity of this important part of Canadian history will be maintained.

Between 1832 and 1937 Grosse Ile was a quarantine centre associated with the port of Quebec and was the principal point of entry to Canada for immigrants. There are thousands of graves on this national historic site, the majority of which are Irish as a result of the famine years, especially 1847.

The announcement by the Minister of Canadian Heritage on the March 17, 1996 was very welcome and timely, and we anticipate the 150th anniversary celebrations along with the current reconstruction of this important Irish memorial.

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[Translation]

**RACISM**

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, the Bloc Québécois wants to join in with those who will speak to celebrate the International Day for the Elimination of Racial Discrimination.

Racial discrimination is a costly thing. It is costly in human, social, emotional and economic terms. Racial discrimination is based on the premise that people are not all equal. However, Canada and Quebec both view people's equality as a fundamental value.

Nevertheless, there are still too many individual and sometimes collective cases of people being victims of racial discrimination. Together we must eliminate inequalities between people. This, in turn, will help us eliminate racial discrimination.

\* \* \*

**THE FRANCOPHONIE**

**Mr. Denis Paradis (Brome—Missisquoi, Lib.):** Mr. Speaker, this week is the Semaine internationale de la Francophonie. To show how important la francophonie internationally is to Canada, allow me to quote what the current premier of Quebec said when he was Canada's ambassador to France.

He said that Canada's commitment towards the French speaking community came quite naturally, that federalism requires the central government to project our country's linguistic duality at the international as well as the national level.

We agree with Lucien Bouchard on the role Canada plays in la francophonie internationally. Our government considers it an honour to be part of both the Commonwealth and the Francophonie and we do intend to remain active within both of these communities.

*S. O. 31*

**RACISM**

**Mr. Nick Discepola (Vaudreuil, Lib.):** Mr. Speaker, today, the International Day for the Elimination of Racial Discrimination, commemorates that day in 1960 when peaceful demonstrators were killed in Sharpeville, South Africa.

Today, I would like to recall the words of the Prime Minister of Canada in his speech commemorating the fiftieth anniversary of the United Nations: “Although Canadians sometimes forget it, the highest hope of the global community is to achieve what we in Canada have achieved for ourselves. A means of living together in peace and understanding. Not an answer to every problem, but a means to pursue those answers together—with respect, tolerance, accommodation and compromise”.

• (1410)

And that is the message this March 21, a message of hope and solidarity. This day symbolizes the hope that comes with the arrival of spring, the joy of freedom and the promise of peace.

\* \* \*

[English]

**PRIVATE SECTOR EMPLOYMENT**

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, when the Prime Minister promised jobs, Canadians did not realize he meant short term government jobs at the expense of permanent private sector employment.

I received an urgent fax from Sylvia Schneider in my riding. She did all the right things to start her new business, Internet Presence Provision. She identified a need and developed a business plan to meet that need. Now, however, students are to be paid by the government and with their access to tax funded university facilities they will provide the identical service Sylvia is providing.

She has a family of four to support and she may be choked out by this short term government program. How can she survive when her competitors have no expenses?

First we have Canada Post’s using taxpayer money to drive couriers out of business and now we have this attack on honest, hard working, tax paying citizens who want earn a living and look after their families.

Canadian small business cannot compete with government big business.

\* \* \*

**RACISM**

**Mr. John English (Kitchener, Lib.):** Mr. Speaker, Martin Luther King dreamt of the end of racial discrimination. Nelson

Mandela suffered years of imprisonment for it and hundreds of thousands fought for it in this century. Through their struggles they sought a world free of racial discrimination in which equality and harmony prevail.

Today, March 21, marks the United Nation’s internationally designated day for the elimination of racial discrimination. While most governments are attempting to address this challenging issue, we continue to witness too much racism, whether it be in the workplace, the school yard or even our neighbourhood.

When former Prime Minister Pierre Elliott Trudeau introduced the Canadian Charter of Rights and Freedoms it was a bold step in an effort to combat racism and to ensure for all Canadians their fundamental rights and freedoms.

The challenge to eliminate racism is a great one but governments must remain determined in their effort to achieve this. As we mark this day I ask that all Canadians rise to the challenge by combating racism whenever and wherever it is witnessed.

As one authority once said, in the end you can only teach the things that you are; if we practice racism then it is racism that we teach.

\* \* \*

**RACISM**

**Ms. Maria Minna (Beaches—Woodbine, Lib.):** Mr. Speaker, I stand before you today as a Canadian and a member of Parliament.

Like you, Mr. Speaker, my throat catches when I sing our national anthem. Like you, I care deeply about the unity of this great nation of ours.

I feel a deep sense of pride when I see my country named as the number one country in the world in which to live. Yet I am also a Canadian of Italian heritage. I have many things to be proud of in my culture of origin.

I stand here today on the international day for the elimination of racial discrimination and say that only in this country can I be proud to be a Canadian and just as proud of my Italian heritage.

Together we can be one people and yet respectful of our differences. We have done much as country to promote racial cohesion and respect, yet lately we see an increase in racial tension in our land. Today what we have built together may be at risk.

Let us renew on this day our commitment to keep our Canadian values alive, to eliminate discrimination in all of its ugly forms, the ugliest of which surely must be racism.

*Oral Questions*

[Translation]

**SOCIO-ECONOMIC SUMMIT IN QUEBEC CITY**

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, the socio-economic summit in Quebec City ended yesterday. The Bloc Québécois wishes to salute this event, which was successful in getting groups in Quebec to work together toward a common goal. This summit is another demonstration of Quebec's own way of addressing the problems facing our societies. It raises great hopes.

The Quebec model builds on union instead of division, on active participation instead of strict individualism, on putting public finances in order in an orderly and equitable fashion instead of through savage cuts.

As Lucien Bouchard, the premier, said, Quebec is the winner in this summit. Together, the people of Quebec have achieved great things. Together, they will keep on achieving great things. Quebec is really on the move.

\* \* \*

• (1415)

[English]

**RACISM**

**Mr. Maurizio Bevilacqua (York North, Lib.):** Mr. Speaker, on March 21, 1960 many innocent people were killed and wounded in Sharpsville, South Africa for demonstrating against racial oppression. This event has come to symbolize the worldwide need to end racism.

Today marks the UN's 30th anniversary of the international day for the elimination of racism. While Canadians can be proud of the steps they have taken to help build a more tolerant and open society, more work needs to be done.

Systemic racism continues to rear its ugly head. As a government we must work with citizens to address all forms of discrimination that take place in our communities.

A particular focus must be placed on youth to ensure they gain an appreciation for the diversity of the world's peoples, languages, religions and cultures.

By cultivating a deep respect for racial harmony, we take another step forward in the battle to eliminate discrimination forever.

**ORAL QUESTION PERIOD**

[Translation]

**MANPOWER TRAINING**

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, clearly, the federal government does not appear to want to

back down on the matter of manpower training, insisting on maintaining and even heightening duplication and overlap, which, as we know, lead to inefficiency and waste in this sector so vital in a full-blown employment crisis. Yesterday, the Prime Minister reiterated his intentions saying, with regard to active measures: "these are federal programs—and they will remain under our control".

Given the reaffirmation of the Quebec consensus yesterday at the socio-economic conference in Quebec City, which had been reached by management, unions and government and which requests the federal government to withdraw from active measures, will the Prime Minister agree to reverse his decision and permit the elimination of overlap in the area of manpower?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I am delighted because progress was made. We are no longer talking about manpower training. Everybody acknowledges it, and, now I would like to thank the Leader of the Opposition for finally acknowledging that we offered to withdraw from manpower training.

As for the other measures arising from federal government programs, the bill currently under review provides for discussions and negotiations with the provinces so that our respective programs may be discussed and harmonized in order to eliminate duplication.

The bill being considered provides for it, and, when the governments are ready to discuss it, we will be ready too. Only, I say that the money collected under the programs previously known as unemployment insurance and soon to be called employment insurance, with the money then that we collect from federal taxpayers, we must be able to respond to questions and to assume responsibility for it before all members of this House.

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, this is a fine demonstration of the following principle: it is not easy to negotiate with the one who hears only what he wants to hear. It really is not easy. The Prime Minister knows very well that the Quebec consensus demands the federal government's complete withdrawal from the areas of job training, manpower and active measures. The Prime Minister should remember.

When federalists such as Ghislain Dufour, Laurent Beaudoin and André Bérard say it cannot go on—and are even prepared to accompany Louise Harel to Ottawa to make the Prime Minister listen to reason—is it not clear to the Prime Minister that Quebec opposes his position in the field of manpower training and that even his federalist allies are bothered by it? Does he understand that?

*Oral Questions*

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I have just told the hon. Leader of the Opposition that we are prepared to withdraw from manpower training.

• (1420)

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, we realize that the Prime Minister's referendum promises are worth very little. First, a veto that is no veto, recognition of Quebec as a distinct society that is not recognition and a promise to withdraw from the field of manpower that is no promise.

Does the Prime Minister realize that, if he continues in the field of manpower as he has been going, it will be his third strike? In baseball, it is three strikes and you are out.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, if I recall rightly, the leader of the yes side in the last referendum, Mr. Parizeau, said they had won the first period in 1993, the second in 1994 and that they were going to win the third in 1995. Well—

**Mr. Gauthier:** We are in overtime.

**Mr. Chrétien (Saint-Maurice):** Mr. Speaker, I have never seen anyone lose and then say he was going into overtime after the third period. You lost the referendum. The game is over. That is it.

Are they going into overtime until they win?

Listen, Mr. Speaker, I have just told this House clearly that the promises we made in the throne speech and before stand. We will withdraw from the field of manpower. I have repeated it, and we will withdraw. If they want us to withdraw right now, we are ready to do so.

As for active measures, these are not manpower training, but something else. I said that the bill provides for negotiations on them. They want us to sign a blank cheque. For heaven's sake. This is taxpayers' money. It is money from workers in Alberta, Manitoba, Saskatchewan and Ontario that is redistributed to Newfoundland, New Brunswick and Quebec. We have a responsibility to be fair to everyone.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, yesterday Ghislain Dufour was speaking of active measures. In light of the economic summit which ended in Quebec City yesterday, it is becoming increasingly obvious that the Prime Minister of Canada is completely out of touch with Quebec reality.

Why does the Prime Minister engage in federal-provincial squabbles? Why is he adding fuel to the fire? Why is he involved in a flagwaving battle at the expense of the 800,000 plus men and women who are waiting for a real manpower policy to come along so that they can find a job?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I too can quote business leaders, if that is what you want. They stated clearly that the greatest handicap to economic growth in Quebec at the present time is the idea of separatism the members across the way are upholding.

If they really wanted to create jobs for unemployed Quebecers, they would put the whole idea of independence on ice, so we could work together on creating jobs for Quebecers, for the people of Montreal in particular.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, those same business leaders, in many instances federalists, nonetheless have agreed to work with the sovereignists in Quebec. They have managed to reach a consensus, a concept this Prime Minister of Canada has not managed to reach, to feel comfortable with, to understand in the slightest.

Not long ago, the Prime Minister was accusing us of talking about the Constitution, when what had to be talked about was jobs, according to him. Now, when everybody is talking about employment, he is the one bringing up the Constitution. Cute trick, would you not say?

• (1425)

When will he, or his minister, meet with the government of Quebec and negotiate on the basis of consensus, a consensus reached by federalists and others, that same consensus referred to yesterday by everybody, from Gérald Larose to Laurent Beaudoin, from Daniel Johnson to Lucien Bouchard?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** I have set out the government's position clearly. The Minister is prepared to meet with the minister at any time. He has said so.

On the matter of manpower training, which is the term still used here in this House and everywhere else, what we are saying is that we are pulling out of it.

But, as concerns unemployment insurance programs, and the monies we collect from all employees and employers across Canada, it is our constitutional responsibility to administer them. I am not talking Constitution, but merely saying that I want people to respect the Constitution we have at this time, which states that unemployment insurance is a federal responsibility.

\* \* \*

[English]

**THE ECONOMY**

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, yesterday the separatist premier of Quebec committed that province to enacting a deficit elimination law and achieving that target by the year 2000. Apparently this measure enjoys consider-

*Oral Questions*

able support from Quebec business executives, union leaders, federalists and separatists.

Once again, the federal government is in danger of letting the separatists get out in front, this time on the issue of who can manage government finances more responsibly. When will the Prime Minister establish a firm date for the elimination of the federal deficit, or is he prepared to play second fiddle to Lucien Bouchard on that issue?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we have a program which is very well known. We said that this year we will be at 3 per cent of the GDP and we will meet that target. The Minister of Finance set another target of 2 per cent for next year and again we will meet that target.

People are so impressed by the way we are managing the situation that today Canada's interest rates are lower than those in the United States. With the way it is being managed, interest rates have gone down by more than 3 points in one year.

I am delighted with the decision yesterday in Quebec about setting the goal of reducing its deficit. Ours is going down. We will be at 2 per cent. The most important thing is to have a realistic target and meet it.

The Gingrich friends of those in the third party have passed about six bills in the United States about a target and they never met it. Here, we have a short term target that is met. The business community is applauding.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, I assume that either the Prime Minister did not hear my question or he did not understand it.

We are talking about manoeuvring for the next referendum in Quebec. The premier of Quebec has committed his government to deficit elimination. He will then blame any failure to meet that target on deficit unloading by the federal government, of which there was a great deal in the recent budget. There is a trap here. I challenge the Prime Minister to avoid it.

Will the Prime Minister guarantee that the federal government will be in better shape than the separatist Government of Quebec on deficit elimination, debt reduction and tax relief prior to the next referendum?

• (1430)

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we are way ahead today. We are also way ahead of the Ontario government. We have managed to do that in a civilized way, in the Liberal way. It will not be by slashing and burning or by not caring whether people are suffering in our society like the Reform Party would do.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, the Prime Minister is sleep walking again on this issue in preparation for the next contest with the separatists in Quebec. In

order to win that contest the federal government must appear fiscally stronger and more fiscally responsible than the separatist Government of Quebec. It has to be ahead on debt elimination, it has to be ahead on debt reduction and it has to be ahead on tax relief. Unbelievably, the government seems to be willing to trail the separatists on these three counts.

Does the Prime Minister not realize that by dragging his feet on those three subjects or talking a lot about those three subjects but not addressing them, he is weakening the federalist position even before the next contest with the Quebec separatists begins?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the leader of the third party is getting up for his fourth strike.

We are ahead. We started two and a half years ago and we are ahead of our program. Interest rates will recede again. At this moment they are below the interest rates of the United States. Interest rates in Canada have dropped three points in the last 12 months. We managed to do that while making sure that the people who are the weakest in Canadian society were not the ones who paid the price.

\* \* \*

[Translation]

**MANPOWER TRAINING**

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, my question is for the Prime Minister.

On Wednesday, the Prime Minister refused to hand over active measures by hiding behind remarks allegedly made by Ghislain Dufour to the effect that the consensus was about manpower training. Yesterday at the Quebec summit, it was Mr. Dufour who introduced a motion to have all manpower training active measures transferred back to Quebec. He even volunteered to accompany Mrs. Harel.

I ask again: In view of this clearly expressed consensus and the October 30 results, will the Prime Minister show good faith and take a realistic attitude by agreeing to transfer to Quebec all active measures and relevant budgets?

**Hon. Douglas Young (Minister of Human Resources Development, Lib.):** Mr. Speaker, I believe it is important to emphasize again the good faith demonstrated by all those involved in this issue.

On March 18, I sent a letter to the minister responsible for this issue in Quebec, in which I said, in essence, the following: "I do recognize the fact that there is a consensus in Quebec and that the province is very serious about taking charge of the active measures relating to Quebec's labour market, as indicated in the motion passed by the National Assembly of Quebec on December 4, 1995. Moreover, I fully agree with some of the principles set forth in the document received from you. These principles—the need for integrated active labour market measures, partnerships, decentral-

ized decision making, result-oriented action—are perfectly in keeping with those outlined by the Government of Canada in Part II of the bill. It would seem to me that they are also closely akin to the positions taken by many of our colleagues from the other provinces, as described in the document issued by the ministerial council on social policy reform”.

My hon. colleague should be reminded of the fact that we had already put this proposal forward before this gathering took place in Montreal and Quebec City this week.

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, does the Prime Minister—since he has been the one answering in the past three days—realize that having two overlapping systems is expensive: \$250 million, according to the previous Liberal government? What is he waiting for then to let employee and employer contributions be put to use to create jobs rather than to enhance the visibility of the federal government?

• (1435)

**Hon. Douglas Young (Minister of Human Resources Development, Lib.):** Mr. Speaker, I think that some kind of a consensus has been reached, even between us and members representing the opposition in this House. In fact, if you listened to what I was proposing to the Quebec minister responsible, all we are waiting for now is for a Quebec delegation to come and tell us what they have to propose on the basis of the Quebec consensus and what is already provided for in Part II of Bill C-12—

**Mrs. Lalonde:** It is not the same thing.

**Mr. Young:** No, it is not the same thing.

What is happening is that the Bloc Québécois never says the same thing from one day to the next. Their rambling is very difficult to follow.

\* \* \*

[English]

## BYELECTIONS

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, the Reform Party was told directly by the Haitian embassy and by our own foreign affairs protocol office that the Haitian president was not scheduled to come to Canada after his Washington visit until just last week. The arranging of this trip was directly connected to the byelection. The Prime Minister should have known this yesterday when he said: “There was no connection at all. There was none. There was none”.

Will the Prime Minister withdraw his incorrect statements, admit there has been a serious manipulation of a byelection and ask the ethics counsellor to investigate this unfortunate misuse of power?

## Oral Questions

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, it is becoming increasingly evident that the definition of the new politics of the Reform Party is to reduce everything to the most base partisan level absolutely possible.

It is absolutely deplorable that the hon. member is taking a visit from the newly elected President of Haiti, who is visiting his major partners, the Dominican Republic, the United States and Canada, countries which are directly involved in the development and reconstruction of his country and responsible for the United Nations force to talk about its implementation, and turning it into a partisan attack. It is absolutely deplorable.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, the critical question is: When was the invitation issued?

The Haitians have told the Reform Party the truth. Liberal golden boy Pierre Pettigrew has used his government influence to bring in the Haitian president to help him win the byelection campaign.

Does the Prime Minister categorically deny that his government arranged for the Haitian president’s Montreal visit just last week when it was discovered that the byelection was too close to call? If he will not deny this, will he admit that the government’s actions have blatantly interfered with the byelection process and that was totally wrong?

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, what is really wrong is the attitude, facts and presentation of the hon. member. The only thing wrong with the visit is the kind of position that party has taken.

Let me cite the facts. The decision of the Haitian president to come to Canada was based solely upon the need to work with the American government and our own government. He made that decision at a time that was most convenient after his inauguration. During his visit he is meeting with senior business leaders here in Ottawa and in Quebec. He is meeting with the leader of the Government of Quebec. He is also meeting with the Leader of the Opposition. There is nothing partisan about that. He just wants to meet with people who are interested in the welfare of Haiti. That is one reason he is not meeting with the Reform Party.

\* \* \*

[Translation]

## TAXATION

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, my question is for the Prime Minister. Yesterday, at the end of the summit, the premier of Quebec announced the establishment of a roving commission on taxation that will review the whole tax system as part of a transparent process that will call for public input.

*Oral Questions*

Can the Prime Minister tell us why his government has decided that the tax system should be reviewed behind closed doors by a small group of experts, a group of insiders who have become rich by using tax shelters, who in fact would not benefit in any way from any changes?

• (1440)

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, any tax reform would lead to the introduction of a bill in the House of Commons, which then decides if the bill is good or bad. Whether or not there is a roving commission, what counts is the bill that comes before Parliament.

So far, the Minister of Finance has shown that he can bring down very balanced budgets, from which he himself has eliminated a considerable number of tax loopholes, including family trusts, an issue that was raised by the hon. member. I think that the method used by Canada's Minister of Finance is quite effective.

As I was saying earlier, Canadian interest rates have dropped by three points in the last year. Our interest rates are now lower than those in the U.S. Everyone has their own way of doing things, but I am quite satisfied with the method that has been used so far by Canada's Minister of Finance.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the Prime Minister is telling us that there is no problem, that the foxes are guarding the henhouse and even contributing to Liberal Party coffers. Well, the foxes are going to reach biased conclusions, because these committee experts advise large corporations on how to avoid paying their fair share to Revenue Canada. The Prime Minister is telling us: "There is no problem; we are in good hands". The world has turned topsy-turvy.

If the Prime Minister wants his government to be credible when it says it wants to restore fair and equitable taxation in Canada, he should immediately undertake to open up and democratize his committee by getting all Canadians involved, because taxation concerns everyone, and not only those who benefit.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I find it totally deplorable that the official opposition's finance critic does not have enough confidence in himself and his team to defend his views.

I know full well that Liberal members on the committee will take whatever action is necessary to protect the interests of the most vulnerable in our society, as the Liberal Party has done throughout its history.

[English]

**GOODS AND SERVICES TAX**

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, during the last federal election campaign Liberals proclaimed their hatred for the goods and services tax. From Bonavista to Vancouver Island the chorus was "vote for us and we'll kill, abolish and scrap the GST".

However, last night when a motion was put to the House to kill, scrap, abolish the GST, what happened? The Liberals defeated their own election promise.

My question is for the Prime Minister. Why has the Liberal government broken that election promise?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I know why. How many flip-flops has the leader of the Reform Party made on that over the last few years?

If the hon. member were to read the red book on page 22 he would have his answer.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, Liberal candidates in the last federal election did not knock on doors and say: "Please send me to Parliament because I want to harmonize, I want to co-ordinate, I want to integrate federal and provincial taxes so that we can tax you more efficiently". That is not what they said.

They repeated the promises made by the finance minister, the Deputy Prime Minister and the Prime Minister to kill and abolish the GST. I ask the Prime Minister very simply so that he does not evade the answer to this question. Why did he mislead Canadians?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I think that if he translates page 22 of the red book into French, he will know what we said.

\* \* \*

• (1445)

[Translation]

**CANADIAN ARMED FORCES**

**Mr. Jean H. Leroux (Shefford, BQ):** Mr. Speaker, my question is for the Prime Minister.

It is reported that Canadian soldiers have once again engaged in hazing at the Gagetown base, in New Brunswick, and that the military police is conducting an investigation into these events, which could further tarnish the Canadian armed forces' reputation.

Since the Minister of National Defence had given formal orders banning such activities, are we to understand that the minister's authority over our Canadian forces is seriously lacking?

[English]

**Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr.

*Oral Questions*

Speaker, the minister is aware of the allegations that have been made and he has been assured that the Canadian forces are investigating this matter. It is presently under investigation.

[*Translation*]

**Mr. Jean H. Leroux (Shefford, BQ):** Mr. Speaker, since the beginning of this Parliament, we always hear the same answer: an investigation is underway.

If his government is still in charge, this time will the Prime Minister refuse to let his minister punish only enlisted men and will he demand that the real culprits, namely the high-ranking officers, be punished rather than being promoted?

[*English*]

**Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the government treats these allegations very seriously. The matter is being dealt with with fairness and the laws of natural justice.

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**BELL CANADA**

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, my question is for the Parliamentary Secretary to the Minister of Industry.

The people of Peterborough riding follow the affairs of Bell Canada with great interest, whether they are employees or customers. Bell Canada was recently allowed a rate increase.

In the light of this, will the parliamentary secretary comment on Bell Canada's forecast of a 40 per cent increase in profits at a time when it is cutting 10,000 jobs?

**Mr. Morris Bodnar (Parliamentary Secretary to Minister of Industry, Minister for the Atlantic Canada Opportunities Agency and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, the forecasts that Bell Canada has proposed are just those. They are forecasts and estimates for the coming year and may vary by the end of the year.

It is my understanding that by means of voluntary packages and attrition Bell Canada has not laid off any employees to date. We also expect that Bell Canada, with the increase in profit they are projecting, will use this money to fulfil its commitments to increase investment and to provide a low cost in basic services.

\* \* \*

**IMMIGRATION**

**Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.):** Mr. Speaker, taking a lead from the Prime Minister, we now see two members of his cabinet at each other's throats over the production and destruction of the red book, part 2.

Although the Prime Minister is trying to defend both ministers, he cannot have it both ways. Either the former minister of immigration was wrong for producing this piece of Liberal propaganda or the current minister was wrong for wasting taxpayers' money shredding the documents.

I ask the Prime Minister to get off the fence, take a stand and tell Canadians which minister messed up?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, coming from the Reform Party, it should consult with its members for Calgary Centre and Calgary Southeast.

I said yesterday, and I repeat today, that the minister made a decision after she became minister and decided not to proceed with the distribution of the pamphlet. That was her privilege and her right. It was the privilege and the right of the minister to work on that.

Some people claim he made too many references to the red book but really the red book is the program of the Liberal Party. If the Reform Party does not understand that, the Government of Canada now is formed by the Liberal Party.

When we talk about the success of the Government of Canada we talk about the success of the Liberal Party. They are together.

**Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.):** Mr. Speaker, once again the Prime Minister has it all wrong. The Reform caucus is completely unified—

• (1450)

**Some hon. members:** Oh, oh.

**Ms. Meredith:**—especially in the belief that this cabinet should be whipped into shape.

**Some hon. members:** Oh, oh.

**The Speaker:** I hope the hon. member for Wild Rose is not beginning a trend. The hon. member for Surrey—White Rock—South Langley.

**Ms. Meredith:** Mr. Speaker, it is no wonder we have two ministers trashing each other in the press. Neither will assume the responsibility of making a mistake. That is because the Prime Minister has failed to provide them with proper guidelines of what is appropriate or what is "inappropriate and silly".

To prevent other ministers from wasting taxpayers' money the Prime Minister must tell the House which minister will be held accountable.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, in order to achieve this great unity they must have reverted to caning. It had a great effect. It was surprising to all of us to see the hon. member for Wild Rose hugging the member from out west. What the hon. member for Wild Rose did was a bit silly.

*Oral Questions*

We have very good guidelines for ministers. They run their departments and they use their best judgment.

\* \* \*

[Translation]

**SASKATCHEWAN FRANCOPHONES**

**Mrs. Pierrette Venne (Saint-Hubert, BQ):** Mr. Speaker, today, Marysa Gendron Nadeau, a student from Saskatoon, reminded the prime minister that, on January 17, 1994, he promised to protect Franco-Saskatchewanian schools.

However, his government is now about to cut by 52 p. 100 its financial support to French speaking groups in Saskatchewan, at a time when the assimilation rate reaches 67 per cent. If the prime minister does not do anything, says Marysa, he will be able to take credit for an even higher assimilation rate.

Will the prime minister commit today in this House to fulfil the promise he made to Marysa and to reconsider the indecent and insulting proposal his government made to the French speaking community in Saskatchewan?

**Mr. Guy H. Arseneault (Parliamentary Secretary to Deputy Prime Minister and Minister of Canadian Heritage, Lib.):** Mr. Speaker, I want to inform the House that we are currently negotiating an agreement with the Association des francophones de la Saskatchewan. We should reach an agreement shortly.

**Mrs. Pierrette Venne (Saint-Hubert, BQ):** Mr. Speaker, in her letter dated today, Marysa Gendron Nadeau asks the prime minister to help them, not to crush them.

In this Semaine de la Francophonie, will the prime minister have the fortitude to be consistent and to do everything he can to put a stop to the assimilation of French speaking citizens in Saskatchewan and throughout Canada?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, of course, I will do everything I can to help them, I always do. But if the hon. member is so worried about the future of French speaking Canadians outside Quebec, she should realize that the best way to help them is to keep all French speaking Canadians within a united Canada and not to divide them. If they are divided, some will perish.

\* \* \*

• (1455)

[English]

**NATIONAL DEFENCE**

**Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.):** Mr. Speaker, at least the hon. member for Wild Rose knows the difference between a hug and a choke hold.

Canadians are hearing conflicting reports concerning what may be another hazing incident the past weekend at CFB Gagetown. The minister has had several days to look into this matter.

Would he tell Canadians what he has found to clear the air so that this is not hanging over the heads of Canadian Armed Forces personnel?

**Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I just answered the first part of that question. It is under investigation and to some surprise the results may not be what the hon. member is seeking.

**Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.):** Mr. Speaker, after the airborne hazing videos, the minister promised Canadians that this sort of behaviour would not be tolerated.

What administrative actions did the minister put in place? Can we be sure that they were followed at CFB Gagetown?

**Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the minister gave instructions to the chain of command. The chain of command followed that throughout the forces, but something you cannot do is put judgment into the head of a person.

I cannot prejudge an investigation that is presently under way.

\* \* \*

**EMPLOYMENT EQUITY**

**Hon. Sheila Finestone (Mount Royal, Lib.):** Mr. Speaker, the annual report of the human rights commissioner noted that progress has been made in the public and in the federally regulated private sector with respect to employment for women, visible minorities, aboriginals and the disabled. In the government, however, orchestration has been a bit on the slow side.

My question is for the President of the Treasury Board. Could he point out whether he is planning to be the leader of the band on employment equity? Is he planning to improve the performance of women and men so that they can move forward in the departments? Will he change his tune for the public service from a slow waltz into a quick march? How much longer will the target groups have to wait for employment equity?

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, I will be tabling in the near future a report on the status of employment equity in the public service. I will be doing that today or tomorrow.

Members will see from that report steady progress is taking place through a range of programs and initiatives that have been initiated by the Treasury Board. Some of the highlights of the report will be, for instance, that women increase their participation

in the public service to 47.4 per cent from 44 per cent in a year; that almost two-thirds of the 14,000 employees who were hired were women. At the same time, 56 per cent of the employees promoted were women.

There has been steady progress for every designated group during the last five years. During 1994-95, the representation of every designated group in the public service has increased.

\* \* \*

[Translation]

### DAIRY INDUSTRY

**Mr. Jean-Guy Chrétien (Frontenac, BQ):** Mr. Speaker, my question is for the Minister of Agriculture. In eliminating dairy subsidies, the Minister of Finance will be taking \$1.3 billion away from dairy producers over the next ten years, without any compensation in return. Grain producers, however, have received \$2.9 billion in compensation.

Does the Minister of Agriculture admit that his action is unfair to the dairy producers of Canada, who would be entitled to expect compensation of at least \$800 million, of which \$400 million should go to the dairy producers of Quebec?

[English]

**Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, as the hon. gentleman knows, the western grain transportation subsidy in western Canada was cancelled all at once in the decision taken in the budget of 1995. The subsidy terminated completely on August 1 last year.

• (1500)

To assist farmers in the transition process away from what had been a subsidized regime to what in the future, and is now, is a totally unsubsidized regime, a transition program was put in place temporarily. It is being implemented quite literally as we speak.

With respect to the dairy subsidy there is not a termination of the subsidy all at once. The phasing out process began in the 1995 budget with a first reduction of 15 per cent in the current year and another 15 per cent next year. As we announced in the 1996 budget there will be a gradual phase out of 20 per cent per year over the following five years. There is a gradual phase out period.

\* \* \*

### CANADIAN ARMED FORCES

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, when I asked the Minister of National Defence when he would advise the civilian employees at 5 Wing Goose Bay which jobs were being considered for privatization, he answered: "We have

### Oral Questions

just announced that this particular base may be a candidate and we will look at it over the coming months".

Either the minister misled us or he works very fast because yesterday, just nine days later, it was announced that 93 civilian full time jobs, 15 seasonal jobs and 81 military jobs were being cut, followed sometime later by surgical cuts. These people would like to bid on those jobs. When will the minister advise which jobs were cut?

**Mr. John Richardson (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the job reductions that took place at Goose Bay had a positive intention.

It had everything to do with reducing costs because we wanted to make sure that our MOUs were signed by our allies. The project at Goose Bay generates \$100 million worth of income for Goose Bay and Newfoundland; over 10 years it is \$1 billion.

We did not let them go because the last day to apply for the public service reduction plan is April 1, which allows them to apply for this plan.

\* \* \*

[Translation]

### FEDERAL PROVINCIAL CONFERENCES

**Hon. Jean J. Charest (Sherbrooke, PC):** Mr. Speaker, my question is for the Prime Minister and concerns the speech from the throne. You will recall that the government undertook, in the throne speech, to hold a federal provincial conference in the near future.

I would like to ask the Prime Minister today to tell us when the federal provincial conference will be held and what will be on the agenda. Is the Prime Minister ready to have the issue of manpower and the transfer of responsibilities to the provinces, including Quebec, put on the agenda?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I am now in the process of consulting with the provincial governments to find out what date would be the most appropriate for this conference. We are also discussing with our colleagues what should be on the agenda.

When the agenda is ready and the date set, I will be able to make an announcement in this House, but I do not think that that will be for a number of weeks.

\* \* \*

[English]

### PRESENCE IN GALLERY

**The Speaker:** I draw the attention of hon. members to the presence in the gallery of Dr. Eberhard Brecht and Mr. Ruprecht Polenz, members of the German Bundestag and members of the Canada-Germany Friendship Group.

*Tributes*

**Some hon. members:** Hear, hear.

\* \* \*

**THE LATE ERNEST CHARLES MANNING**

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, today I would like to pay tribute to the late Ernest Manning.

• (1505)

I had the privilege of knowing Mr. Manning when he was in the House and it is with sadness that I speak. He was quite a remarkable man and he had a very remarkable record of service to his church, to Alberta and to Canada.

He became the youngest cabinet minister in the Commonwealth at the age of 26. He served in the provincial government for 33 years, for 25 years as premier. He was radio host of Back to the Bible Hour for almost 50 years. It is no wonder that the people of Alberta came to know him and trust him.

More than any other politician, he was the architect of modern Alberta. He brought its finances under control, established the foundation of the provincial social services system, and ensured the development of the province's oil and gas industry which has been so vital to its prosperity. The results of his work are very evident today in a strong and prosperous Alberta.

In his eulogy, the member for Calgary Southwest mentioned that his father attended every first ministers conference from the day they were established by Mackenzie King until the beginning of the Trudeau administration. His commitment to Canada was never questioned.

I think it was this remarkable record of service that made Mr. Trudeau appoint him to the Senate. Mr. Manning understood better than most the way that Canada works. For 13 years he sat as an independent senator. Apparently he once said that a lot of people think senators are entirely preoccupied with protocol, alcohol and Geritol. Of course, Mr. Manning was not preoccupied with these matters. I had the honour to serve in Parliament with Senator Manning and he was always very conscientious in carrying out his duties.

Throughout his life he worked for a strong Alberta and a united Canada. He was a legendary figure in Canadian history and an outstanding model of public service.

We see very clearly that his legacy lives on in the work of his son. I know they were very close and this is a very sad loss for him.

On behalf of all members of the government, I extend our sincere condolences to the family of the late Ernest Manning.

[Translation]

I myself knew Mr. Manning as a senator. I even had the pleasure of speaking with him a few times. He was an exceptionally courteous man who enjoyed giving advice on request. He was not the type to dictate what we should do on a daily basis but, if we had an opportunity to talk to him and to ask him a few questions on his past experiences, he was always very courteous and eager to help. As I was saying earlier, Canada has lost a great patriot, a truly great Canadian.

[English]

**Mr. Ray Speaker (Lethbridge, Ref.):** Mr. Speaker, on behalf of my colleagues, I would also like to pay tribute to Mr. Manning, as I called him for many, many years.

In the annals of Canadian history, Ernest Charles Manning will be remembered as a statesman, a leader and a builder. Over the course of some 25 years as the premier of Alberta, he led Albertans from the poverty and destitution of the depression to the prosperity and affluence of today.

Inheriting a financially bankrupt treasury in 1935, he left Alberta debt free. Some 30 per cent of the budget of the Alberta government was cash in the bank when he left. That is a tremendous record and something we do not always see today.

• (1510)

At the time Mr. Manning took over in 1935, the bankers of the day were not willing to provide Alberta with money, nor was the Government of Canada. He had a very difficult time to start within that depression era. Presiding over the development of the oil and gas industry which reversed the province's fortunes, Mr. Manning made possible the economic, social and educational infrastructure which exists today in Alberta.

On the national scene he played a leading role in bringing the concerns of western Canadians to the halls of power in Ottawa. As the Prime Minister said very well, he participated in every federal-provincial conference from Mackenzie King to Pierre Trudeau and spent 13 years as a senator where he became the leading advocate for the reform of that institution. He has left his mark on our province of Alberta and our country Canada.

When I speak of Mr. Manning today, I pay tribute to the man himself, one whom I considered to be a teacher, a mentor and a very close friend. I had the honour and privilege of serving in Mr. Manning's government and cabinet for five years. The lessons I learned during that period of time remain with me today and will remain with me for the rest of my life.

There are lessons we would all do well to learn. Above all, they centre around three basic words: honesty, integrity and fairness. Mr. Manning stood for something at all times. Everything he did, every action he took was grounded in a very firm moral conviction.

*Tributes*

Every decision he reached was in the embodiment of a fundamental principle. Mixed into that principle always was this element of fairness.

When groups would come to make presentations to us as a cabinet, he made sure that both sides were heard and that everybody was able to understand the problem. In the final analysis he was able to pick out of the conversation the key thing that had to be decided, then he would ask cabinet: "Is this what we are deciding? Is it fair and is it right for our people?" At that point we would make a decision and proceed. It was a very open, democratic process.

Every policy he brought forward in Alberta was sought to realize his goal of creating an environment in which each individual could have the freedom and resources to reach their full potential and make a contribution to society. A central characteristic of Mr. Manning was his strong ethical grounding, his sense of moral centre. It acted as his compass and the guiding means of his conduct in his government.

There was no room for favouritism in Mr. Manning's Alberta. There were no kickbacks, there were no grafts. It simply was not done. Even members of the business community who were very suspicious of social credit in its beginning came to respect him and to trust him. When he gave them his word, they knew it was good, and it was.

I remember many of our experiences together: the medicare discussions; the locating of the University of Lethbridge in southern Alberta; CPR's relocation in Calgary; meeting with the Metis people of northern Alberta; the paper on human resources development; the book on political realignment. I remember the one day in his office about a week before he resigned as premier when he sat back in his chair, pulled the right bottom drawer open and said to me: "There are many new things to do yet, Ray. I have a drawerful". His thoughts were always about the future and not on the past.

Mr. Manning, in his deeds and actions, set a standard by which all politicians are measured. A man of dignity and integrity, a devoted Christian and a loving father, he was a credit to his profession. Taken from us at the age of 87 he will be missed as a leader in our communities, missed by his family, by his son, by his province, by his country, but we are all richer, warmer and wiser for the great experience of having known him.

• (1515)

[*Translation*]

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, we all know how difficult political life can be. When a political figure disappears, it is only fitting to reflect briefly on the career of the deceased.

A political career spanning 46 years is very long and it certainly shows how much trust the people of Alberta had put in Mr. Manning.

What is impressive is the innumerable decisions that had to be made by this politician during his career, decisions which had an impact on the life of his loved ones and which were dictated, I am sure, by an extraordinary sense of duty and great respect for democracy.

Mr. Manning certainly was committed in the purest sense of the word. For all these reasons, the members of my party join me in extending our deepest sympathy to the leader of the third party, who was sorely afflicted by the passing of his father.

Going beyond political differences, we must bow down before great men and women and this, we always do. There is no doubt that, with a career spanning 46 years, including many years as premier, Mr. Manning was one of the great ones.

[*English*]

**Miss Deborah Grey (Beaver River, Ref.):** Mr. Speaker, I would also like to share a few thoughts about Mr. Manning and some of the experiences I had with him.

I moved to Alberta from British Columbia in 1977 after Mr. Manning had gone out of power. All I knew was the incredible respect the name Ernest Manning had in the entire province of Alberta because of his history and his amazing political career.

When I first was elected to the House of Commons in a byelection on March 13, 1989, Mr. Manning's son, Preston, was with me in my campaign office. As one can imagine, we were pretty excited that night. Mr. Manning Sr. was down in Arizona and his son, Preston, phoned him. I think the conversation went something like this: "Dad, we won, we really won". He was so excited he said: "Put her on, I would like to talk to her".

I was a little nervous. My life had just been turned upside down already and then I got to speak with this famous Canadian. He said: "Hello, Deborah, this is Ernest Manning. I want to let you know we are thrilled that you just won the byelection. I do believe this is going to make some change in Canadian politics". That was an incredible moment for me when Ernest Manning knew my name and spoke to me on the telephone. It was a remarkable experience for me, one I will never forget.

Shortly after that I was passed the torch from one of the original Reformers, Mr. Doug Campbell, the former premier of Manitoba. I think about Doug Campbell, Stan Waters, who came to the Senate shortly after that, and Ernest Manning and the affect those people have had on my life. Of the three, Mr. Manning was the last to pass on. I have lost an incredible number of role models and heroes in Doug Campbell, Stan Waters and Mr. Manning. However, my life

*Tributes*

is so much richer for having known them. They have had an incredible influence on my life.

In the spring of 1994, shortly after Lew and I were married, he was taking me to the Edmonton municipal airport for yet another trip to Ottawa. While we were saying our goodbyes and I was ready to get on the plane, Mr. Manning Sr. came up the escalator and around a post and we nearly crashed into each other. He was walking as upright and tall as he could walk carrying his briefcase. He was well into his eighties but was looking sharp and knew exactly where he was going.

When we realized we recognized each other he said: "Deborah, it is so nice to see you". He shook my hand and then looked at my brand new husband and said: "Lewis, it is so nice to see you". My husband said: "You too, Mr. Manning". We had a short visit and then he was on his way back to Calgary.

When he left I said to my husband: "Have you guys met before?" Lew said no. However, because we had sent a Christmas card to them, Mr. Manning, ages later, remembered my husband's name. That was an impression that will last on us forever. This was the kind of man he was.

He knew people because he cared about them. Because Mr. Manning had some sort of feeling for me and for what was going on in my life and that I was newly married, he took the time to memorize my husband's name. That was another moving experience for me which I appreciated so much.

• (1520)

In terms of his role modelling he was a man who integrated his strong personal Christian faith with his political career. I think that would stand to serve us all well, that those of us who have a strong Christian faith must never be ashamed to say yes, it is part of my political belief and I am not hesitant to share it.

I pay tribute to his wife, Muriel, today and to their son, Preston. Thank you for sharing your family with us. I know Preston has grown up in a very political and a very public home. I thank the Manning family, especially Mrs. Manning, Mr. Ernest Manning's widow. Thank you for sharing Ernest Manning with us.

**Mr. Bill Blaikie (Winnipeg Transcona, NDP):** Mr. Speaker, I would also like to pay tribute today to the late Senator Manning and on behalf of my colleagues in the NDP caucus express our sincere condolences to our colleague in the House, the member for Calgary Southwest, who was proud to call this distinguished politician, distinguished Albertan and distinguished Canadian his father.

It is interesting to note that the late Mr. Manning was born and raised in Saskatchewan near Rosetown. Had he not heard the call of Bible Bill Aberhart over the radio and enrolled in his school in Calgary at a young age, heaven knows what might have happened

to his political consciousness had he stayed in that area. It was, after all, an area represented for many years by another distinguished Christian gentleman by the name Mr. J. Coldwell.

I say this by way of wanting to point out that many in the CCF and in the Social Credit had more in common than the fact they grew out of the dirty thirties. What they had in common, though they disagreed over implementation, was the insight attributed to former Alberta Premier Manning in a biography done of him that religion is something that should not just be taken down from the shelf on Sundays; that you cannot divorce spiritual values from the things of every day life and that therefore it is impossible finally not to mix religion and politics.

We in the political sphere are making spiritual judgments all the time and we would all do well to be instructed in that by honouring the life and memory of great Canadians like Ernest Manning who, like others of his day and generation, on the left and on the right, saw the reality of God as a decisive factor in their political deliberations.

**Hon. Jean J. Charest (Sherbrooke, PC):** Mr. Speaker, I rise today to add my voice, the voice of my party colleagues on the Senate side and obviously that of the member for Saint John to all other members in the House to pay tribute to Ernest Manning.

He was a Canadian who had an enduring political career that in itself speaks to the values he espoused and also speaks to the values recognized in him by the men and women, Canadians all across the country, who were called from time to time to confirm and reaffirm their confidence in this great man.

He left an indelible mark on the country. From time to time Canadians may want to search their memories and look back on some of his views as we look to the future. For example, in 1981 he had his own views on the patriation process the country was confronted with. As we examine the situation we are in today there is no doubt there was some wisdom in the words he spoke at that time with regard to changes being proposed to the country.

Obviously his influence was beyond his own generation. Evidence is that we have today here in the House of Commons his son, the leader of the Reform Party, who has had some success, I am sorry to say for Conservatives in some regard, in his own political career.

I extend to him and to his family and to Mrs. Manning our very deep gratitude for having supported him, Mr. Ernest Manning, through those years. I extend our deep appreciation for his devotion to Canada and also our condolences at this time.

It may be of some interest to Mr. Manning and to all the Mannings and those who worked with the family from time to time to know that his influence went way beyond Alberta. Though I never had the honour of meeting him, I do have very fond

memories of his voice, something passed on from generation to generation through the magic of radio.

My other was a very devout Catholic. In our home in the kitchen after dinner in the evenings I remember very well her listening to the radio show of Ernest Manning. I still remember the jingle. I can still remember that voice and the words. She was a very big fan of Mr. Manning, although I should say for his ideas with regard to Christianity and its basic values.

• (1525)

Through my youth this voice was very familiar in our home in Sherbrooke, Quebec, thousands of miles away from wherever he was speaking. In that respect his influence has gone beyond the political forum into every area of our lives. We are appreciative of that.

Again, to Preston Manning and to his family we send our very deep condolences.

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[Translation]

#### BUSINESS OF THE HOUSE

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, could the Deputy Leader of the Government in the House of Commons tell us what the legislative agenda will be for the next few days?

**Hon. Alfonso Gagliano (Minister of Labour and Deputy Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, first of all, on behalf of the government House leader, I wish to thank our friends opposite for their co-operation in preparing the legislative agenda for the coming weeks.

Tomorrow, we plan to begin consideration at report stage of Bill C-14 on transportation. Our intention is to continue debating this bill until it is passed, some time next week.

[English]

We will follow it with reference before second reading of Bill C-20 respecting air navigation. We will then call Bill C-7, the public works and government services departmental reorganization.

That will be followed by Bill C-9, the law commission bill. That will be followed by Bill C-19, the internal trade registration.

Depending on when Bill C-3, the nuclear workers bill, is reported from committee, we will enter it into the line-up for completion.

If time permits we will also call Bill C-15, the financial institutions bill; Bill C-11, the human resources development departmental reorganization; Bill C-18, the health departmental reorganization, in that order.

#### Government Orders

Our plan at this time is to begin business next Friday with Bill C-13, the witness protection bill, before resuming the list.

### GOVERNMENT ORDERS

[English]

#### BORROWING AUTHORITY ACT, 1996-97

The House resumed consideration of the motion that Bill C-10, an act to provide borrowing authority for the fiscal year beginning on April 1, 1996, be read the second time and referred to a committee.

**The Acting Speaker (Mr. Kilger):** Pursuant to order made Tuesday, March 19, 1996, the motion is deemed adopted on division.

Accordingly, pursuant to order made Tuesday, March 19, 1996, the bill stands referred to committee of the whole.

I do now leave the chair for the House to go into committee of the whole.

(Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Kilger in the chair.)

• (1530)

**The Deputy Chairman:** Order. House in committee of the whole on Bill C-10, an act to provide borrowing authority for the fiscal year beginning on April 1, 1996.

Shall clause 1 carry?

On clause 1:

**Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.):** Mr. Chairman, I have a few words to say to the bill. I welcome this opportunity to speak to hon. members on Bill C-10, the borrowing authority bill for fiscal year 1996-97.

Our goal once again is to have the borrowing authority in place on April 1, the beginning of the government's new fiscal year. This will ensure continued regular financing operations for the government.

All borrowing authority granted by last year's borrowing authority act, including the \$3 billion non-lapsing amount, will be depleted by the middle of April. If this legislation is not in effect on time, it means that the government's funding requirements would have to be met by using section 47 of the Financial Administration Act.

Section 47 restricts borrowing to short term funds, and having to resort to these could easily be costly for the government and to Canadian taxpayers. It would expose the government to the additional interest rate risk implied by increased short term funding.

*Government Orders*

That is why it is critical that borrowing authority be secured as soon as possible.

Before I comment on the various clauses of the bill, it is appropriate to review our economic and fiscal progress. The Canadian economy has shown a mixed performance over the past couple of years. Growth in 1994 was very strong at 4.6 per cent for the year as a whole, again reflecting both a strong U.S. recovery which fuelled a surge in Canadian exports and the positive response of domestic demand to declines in interest rates.

In 1995 however, U.S. interest rates rose sharply to contain possible U.S. inflationary pressures. Higher U.S. rates spilled over into Canada in the form of both higher Canadian rates and slowing growth in Canadian exports. Canadian GDP rose only 2.2 per cent, a number which masks really the extent of the slowing. From the end of 1994 to the end of 1995 the Canadian economy only expanded by .6 per cent.

The weakness in 1995 in both U.S. and Canada has set the stage for stronger growth in 1996. Inflation pressures in both the U.S. and Canada have declined. Inflation in Canada remains below the midpoint of the 1 to 3 per cent target band that we set with the Bank of Canada. It is lower than the U.S. rate and the best domestic numbers in 30 years.

Interest rates also fell sharply. Short term rates are down 3 percentage points from the 1995 budget and the spread with U.S. short term rates has been eliminated. Indeed this morning there was a negative spread. This decline in Canada was aided by growing evidence that the Canadian government is getting its fiscal deficits under control.

Signs of stronger growth in 1996 are now becoming evident, particularly the recent strength in job creation in both Canada and in the United States. Low cost pressures and good productivity growth have translated into a sharp improvement in Canada's competitive position.

The trade figures show the results: a record merchandise trade surplus of \$28.3 billion in 1995 and a current account deficit that fell to only 1.7 per cent of GDP, its lowest level in 10 years and an improvement even greater than that in the last quarter of last year.

The 1996 budget is the third milestone on the government's journey to securing fiscal stability in a vibrant, dynamic and competitive economy for Canadians. The first two budgets implemented unprecedented reductions to program spending which are structural in nature and extend through the medium term planning horizon.

With these measures, our 1995-96 and 1996-97 deficit targets bringing our deficit down to 3 per cent of GDP are secure despite the lower GDP growth than we had originally assumed. Contributing to this progress is the fact that interest rates are also significant-

ly lower than projected. This has neutralized the adverse effects of lower growth on the deficit.

• (1535)

The measures in the 1996 budget consolidate and extend those in our first two budgets and further contribute to our economic and financial objectives. We have maintained our focus on reducing program spending. There are no tax rate increases in the 1996 budget.

Expenditure cuts amount to \$1.9 billion for 1998-99 and build on the reductions of the previous two budgets to keep program spending on a downward trend. Together the three budgets will contribute \$26.1 billion in savings for 1997-98. This action together with the reform of the employment insurance program will ensure we hit our new deficit target to bring the deficit down to 2 per cent of GDP on the way to a balanced budget. Let me now turn to the various clauses in the bill.

Clause 2(1) requests borrowing authority in the amount of \$18.7 billion for the fiscal year 1996-97. This amount is required to meet financial requirements of \$13.7 billion, to cover exchange fund account earnings of \$1 billion, and to provide a \$4 billion non-lapsing amount.

The \$4 billion non-lapsing amount represents a \$1 billion increase from previous years. Since 1986 the non-lapsing amount has been \$3 billion. It was raised in that year from \$2 billion. This increase is a prudent measure which will provide the government with the ability to manage foreign exchange requirements more effectively in light of the increased market flows and volatility in recent years. It can either be used during the course of the year to manage contingencies such as unexpected foreign exchange requirements, or it can be carried forward to the next year if the next year's borrowing authority is not passed before the beginning of the next fiscal year.

Clause 2(1) also ensures that the borrowing authority provided in this bill may only be used after the 1996-97 fiscal year begins.

Clause 2(2) ensures that any portion of the \$3 billion non-lapsing amount granted by the Borrowing Authority Act, 1995-96 that is used in 1996-97, the next fiscal year, will be deducted from the 1996-97 borrowing authority. This prevents any use of the 1995-96 non-lapsing amount effectively adding to the borrowing authority for 1996-97.

Clause 3 states that all unused borrowing authority granted by this bill in excess of \$4 billion will be cancelled on March 31, 1997. This allows the \$4 billion non-lapsing amount to be carried forward into 1997-98.

Clause 4 stipulates that for the purposes of calculating borrowing authority usage, the effective date is April 1.

*Government Orders*

Clause 5 deals with the cancellation of unused borrowing authority from 1995-96. If this bill comes into force before April 1, any unused borrowing authority granted by the Borrowing Authority Act, 1995-96 is cancelled effective March 31. If the bill comes into force after April 1, the \$3 billion non-lapsing amount granted by the Borrowing Authority Act, 1995-96 can be used in the period between March 31 and the date this bill comes into force.

Borrowing authority is a normal part of the operations of the government. It is important for the smooth functioning of the government borrowing program that authority be in place at the beginning of a new fiscal year.

I thank hon. members for their co-operation in agreeing that this bill pass so quickly. I am now open for questions.

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, as I listened to the secretary of state explain his borrowing authority bill, I was very touched, but not in a positive way.

Contrary to what the hon. member just said, what is costly to the state is not the delay in passing this bill but, rather, the federal government's inability to make decisions that should have been made since it took office. It is also the lack of a true and sound management of public finances, with a determined effort to eliminate waste. It is the inability to make decisions that should have been made two and half years ago, so as to put our fiscal house in order with a real tax reform and not the smoke and mirror scheme proposed in the last budget.

• (1540)

It is also the inability to develop policies that would truly stimulate employment. All this is costly to the Quebec state and to taxpayers. What is also costly to the Canadian state is to have a government that does not do its job in its fields of jurisdiction and, moreover, continues to want to interfere in areas which come under provincial jurisdiction. This is costly to the Canadian state, as well as to the taxpayers of Quebec and Canada.

Earlier, the opposition leader lambasted the government because the Prime Minister will not make a decision and comply with Quebec's unanimous request concerning manpower training and active employment measures. The Prime Minister refuses to comply with the wish of 800,000 Quebecers who are waiting for a true labour market policy to rejoin the workforce, earn a living with dignity.

All this is costly to the Canadian state, but it is particularly costly to those who have been paying since the finance minister took over, and I am referring to the unemployed and the poor in our society.

The government is asking us to authorize it to borrow \$18.6 billion on behalf of Quebecers and Canadians, while it is plagued by chronic incompetence. This is asking a lot from the official opposition. We will, therefore, oppose this bill.

[*English*]

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, it is my understanding I have about 20 minutes to question the minister on this budget. I would like to ask a number of precise questions which will require precise answers. I do hope that when I ask my first question the minister will have the courtesy of not taking the remainder of the time to prevent me from asking other questions. I hope we have this understanding, otherwise I will be forced to give a speech which would not be particularly productive.

I know how responsive, intelligent and well informed the minister is, especially since the Deputy Minister of Finance is sitting next to him and can help him with technical issues.

I will begin with one of the most puzzling treatments in this budget, the issue of the revenues gained from the unemployment insurance fund. We all know that the unemployment insurance fund was set up as an independently functioning system. The requirement was that during periods when the economy had slackened there would be an opportunity for the revenues to be smaller than the expenditures and for it to run a deficit. The cumulative deficit would then have to be eliminated when there was economic prosperity. Over time this account is to balance.

The question arising from these budget plans is that since 1993-94, the beginning of the mandate of this government, projecting forward to 1997-98, the end of this budget's cycle, there is a projected cumulative surplus in this fund of \$23.1 billion. I am not entirely sure about the treatment of the accumulated deficit in the past, but it was clearly \$6 billion which I think will come to \$17 billion but I believe some of that \$6 billion had already been repaid earlier. Therefore, we ended up with, let us say, a planned surplus of \$15 billion. That \$15 billion is clearly a very large sum relative to the total expenditure of the entire fund. In fact it covers practically one year's outlay.

I would like to point out one other fact. Between 1996-97 and 1997-98 budgetary revenues of the Government of Canada are planned to increase by \$6 billion. When these are broken down we find that \$5 million of that comes from the surplus generated by the unemployment insurance system. In other words, this is an improvement in the deficit, a moving toward the target of 2 per cent of GDP being financed to the tune of more than 80 per cent out of surpluses generated by the unemployment insurance system, a surplus which is not by statute supposed to go toward financing general deficit.

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• (1545)

Does the minister have in place any rationale for explaining why suddenly the unemployment insurance system should be made into a cash cow to improve the general deficit when clearly the legal system is, the system of the unemployment insurance system is, that it be balanced over the long run? What criteria is he using in deciding when enough is enough?

**Mr. Peters:** Mr. Chairman, the hon. member did not give me a long question. I thought it was going to be a 55-minute lecture from the professor. I will be brief in my reply.

The unemployment insurance system is there to protect the unemployed. One of the methods used to protect the unemployed is to build a substantial surplus so that during the next recession, and there will be one some day as both the hon. member and I know, it will be unnecessary to raise the premium rates because there were insufficient funds. That is the reason for the cushion.

The hon. member mentioned revenues. On revenue increases I would refer to the fiscal plan, page 106. The total budget in revenues went up from \$130.6 billion to \$135 billion in 1995-96 and 1996-97; almost \$4.6 billion. The unemployment insurance contributions went up 3 per cent. I would suggest to the hon. member that is considerably less than 10 per cent.

**Mr. Grubel:** Mr. Chairman, I did not hear about any systematic objective measure being put forward for the workers who are complaining about this regressive job-killing tax. When is the government going back to the system that existed since the inception of the unemployment insurance system, namely, that the premiums would be lowered in order to limit the accumulation of funds. How big exactly does the minister think this fund should be allowed to grow?

**Mr. Peters:** Mr. Chairman, the fund grows for two reasons. First, there are fewer payouts of the fund. In other words unemployment is down.

Second, it grows through contributions. The contribution rate is set each fall in conjunction with the Minister of Finance and with the Minister of Human Resources Development. It will be set this fall so I cannot tell the member how big the fund will be in the future without knowing how many payments out there are going to be.

I do know that we need a substantial cushion because last time premium rates had to be raised in the middle of a recession. That is the wrong thing to do and that must be prevented in the future.

• (1550)

**Mr. Grubel:** Mr. Chairman, it is just nonsense when the minister says that he does not know what the income and outgo will be because the best he can make is in the budget. The best guess is

that by the end of this budget cycle there will be a cumulative surplus of \$25 billion. I am not be right on \$25 billion. Maybe it is only \$15 billion.

I ask the minister again, will it be \$15 billion? Will it be \$20 billion? Will it be \$50 billion? At what point will the government go back to the tradition of the past and say the accumulation is large enough and lower the contribution rate? What criteria is the minister offering? What hope can he hold out to employers and highly taxed workers? When can we expect this cash cow to stop being used for reducing the general deficit?

**Mr. Peters:** Mr. Chairman, that is interesting. We have lowered the premium rates twice now. Just for planning assumptions there is a premium rate in that number and that is a lower premium rate than there is now.

The cumulative surplus in the unemployment insurance fund will only be about \$10 billion by the end of 1997. That number is subject to change because a different premium rate could be agreed on than the one that was used for planning assumptions in the budget. If the planning assumptions unfold that is the number that will be affected.

**Mr. Grubel:** Mr. Chairman, I give up. I am obviously not going to get an answer that I think the workers and employers of Canada want to know. What will be a target for the accumulation of those funds? I never get an answer to that question.

I would like to turn to another one. Between 1993-94 and 1997-98 the deficit in Canada will have gone down by exactly \$25 billion. I congratulate the government for this achievement. However, I find when I look at the extent to which revenues increased in Canada, including those coming somewhat questionably from the unemployment insurance fund, revenues during this period will have also increased \$25 billion. Part of that increase has been taking place as a result of 22 separate and different tax increases.

In other words, the government over its mandate is planning to reduce the deficit by an amount exactly equal to the amount of increased taxes extracted from the people of Canada.

Whenever I tell this to Canadians they say that they are horrified. They say: "What happened to all the spending cuts that the government has undertaken that are hurting me so badly?" I say: "I looked in the budget. There were \$14 billion worth of spending cuts". They say: "I don't understand this. What happened to those spending cuts? How come they did not result in a lowering of the deficit? Where did it all go?"

Please answer to Canadians what happened.

**Mr. Peters:** Mr. Chairman, I know that my good friend across the way will find this a very difficult thing to realize but the economy grew. The increased tax revenues were as a result of the

economy growing. The tax rates were not increased. Almost none of the total revenues were as a result of tax increases.

It is a funny thing. Does the hon. member not want the economy to grow? Would he be happier to see the economy not grow?

• (1555)

When the economy grows, corporations make profits, people become employed and they both pay taxes. Not only that, many people go off unemployment insurance and that cuts expenses. When that happens the deficit is reduced. That is the way it works. I did not think I would have to explain that to a fellow economist.

**Mr. Grubel:** Mr. Chairman, I thought we would keep it between two fellow economists. I am very disappointed at receiving such an unsatisfactory answer.

The hon. minister cannot deny that the government plans two years from now to have a budget which will benefit from taking away from Canadians, partly through economic growth, partly through gasoline tax increases and other surcharges on corporations, another \$25 billion. At the same time, that increase has done nothing but matched the reduction in the deficit. On top of that, \$14 billion less will be spent on government programs in that two-year period.

I ask the minister again, where is that money going?

**Mr. Peters:** Mr. Chairman, as a banker I have always felt that it was important to pay the interest on the debt. Unfortunately the Government of Canada has a very large debt and a very large portion of that debt bears interest. Some of it does not, but most of it does. A large part of that interest is paid and that is why a large part of the additional expenditures or the program spending has been down each year for a number of years. Since we have been in office it has been down.

The cost of carrying the public debt has increased because the public debt has increased.

A light has gone on in the hon. member's mind because he realizes there is interest paid on the public debt. I am sure it does not come as a surprise to the hon. member that there are interest payments on the debt. Unfortunately we have to pay interest.

Maybe the Reform Party has a better idea than paying interest. Maybe it does not want to pay interest on the public debt. Maybe that is the system which that party has. However, it is not the system of the government. It has obligations and believes that the interest payments on the public debt should be paid. That is where the additional expenditures will go.

Program spending has been down year after year and the public debt costs have increased. It is very simple. I think the hon. member knew that answer.

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**Mr. Grubel:** Mr. Chairman, I hope the people of Canada will begin to realize that all of those painful spending cuts were used up to pay more interest.

Was the higher interest on the debt which was inherited or was it on the debt which was created by delaying the spending cuts? That is what I was driving at.

The Liberals inherited a certain debt which had a certain cost. However, that cost has risen by \$14 billion. Why did it increase by \$14 billion? It increased because the government added to the debt when it simply slowed down the rate at which it cut its expenditures.

• (1600)

I can understand all the political rhetoric about setting targets and so on, but what this minister has just admitted is that \$14 billion increase in interest he had to pay by taking it out of the hides of Canadians is due to not having quicker targets. That is the criticism the Reform Party has made of the approach of having targets that are too low. If the same cuts had been made more quickly all those cuts would now have produced a balanced budget.

**Mr. Peters:** Mr. Chairman, the hon. member is quite wrong. We have had an operating surplus since 1994. That means our expenditures on program spending have been lower than the revenue we have generated. It is not our debt that has been increasing the payment of interest; it is the debt we inherited that has increased it. The interest payments on that debt are the total amount.

I am sorry, but the hon. member is dead wrong on that. We have had an operating surplus since 1994.

[*Translation*]

**Mr. Nic Leblanc (Longueuil, BQ):** Mr. Speaker, when the Reformers were speaking, we in the Bloc kept quiet, and I would ask them to do likewise.

I have listened with great attention to what the Secretary of State for Finance has had to say. He began by saying, quite clearly: "We are using UI receipts to reduce our deficit" or rather "Revenues from the UI fund will enable us to reduce our deficit". It seems to me that is fairly clear. At the same time, he is trying to convince people with his answers that this is not the case at all. Revenues from the UI fund are to be used as a cushion to protect against future economic crises.

I would really like an explanation, because this is really almost beyond understanding. He is saying that the UI fund will be used to reduce the deficit, and at the same time that these revenues will be used to create a cushion against economic downturns in future. But we know very well they are being used to reduce the deficit. We know very well, for it is written in the budget speech. The UI fund is being used to reduce the debt, moreover it is included in the debt consolidation calculations.

Honesty is needed; the public must be told clearly what the Minister of Finance is up to. In my opinion, the government's

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approach to the UI fund smacks of dishonesty. We know very well that, at this time, the fund contains a surplus, which is being used to decrease the debt, and we know very well, too, that UI reform will make it possible to get even more money out in future to eliminate that debt.

What does that mean? It means that the government is using the unemployed, the small and large businesses, each of whom pays into the UI fund, and using those funds to reduce its debt. In other words, this is a new tax, a hidden form of taxation the government is using to reduce its deficit. At the same time it would have us believe that it has not raised taxes for several years, not since it came to power. It says it has not raised taxes or changed the tax system, whereas we know that it is using roundabout, sneaky methods to tax employers and employees, that these funds come from taxes siphoned off from the UI fund, and that they are being used to reduce the deficit.

• (1605)

I would like to know how much more he plans to get, next year, out of the UI fund than will be going back to the unemployed? What amount does he plan to get his hands on to help with his deficit?

[English]

**Mr. Peters:** Madam Chair, the hon. member has made a little error. We have been reducing the rate on unemployment insurance premiums for several years. That means employed workers and businesses are paying a lower rate.

There is an unemployment insurance fund which forms part of the public accounts of Canada. I suggest the hon. member check with the auditor general. We follow the rules of the auditor general. If the hon. member does not like the rules which have been set out to handle the public accounts of Canada, he should make suggestions in the appropriate committee when the matter comes up.

We will not know the exact numbers in the unemployment insurance account until we know how many people will be applying for and receiving unemployment insurance and until the Minister of Finance and the Minister of Human Resources Development set the new rate for this year, which will be done sometime this fall.

In the meantime, we have a planning number. The planning number will reach by the end of 1997, if the planning assumptions are correct, approximately \$10 billion. That is a sum which can be used in the future. It can be used to help the unemployed during a recession. It will prevent the very serious situation of having to raise premiums in the middle of a recession, the last thing any government wants to do.

That is the reason for the fund's being there. If the hon. member would like to follow the items through the government accounting procedures, he is welcome to do so. They are quite open and clear procedures.

[Translation]

**Mr. Leblanc (Longueuil):** Madam Speaker, it is not very clear. Well, he partially answered the question, but he did not give me an answer about using unemployment insurance money for current expenditures.

Could he tell me how he can create an unemployment insurance fund, while he uses this money for current accounts?

I would like him to explain that, because it is not very clear in my mind. At first, he mentioned that the unemployment insurance funds would go to the deficit. Well, if these funds are being used for the deficit, it means the money is being used for current accounts.

How is he going to build up an unemployment insurance fund, when he is using this money for current expenditures. I would like him to explain that to me.

[English]

**Mr. Peters:** Madam Chair, I believe there is a difficulty of understanding.

There is no reason we could not set up a fund within the UI fund to look after a future problem. It is not being used for current daily operations of government. If the member looks at the budget papers he will find there is an operating surplus.

All of the revenues of the government must go into the calculation of the total revenues, including premiums from unemployment. That is the auditor general's rule as to how government accounts are handled. All of the expenditures, including the expenditures for unemployment insurance payments, go on the payment side. The net difference is the operating numbers. For the last few years there has been an operating surplus.

As I said, if the hon. member does not like that system or does not understand it, I cannot go beyond that. All I can tell him is we do have an unemployment insurance fund looking after the unemployed. If a future recession happens we will have the ability to handle that recession without raising premiums in the unemployment insurance fund to the severe detriment of workers and business when a recession hits.

• (1610)

[Translation]

**Mr. Leblanc (Longueuil):** Madam Speaker, he admits that there is a surplus. Everyone knows that, as far as UI is concerned, the government collects more than it spends.

He also told us at the beginning of his speech that this surplus would be used for current expenditures, for deficit reduction. That is what I cannot understand. He admits to a UI surplus and, in the same breath, tells us that this surplus will be used to reduce the deficit. It is not clear.

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I would like him to try once again to answer me if he can. I myself cannot understand, and I think no one can, when they talk about putting the money in the consolidated revenue fund and then use it for current expenditures, for running a surplus. We know the government is trying to reduce the deficit. If it is trying to reduce the deficit, then it cannot run a surplus since it uses this money for current expenditures. I do not understand, and it is hard to understand.

I would also like to know what the Minister of Finance has done to eliminate duplication. We know that Quebec is in the midst of a debate on manpower training, among other things, but we are fully aware that duplication between Quebec and Ottawa costs a total of some \$2.5 billion to \$3 billion a year. We also know full well that, by eliminating duplication with the other provinces, we would probably save \$10 billion a year.

I wonder if the government has done enough to eliminate duplication to deserve our support for a loan or the disposition of the money. We may not agree to approve a working capital if the government has not made every effort to ensure that this money is managed as efficiently as possible.

Studies have been done on the most efficient way of managing money, and duplication is said to be extremely costly. There is now a wide consensus in Quebec that manpower training should be concentrated in that province. We know that we could save a lot of money. The government could save money and we would be much more efficient.

We would be much more efficient mainly because our workers would be better qualified. Our economy could be more efficient and our employees would be more efficient.

Not only would we save money by eliminating duplication, but we could be more efficient at the same time. We would have a more efficient economy, which would mean greater earning power in terms of government revenue. The taxpayers would pay higher taxes, businesses would make higher profits, and so on.

Has the government done all that could be done to make the entire government machinery more efficient? If that were the case, it would not be coming to us all the time to ask for extravagant amounts, like \$18.7 billion, to cover current expenditures and have us believe, as the minister did in his speech, that taxes are not being raised when they are dipping into the UI fund to replenish the current account. In addition, the government is asking for higher and higher services charges.

They say there will be no tax increases, but at the same time they are charging more and more for services that the federal government is supposed to give or provide using the taxes it has collected. The government is increasing service charges. Those are taxes in disguise. I would like to hear the minister on this point.

How much did he increase service charges last year, for example, for the people of Canada? It would be important to know how much more Canadians are paying, perhaps not in raised taxes but in increased service charges. It would be very important to know that.

[*English*]

**Mr. Peters:** Madam Chair, the hon. member asked a number of questions. I remind him that in 1991 unemployment insurance had a deficit of \$4.2 billion. The previous year the cumulative surplus was \$2 billion, so that left the deficit at \$2 billion. The next year, 1992, there was a deficit of \$2.6 billion, cumulative deficit, \$4.7 billion. The following year there was another deficit of \$1.2 billion, leaving a cumulative deficit of almost \$6 billion in those three years alone.

• (1615)

Surely the hon. member realizes that is not the way a prudent fiscal house should be run and is not a way to help the unemployed. At the same time there were increases in unemployment insurance premiums which again hurt the job efforts at those times.

We are running the surplus in the UI fund to prevent that sort of thing from happening again.

The hon. member also asked about duplication. At times there have been questions of duplication. We have done an enormous job over the last two and half years to eliminate duplication in government services in helping the provinces.

In my field we are working right now on a Canadian securities commission. We are trying with the provinces to get their co-operation. Do we get that co-operation from Quebec? Not yet but we hope to. Do we have the Bloc telling us it is a good idea to put a Canadian securities commission in? Is it a good idea to reduce the overlap and duplication in the securities business? Does the Bloc come out strongly in favour of that? No. From the questions I have heard it is quite the reverse.

I do not see why the hon. member is asking me what the government has done about overlap and duplication when they are the ones who have not come out in favour of reducing overlap and duplication in an area which could obviously be made into a much easier and simpler system at the federal level.

[*Translation*]

**Mr. Leblanc (Longueuil):** Mr. Speaker, you know, it is funny, when we hear this talk of duplication. The federal government tells us that it is the provinces, like Quebec, that should withdraw and let it manage certain areas, when we know that after the war the federal government began to get involved in just about everything, in sectors that until then had been under the exclusive jurisdiction

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of the provinces. At one time, Quebec and the provinces even had responsibility for unemployment insurance. It was only after the war that the federal government decided, almost unilaterally, through a sort of amendment to the Constitution, to take over unemployment insurance.

After the seventies, the federal government moved into the areas of education and health, and interfered in all sorts of sectors that do not concern it and that, under the Constitution, it should stay out of.

Who is interfering? The federal government is. Then it says the provinces should withdraw because of duplication. It is truly comical. In other words, the federal government wants to take over education and health and, at the same time, to tell the provinces to withdraw, to avoid duplication. Yes, but it was the federal government that charged in where it had no business. And it says: "Withdraw, this is not your concern. We are looking after education and health". And these exclusive rights are recognized in the Constitution.

But when we speak about education and manpower training, we mean education. As far as I know, education is provincial. And, in Quebec, we are capable of looking after our own education and training. It is hard to understand. I listened to the Prime Minister at noon, and yesterday and the day before, and that is also very difficult to understand. To us, manpower training means education. It comes under education. Training and education go together. To us, this is clear.

So we say to the federal government: "Withdraw from this field, it is none of your business. You are just confusing things". The federal government adds courses in our institutions, with rules different from ours. Who suffers? The students themselves, men and women who have lost their jobs and want to train for other jobs.

• (1620)

This hinders manpower training and economic growth. Because of this, our labour force is less skilled, since the federal government is involved in areas where it has no business. As for the return on investment in manpower training, the fact that both levels of government are involved probably reduces the return by 50 per cent. This is a waste of at least 50 per cent.

If the Secretary of State for Finance properly understood that, he would say: "It would be good for me to save money and be more efficient". But no. The federal government only wants to prove that it is indispensable. This is mere politics. The federal government wants to get involved in everything to prove that it really is indispensable. It thinks that without the almighty federal government people would not survive.

This is why it continues to interfere in manpower training. The federal government knows it has no business in that area. It

interferes in manpower training to prove, to Quebecers in particular, that without Ottawa they would be very unfortunate, when in fact it knows full well that it has no business in that sector.

How much money would the federal government save if it withdrew from sectors which do not come under its jurisdiction, such as education? This is the first question. There is also the health sector. The federal government interferes in that sector; it sets national standards. But some provinces, particularly smaller ones, would probably manage their health system differently if left to their own devices. Once again, the federal government has become the grand master controlling the health sector. Many provinces would like to manage their health care system differently and thus save money. However, Ottawa prevents them from properly managing that sector.

Again, how much does that cost the federal government? These are all questions that should be answered but have not been answered.

[English]

**Mr. Peters:** Madam Chair, if the hon. member does not believe there are any responses, I guess I do not need to reply.

However, I think it is a very interesting speech on revisionist history which would give credit to some governments of the 1950s.

The unemployment insurance was agreed to by all provinces, unlike what the hon. member said, I believe in the 1930s, before the second world war.

He spoke about overlap and duplication. There has been a clear offer from the minister of human resources on the table for some while. Has Quebec responded? Not yet. The minister of human resources was quite clear this afternoon in question period about those questions. It was quite clear that the areas of provincial jurisdiction were being respected by the government and have continued to be respected.

Other matters the hon. member discussed have little if anything to do with the bill on borrowing authority. However, that we have a national employment insurance scheme is and has been of substantial benefit to Quebecers over the last years and the member should recognize that.

**Mr. Grubel:** Madam Speaker, I point out four facts to the minister about the unemployment insurance system. First, at the moment 23 cents of every dollar collected in premiums, clearly identified on the tax returns as premiums going to the unemployment insurance fund, are going toward fighting the general deficit.

Second, in 1997-98 the deficit of the general government is expected to be \$17 billion. In that same year his budget document indicates that the unemployment insurance fund will run a \$5 billion surplus.

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• (1625)

That \$5 billion surplus is of questionable appropriateness. I do not want to use the word legality. I have asked the unemployment insurance council what the law says. I did not get a clear cut answer out of this and therefore I will not use the word here.

I remind the minister the \$17 billion deficit would balloon to \$22 billion if this government behaves the way other governments behaved in the past with respect to the unemployment insurance fund and did not use a \$5 billion surplus in order to reduce the general deficit.

During the very prolonged slump from 1990 to 1993 the accumulated deficit was \$6 billion. According to his figures and the figures in the budget, the cumulative surplus accumulated will be \$20 billion.

When is enough enough in order to cover for the contingency overcoming slowdown in economic activity, \$20 billion in light of the fact that \$6 billion was used during the prolonged, deep recession in the early 1990s?

The treatment of unemployment insurance funds at the moment is a ticking time bomb. If the minister is to be in this position come the next recession the general deficit will increase rapidly because of all the funds that have been devoted to pay the unemployed.

It is a two-edged sword. I do not believe it is in the interest of Canada to use an independent insurance fund for reducing general revenue in order to make it look good to avoid the necessary cuts all Canadians know have to be made.

I have another question for the minister. Following our earlier discussion, if I may summarize, there is \$25 billion in extra tax revenue extracted per year at the end of this mandate according to his budget. That is exactly the amount by which the deficit goes down.

I ask the minister where the \$14 billion in spending cuts went. He admitted it goes to paying more interest on the debt. Then I reminded him that was exactly what I expected him to say. He insisted it was not the government's fault that the \$14 billion was going to service the debt.

I have the numbers here. When this government came into power the public debt was \$508 billion. By the end of the expected cycle in this budget, the debt will be \$619.7 billion. If calculated correctly, that is \$115 billion in extra debt accumulated by this government.

That is exactly where the money saved from all the spending cuts is going, just to service the increase in the debt which was almost completely due to the fact that this government delayed the cuts. That is the point.

I have a question which I am sure the minister has been waiting for breathlessly. The government ran on the platform of jobs, jobs,

jobs. The media and I have been looking and looking in this budget. We could not find any reference that was in all the preceding budgets as far as I know since the end of the second world war about what will be the level of jobs in Canada over the budget cycle and what will be the level of unemployment over the budget cycle. We found it very strange that a central promise of the election campaign was not even mentioned in the document which incorporates the centre, the focus of this government's program to deal with what it considers to be the most important issue.

• (1630)

I wonder whether the minister could tell the people of Canada why there was no mention of job targets or unemployment rates in the budget, or maybe I just missed that.

**Mr. Peters:** Madam Chairman, I have always had a high regard for Yale University. I thought it might have had a course in accounting that the hon. member might have taken at some point.

Let me remind him of a few numbers. He talked about a \$17 billion deficit that would balloon to \$22 billion. Let us look at that deficit the way those at Yale would look at it when looking at the U.S. deficit. If we look at the deficit in the same way as the hon. member did at Yale, the deficit would be \$6 billion. It would be \$6 billion if we did it the same way the Americans do their numbers. That is the difference.

That is so very close to a balanced budget that even the hon. member should stand up and cheer when he sees that number. All he has to do is go back to Yale and ask how the fiscal deficit is calculated down there. If he asked that question he would get the answer. If we did it the same way as it is done in the U.S., it would be \$6 billion and not an imaginary \$22 billion. That is the remarkable result of this government's efforts at deficit reduction.

The question was so long I have forgotten what the rest of it was.

**Mr. Grubel:** Employment.

**Mr. Peters:** Employment. I read through the budget speech. I read through the budget papers. I could hardly turn a page without finding something that mentioned jobs. Jobs for the young people. Growth and jobs. It was all through the budget papers.

We promised jobs. It has not been an easy time. This country has only got about 600,000 new jobs since January 1994. Not bad, 600,000 jobs. There were only 140,000 in the last three months. It is not as many as we would like to have. We would like to have more than that and we intend to have more than that. I suggest that the hon. member just wait and see how this budget does have that impact.

**Mr. Grubel:** Madam Chairman, I find it very interesting that the hon. member brings up the proud institution at which I received my Ph.D. some 35 years ago.

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Unfortunately, or maybe fortunately, I have been infected by all the knowledge the bank where he used to work has broadcast. I used his documents in my classes at Simon Fraser University where I had been teaching for 25 years.

We are living in Canada, not the United States. That was a diversion of attention which I am sure the viewers of this debate will see right through. I did not get an answer to the question. The minister did not respond at all to the challenge that the deficit is \$17 billion according to the budget. The same budget provides information which says that if the government stopped its accumulation of unemployment insurance fund surpluses, the deficit would not be \$17 billion but \$22 billion. He did not respond to that at all.

• (1635)

My questions about targeted employment levels, forecasts of employment and unemployment rates were not answered. I cannot even dignify his answer by saying indirectly it was a total smoke-screen. This is a breaking with historic precedent. It used to be a yardstick. When those government members sat over here on this side of the House, they constantly reminded the government on what the promises were on the unemployment rate and why they were not delivered.

I would ask the minister to respond to one other thing in this budget. The finance minister's father was responsible for introducing to Canada one of the achievements of which we was most proud, the universal access to social programs.

Universality of access to social programs. I looked it up in the dictionary. It is defined as receiving benefits without any questions being asked about the background of the individual. We all know that this is very important and efficient. It gets rid of the means test. It prevents people from hiding assets. It prevents all kinds of inefficient changes in behaviour and it increases the dignity of people who are enjoying these benefits.

The previous government introduced a slight violation of the principle of universality by saying to certain old age security recipients that they could get the money but if they were too rich, the government would take it back. Some people have called that a break in universality. I do not want to argue about that. One could interpret it this way and one could say that universality had already been broken by the previous government.

I think the hon. finance minister's father would probably turn in his grave if he knew that his son was responsible for breaking down the principle of universality. In the finance minister's proposed treatment of old age security benefits, eligibility for the first time since the 1970s will be based on income. A means test has been reintroduced. It is necessary to point out that it was this government which did this.

I would like to hear what the minister has to say to the people of Canada, all the strong supporters of members of the Liberal Party who went into the election campaign saying: "We have a record of looking after the welfare of people and universality is a sacred matter". What is the answer to the people of Canada who put their trust in the Liberal Party in relation to what it has actually done in this budget?

**Mr. Peters:** Madam Chairman, first of all I would like to remind the hon. member that we are discussing a bill on borrowing requirements.

The reason I say that is that the number of \$6 billion which I mentioned earlier, not this year's borrowing requirement but next year's borrowing requirement, is actually a borrowing requirement number. That is why I thought it pertinent to remind the hon. member that this was a borrowing requirement bill and not a budget. He will have ample opportunity under the budget legislation in committee to discuss all the matters he brought out today.

• (1640)

I would add that universality has been gone for some time with the income testing for the GIS. I think that was in 1988 or earlier.

It is very difficult for me to listen to the Reform Party say there is a need for universality and much more government spending, that a higher level of spending is necessary for social programs, when a little over a year ago that party suggested a slash and burn budget that would have affected these programs. The Reform Party would have taken money from medicare and social programs. The Reform Party would have ruined the social system. I find it very difficult to listen to the comments from the Reform Party.

**Mr. Grubel:** Madam Chairman, the minister set the tone. When he made his introductory speech, he opened up the debate about the budget. He bragged about all the accomplishments in the budget. I have the right to respond to his bragging.

It is very clear the hon. member does not understand that the people of Canada are very unhappy about having voted for a party which said it would get rid of the GST, that it would respect universality, that it would not cut medicare. There were all kinds of promises of this sort.

When we knocked on doors these issues were brought up all the time. I felt very uncomfortable when I was confronted by constituents who said: "I am not going to vote for you. I am going to vote for the people who promised to get rid of the GST, preserve universality of access, will not cut transfers to the provinces".

Is that something we should take sitting down without reacting? The issue is credibility. What kind of credibility will the government have in the future?

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There is constant reference to the fact that the red book promises are being fulfilled. Well, we have heard enough about the GST. It is time to pull out the promise that there would be no end to the concept of universality. Under discussion today is the government's budget, not what the Reform Party would have done.

What is relevant is the fact that we went to the voters and said: "We cannot act irresponsibly and promise the elimination of the deficit. We cannot act irresponsibly and say that the country's financial crisis is likely to be eliminated simply by economic growth" as was promised. Credibility is the issue. The government's broken promises are the issue. We are talking about the budget that delivers the core of the Liberal program for government in the next two years.

**Mr. Peters:** Madam Chairman, I know it is very difficult for the Reform Party when we are running at a 58 per cent approval rating and the Reform Party is running at 12 per cent.

• (1645)

I know how disturbed the Canadian people are with this government. They do not listen to the rhetoric of the Reform Party. They are not listening to the rhetoric of the Reform Party about all of the perceived items rather than real items.

The real truth is that this party has delivered good government and good, solid results, results the Reform Party would not have dealt with. We have handled our social programs with justice and fairness. We have made adjustments in those programs the Reform Party would not have even thought of. We have done this with care and kindness and with the fiscal result that we have met our targets again and again.

**Mr. Harvard:** Madam Chair, the hon. member for Capilano—Howe Sound was complaining about what he thought was an absence of reference to jobs in the finance minister's budget.

I submit it is because the hon. member's mind is in the past. In the old days when government was different people would look for large, so-called mega projects. Usually job numbers were attached to mega projects: 500 jobs, 1,000 jobs and so on.

What the member for Capilano—Howe Sound does not understand is that the economy has changed and the budgets have changed. The approach is much more sophisticated. For example, when we hear the finance minister talking about a reduction of 3 percentage points in interest rates, that means a lot of jobs. When the finance minister refers to more than a 20 per cent jump in trade, that means jobs. Every \$1 billion in trade means 11,000 jobs.

To gain a fundamental understanding of the budget, one has to understand modern economics, the modern economy and modern

government. I do not think the hon. member understands that. Perhaps he should go back to Yale and get a refresher course.

I ask the hon. secretary of state whether there is this new manifestation of jobs in the budget where something like a 3 percentage point drop in interest rates really does mean jobs.

**Mr. Peters:** Madam Chair, not only does a 3 per cent drop in interest rates mean jobs, it means there is more than that in the budget. Meeting our fiscal targets means the interest rates drop but there is more than that. There were jobs for young people. A technology fund will be set up. All of these things bring our budget to a modern economy in which there are not just jobs but useful, productive and interesting work for our young people and for all people in the country.

**Mr. Harris:** Madam Chair, it is not the Reform Party and the member for Capilano—Howe Sound whose thinking is in the past; it is the members of the Liberal Party whose thinking is in the past. They still believe it is up to the government to create jobs through job incentive programs.

History will show that the only real jobs that have ever been created in Canada have come from the private sector. The private sector has been telling the government to give it a break on tax levels, on the cost of doing business and on payroll taxes and it will create the jobs. In other words, get out of our face and get out of our pockets and we will create the jobs.

The minister said these jobs are all being created because trade has been increased. That may be true. We would not be getting half the trade business if the government had not gone to our trading partners and offered to finance the goods with taxpayer money in order to make the deals. Why is that? The cost of doing business is so high in this country that we are no longer competitive. We can no longer sell our products abroad unless we have government financing to help the deal along. Talk about being in the past.

• (1650)

I ask the minister whether he believes, yes or no, that real, long lasting, good paying, permanent jobs can come only from the private sector.

**Mr. Peters:** Madam Chair, of course they come from the private sector. They come from the private sector because this government gives the private sector an environment in which jobs are growing. That is the environment this government sets, not the environment the Reform Party would set.

The member complains about our social programs. Referring to the old age program, Solange Denis who shouted "goodbye, Charlie Brown" to Brian Mulroney but this is what she said about our budget: "No, I do not think it was used to attract people. I fully

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approve of the finance minister's plan. I have always supported the Liberals anyway".

**An hon. member:** Is she the next senator?

**Mr. Peters:** I think she is too old to be a senator.

Even Dalton Camp, the arch Conservative, said: "According to Wednesday's media reports almost everybody liked the budget and generally approved of it. They were not offended or threatened by it. The overall editorial tone was laudatory, if not exultant, sounding like the Mormon Tabernacle Choir in a rousing finale of its rendition of the Battle Hymn of the Republic".

Some business economists have sent items about the budget. "We are on a role. There is a momentum building in the economy", said Andrew Pyle of Path International. Sherry Cooper, Nesbitt Burns chief economist said: "Evidence continues to mount that the Canadian economy is finally breaking away from last year's nearly recessionary condition". I could go on.

The export business in this country is not just moving along slowly. It is not just being promoted by the private sector. It is our Prime Minister who has taken hundreds of businessmen on trading trips, signed billions of dollars worth of contracts and has done an absolutely marvellous job.

He realizes the importance of Canada's competitiveness. We have been competitive. We are competitive. We are more competitive right now on the international scale than we have ever been in the last 40 years since they started taking the statistics. As a result of that we will probably reach very soon this year a roughly balanced international current account.

When the government took office there was close to a \$30 billion deficit in our current account. That means this country had to borrow internationally \$30 billion. As a result of the export promotion the Prime Minister has done, as a result of the economic policies of this government, that has been reduced to a very small figure in the last quarter in the last year.

This year we will probably record a surplus. That is the net result of the sales of goods and services and the purchase of goods and services abroad. That is a remarkable turnaround. Any economist will say that is remarkable.

It is not solely the result of the private sector. It is the result of the climate the government has produced for the private sector to grow in the export market, the efforts of the Minister for International Trade, the foreign affairs minister and especially the Prime Minister.

• (1655)

**Mr. Boudria:** Madam Chair, I am informed there has been verification as to the actual time the debate will end. It is now officially 5.27 p.m. As there were discussions, I thought we should clear that up for the record.

I wonder if members would give unanimous consent to end the debate, pass the amendments and move to third reading. We would be willing on this side to divide the time into three. The government would take ten minutes to ensure that all three parties could speak at third reading, if that is their wish. Otherwise we are perfectly willing to use up the remaining time at this stage. However, we thought it would be advantageous to all parties.

[*Translation*]

**The Assistant Deputy Chairman:** Is there unanimous consent to conclude this debate?

**Some hon. members:** No.

**The Assistant Deputy Chairman:** Resuming debate.

[*English*]

**Mr. Thompson:** Madam Chair, I rise on a point of order. This is not a matter of debate. We are on questions. I ask that the Chair remember that we are not hearing one member for 10 minutes or 15 minutes; it is time for questions.

**The Assistant Deputy Chairman:** I remind hon. members that in committee of the whole a member has 20 minutes for questions and answers. The hon. member for Prince George—Bulkley Valley still has the floor if he wants it.

**Mr. Harris:** Madam Chair, I would respectfully like to cede my time to the hon. member for Wild Rose.

**The Assistant Deputy Chairman:** You cannot do that. The hon. member for Dartmouth.

**Mr. Ron MacDonald (Parliamentary Secretary to Minister for International Trade, Lib.):** Madam Chair, I have sat here and tried to understand the concerns of members of the third party. I have listened to a multitude of their finance critics. They just keep getting up. I am not exactly sure exactly what their problem is.

They talked about the deficit. They talked about the debt. They talked about public confidence. They talked about business confidence. They are now converts to the principle of universality.

I have heard the finance critic opposite say a number of conflicting things. On the one hand he was criticizing us for not just meeting our debt and deficit projections and targets but for exceeding them. On the other hand he was telling us we should be investing more dollars into job creation. He cannot have it both ways.

They cannot on the one hand criticize us for exceeding our targets on deficit reduction and spending controls and on the other hand get up and criticize the secretary of state—

**An hon. member:** We are here to debate the budget, so ask your minister a question.

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**Mr. MacDonald:** Perhaps members opposite could put up their hands a little faster the next time so they can ask a question. I have been here for the last hour and a half. I know some days I am not as clear in thought as I want to be, but these guys have me completely confused.

I would like to ask a couple of questions about the numbers we have been given in the budget and in the borrowing authority bill.

I would like to know whether the minister can tell me if the Minister of Finance has met the deficit targets he has put forward in each of his budgets. If the answer is in the affirmative I would like to know if he has exceeded them.

I also want to know, because members opposite seem so concerned about Canadians who are jobless, whether we have created any jobs and how many jobs have been created because of the fiscal framework of the Minister of Finance.

I think this is important for people who are watching the debate. I think I am asking the types of questions Canadians want answered.

• (1700)

The next thing I want to know is whether the government in the fiscal framework of the budgets it has put forward and the various borrowing authorities that have come out, has it maintained the principle of access to things like health care across the country by the priority and by the transfers? Second, in the whole area of social policy and transfers to the provinces whether it has stabilized the transfers to the provinces through things like the CHST, equalization and other programs?

I get confused when I sit here after I read all of what the government has done. I am a part of that government and I was rather proud of the platform we ran on. As a matter of fact I am quite proud of the way the Minister of Finance has done his job in the last two and a half years. He has not just met those commitments but exceeded them.

Is it true that the government, through the Minister of Finance and under the direct auspices of the Prime Minister, has done what the Reform Party obviously finds so distasteful? Has it put confidence back into the Canadian economy, made sure that Canadian investors keep up with where we are going? Has it driven down interest rates so that there is more investment in this country? Has it created an atmosphere for the creation of not 10,000, not 50,000, not 100,000 but 600,000 jobs and at the same time has its deficit projections under control?

At the same time the government has stabilized the transfers to the provinces. It has made sure that programs that are as much a part of the fabric of the country as anything else that defines us have not been savaged, as the members opposite would have done.

The government has managed to do it all with the support of over 58 per cent of the Canadian public while the policies of the members opposite are in such disrepute with the Canadian public that they are mired at 12 per cent in the polls. Their members run off in all directions crying at the drop of a hat. They know that they have frittered away the opportunity that was given to them in the last election by the Canadian electorate.

**Mr. Peters:** Madam Chairman, when we first took office I remember the finance minister and I sitting in the Department of Finance considering just where we sat. We came into a government that was in disrepute. We came in at a time and pondered over what the previous government had done. That previous government had given an estimated deficit of \$32 billion.

What was the result we were looking at? The result was \$42 billion to \$44 billion, close to \$45 billion at the first shot. That was a disaster.

The next thing that happened was the finance minister said: "We are going to not only set targets to bring our deficit down to 3 per cent of GDP in the third year of our mandate as we promised, we are going to set those targets and we are going to achieve them". I was at that finance department meeting and he told them: "Do not make any mistake, there is no way those targets can be exceeded. I want targets met in every way every year".

The first year the target was \$39.7 billion and the final result was \$37.5 billion. When we put that target out what was the press saying, what was the Reform Party saying? They were saying: "You'll never reach the target. You'll never make those numbers. Those are impossible targets to make". Now they say that we are too low but they were not saying that then. They were saying that we would never make our targets. The first target was not just \$39.7 billion, we got \$37.5 billion. It was bettered by more than \$2 billion.

Our next year's target was set at \$32 billion. Are we going to meet that target? You bet we are going to meet that target. We are going to beat that target and better it this year. The \$24.7 billion, the 3 per cent of GDP target for next fiscal year is going to be met and bettered again. We have another target after that of 2 per cent of GDP down to \$17 billion.

• (1705)

If the deficits are measured in the same way that the Europeans and the Americans do, that deficit of 2 per cent of GDP would fall to \$6 billion or less than 1 per cent of GDP. That is virtually a balanced result and is in the fourth year of the mandate. That is a remarkable set of numbers.

The hon. member also asked me about job creation. I think he answered his own question mind you, but I would be happy to answer it again for him.

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In the first year of our mandate there was 4.6 per cent of real growth, or almost 400,000 new jobs, and it continued. The second year was not as good. We did not get nearly as many.

Job growth has revived the last three months. We got 140,000 new jobs and since we took office 600,000 new jobs have been created. They have been created by the private sector. Those are full time jobs. It is because of the positive atmosphere of the government. The financial markets have said that the government is a credible government. This government has credibility.

**An hon. member:** Why are they pulling their money out?

**Mr. Peters:** They are putting their money there too because the interest rates have fallen 3 percentage points. This morning when I looked at the numbers, Canadian short term interest rates were below U.S. short term rates by 11 basis points. That is the key to credibility. That is the result of the credibility of this government. It is the result of doing the right thing in the budget and doing the right thing for social programs.

We have not forgotten social programs. I am going to talk a little bit about social programs because we have had—

**Some hon. members:** No, no.

**Mr. Hoepfner:** No, no, you are getting into hot water.

**Mr. Peters:** Madam Chairman, I know the Reform Party does not want me to talk about the social programs because the Liberals have achieved this great budget situation not by savaging the social programs but by maintaining them and by maintaining the transfers to the provinces.

We have taken the infrastructure program which was strongly felt by the municipalities and the provinces and backed by this government and that created jobs. We have our job creation program in our youth employment program. We have a technology training program and all are the kinds of things that Canadians want. That is why the Reform Party is at 12 per cent in the polls and we are at 58 per cent.

**The Chairman:** The hon. member for Dartmouth still has seven minutes.

**Mr. MacDonald:** Madam Chairman, I want to commend the secretary of state. He has cleared up a lot of the misunderstanding that has been put to the Canadian public through C-SPAN because of some of the comments made by the various critics on the Reform Party side.

One thing the Reform Party members cannot stand is good news. They cannot stand the good fiscal news that is coming from this side of House.

I want to remind everybody here that in the nine years prior to the government being elected there was a right wing government. It was a Conservative government. It had promised the Canadian

public that it would put the finances of this country where they should have been, or so it said.

For nine successive budgets the ministers of finance came in and each and every time made projections. They made projections about what the deficit would be. They made projections about employment.

• (1710)

**Mr. Hoepfner:** Who started this mess?

**Mr. MacDonald:** In every single budget it missed its targets. The investment community, both domestically and internationally said the Government of Canada did not know where it was going and it was not credible when it made projections.

I was pleased to hear from the secretary of state that we do not have to worry because the government has regained the confidence of the domestic and international communities. The Minister of Finance and the government have met every target in every budget that has been brought forward.

Before I ask my question, the member for Capilano wanted projections on jobs.

**Mr. Hoepfner:** What is the news on the GST? Let us hear something about the GST.

**Mr. MacDonald:** They cannot take the good news.

**Mr. Stinson:** What good news?

**Mr. MacDonald:** They want to know where the jobs are. The secretary of state clearly said that because of our fiscal policies there have been 600,000 jobs created. The fiscal framework has been put in place. Even the good planning by the government cannot secure every Canadian a future job. We cannot do it.

Unfortunately the jobs that are in jeopardy and which labour market surveys show are going down are jobs for Reform members of Parliament. No matter what we do, the future for that particular occupation seems to be very dismal.

**Mr. Stinson:** How can you keep a straight face when you say that?

**Mr. MacDonald:** There is one thing I need an answer to because the vast majority of the Canadian public, 58 per cent, 74 per cent in Atlantic Canada and 68 per cent in Ontario, think that the government is doing a very good job in meeting its projections and commitments in the red book.

The member for Capilano may have a degree from Yale. I do not know if its standards were lower than what I thought it was when I went through university but he clearly just does not get it.

When the government came to office my understanding was that the operating balance was about \$4 billion in the hole. The government of the day was spending \$4 billion more than it was

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taking in. The borrowing requirement that year was almost \$30 billion and \$4 billion was the operating deficit.

If I read the documents that were tabled in the House correctly and if I understand the borrowing authority properly I do not think the numbers lie. I know that sometimes people in the House try to misconstrue these numbers but they seem to be clear.

I ask the secretary of state if it is true that we have reversed the operating deficit from 1993-94 of \$4 billion and that the operating surplus is now \$16.8 billion because of the policies of the government? It is projected—and we meet our projections, so nobody should question them—for 1997-98 that it will be a \$35 billion surplus in the operating account and that the actual financial requirements will have diminished to \$6 billion.

If that is true does it mean in effect that the financial requirements have been shaved by almost \$24 billion in only two and a half years of managing the economy?

**Mr. Peters:** Madam Chair, the numbers the hon. member gave are quite correct. When we first looked at the budget of the government, in 1993-94 the revenues were \$116 billion. The program spending was \$120 billion with an operating deficit of \$4 billion. In our first year in office we turned that around to \$4.6 billion surplus and we did it by cutting program spending. Program spending fell again in 1995-96 and there was an operating surplus of \$16.8 billion.

● (1715)

As the hon. member said, in 1996-97 the projection is a \$26 billion operating surplus and in 1997-98 a \$35 billion operating surplus. The financial requirements for the coming fiscal year are only \$13.7 billion. Next year when I bring these numbers to the House the amount will drop to \$6 billion. Down from \$30 billion to \$6 billion in that length time is a remarkable achievement.

**Mr. Myron Thompson (Wild Rose, Ref.):** Madam Chairman, there is a whole pile of things I would like to ask. I will make my questions short, sit down, then get back up and ask something else. I have a couple of questions for the minister which get away from the things that we have talked about.

By the way, the government is talking about job creation. If spending would create jobs the security guard would have two more jobs to go to when he finished here. Everybody would have two or three jobs if spending would create them.

A year ago the official language commissioner said that bonuses were not needed and recommended they be scrapped. The amount spent last year on official language bonuses was \$86.6 million. He said: "Don't do that. It is not necessary. It is considered a waste by most".

Under the prison perks I find it amazing that cablevision cost us \$1 million. There were all kinds of lawsuits involving \$60,000 in claims by prisoners. Most of all, \$180,000 was spent on condoms by our prisons. Those are just a few items. The list of that kind of waste and idiotic spending is quite long.

I want to ask the minister, can we look forward to that kind of waste stopping or is the government planning to spend more money for condoms to buy the votes from the convicts who are now allowed to vote thanks to this government?

**Mr. Peters:** Madam Chairman, I know how interested the hon. member and the Reform Party are in the prison population. They did not quite make it to Singapore to check out caning. However, instead of condoms they would probably bring back the paddle from there.

This is Neanderthal talk. The items the hon. member brings up are very interesting. I am sure he will bring them up in the appropriate committee but this is not the appropriate committee.

**Mr. Thompson:** Madam Chairman, there was absolutely no answer to the question. We are talking about the budget. We are talking about public accounts. We are talking about spending. We never talk about the \$600 billion debt. I have not even heard that mentioned over there. We hear 6 per cent of GDP down to 5 per cent of GDP down to 4 per cent of GDP, next year 3 per cent and then 2 per cent of GDP. We never hear that we started at \$400 billion, went to \$500 billion, are now up to \$600 billion and soon will be on our way to \$700 billion in debt. We do not hear any talk about that.

When I ask a simple question I do not even get an answer. Are the bonuses which cost us \$86 million going to be scrapped as was advised? Are we going to stop spending foolishly? The waste is enormous and it is still going on. Do not give me a bunch of baloney that they will decide at different committees. This is the finance minister. This is the budget that is supposed to address these things. This is the borrowing bill. Are we going to borrow more money to meet this kind of waste or is the waste going to continue? That is the question. I would like a straight answer.

● (1720)

**Mr. Peters:** Madam Chairman, the hon. member has discovered we have a borrowing bill before us. He should also discover what a remarkable job the government has done in reducing its borrowing requirements. If he looks at those numbers he will see the projections are down from \$30 billion to \$6 billion in borrowing requirements which is a remarkable achievement. We have cut government spending. We have removed the waste.

The hon. member should bring forward those items at the appropriate committee level. He can go through it in committee line by line. Those are the things they should be doing in their appropriate committees. That is what the hon. member is there for,

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to be part of a committee and look at those expenditures line by line.

This is a borrowing bill. Look at the larger picture.

**Mr. Thompson:** Madam Chairman, it is really hard to understand why the government in power cannot say: "No, we are not going to give any more bonuses to bilingualism". Would that not be a great thing to say? The government would be applauded. Or it could say: "No, we are not going to spend any more money in our prisons to buy condoms. Canadians do not like us doing that, so we will stop".

Why do government members not have the guts to stand up and say some of these things? They have the opportunity to do some of these things and they do not. That is what I absolutely cannot understand and neither can anybody across this land. They can sit over there and brag all they want.

Why did the minister not talk about the 80,000 bankruptcies last year? They all blame the government of the day. I would like the minister to tell me where the savings are. I did not go to Yale nor did I go wherever he went. When the government pays \$30 billion interest and then somewhere down the road it is paying \$50 billion interest, that is a \$20 billion increase. That is what it represents. Interest debt servicing has become the largest expense this government has. I think that is correct and if not, the minister can set me straight. It is the largest expenditure we now have.

When we have a \$30 billion deficit, then we go to a \$17 billion deficit we have just saved \$13 billion, but the interest has gone up by \$17 billion. I would like to know where the savings are? Are there any savings? I do not think so.

**Mr. Peters:** The hon. member suggested that I do not have the guts. I certainly do not have his anyway.

I will try to raise the level of discussion and ask the hon. member if he is in favour of paying interest on borrowed funds. Is he really telling us that we should not be paying interest? Is there some problem in his mind about paying interest to people who have loaned the Government of Canada money? Is the hon. member old enough to remember Alberta was a province that reneged on its debts and paid the penalty for years?

We do not do that in this government. We are trying to work our way through the deficit reduction program to get at our level of debt. We do not think it is an impossible situation to handle it the way we have been. In fact, the financial markets have said again and again that it is the right way to do it. The government is doing it in the correct manner. It is handling its finances in the right way, better than anyone.

The finance minister has met every target which he has set. Is there another party in the House which can say that it set a deficit target and met it? There is not a party in the House that can say that.

Until there is, I would say this is the party that is believable, not them.

**Mr. Thompson:** Madam Chairman, it is too bad that he referred to my anatomy. Yes, I have a lot of guts. In fact, I have a lot more than he will ever have.

He also referred to my age. Guess what? I am old enough to remember when Mr. Trudeau came into this building and his government started this whole mess. That was the start and it went right up to \$160 billion. I am old enough to remember that. Some members probably were not born then, but I was.

I also know that Mr. Mulroney was going to heal it and he did not.

**An hon. member:** You were an American citizen then.

**Mr. Thompson:** I was an American citizen long before that.

When I came to this country in 1967, Mr. Trudeau took power and started this whole mess. The debt was created by a Liberal government. I am old enough not to forget it. I will not forget that this government is continuing—

[*Translation*]

**The Assistant Deputy Chairman:** It being 5.27 p.m., pursuant to order made Tuesday, March 19, 1996, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of all stages of the bill now before the House.

(Clauses 2 to 5 inclusive agreed to.)

(Clause 1 agreed to.)

(Title agreed to.)

(Bill passed.)

(Bill reported.)

• (1730)

**Hon. Ralph E. Goodale (for the Minister of Finance)** moved that Bill C-10 be concurred in.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Motion agreed to.)

**Mr. Goodale (for the Minister of Finance)** moved that the bill be read the third time and passed.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Pursuant to order made Tuesday, March 19, 1996, a recorded division on the motion is deemed to have been requested.

Call in the members.

(The House divided on the motion, which was agreed to on the following division:)

*(Division No. 19)*

**YEAS**

Members

Adams	Alcock
Allmand	Anderson
Arseneault	Assadourian
Axworthy (Winnipeg South Centre/Sud-Centre)	Baker
Bakopanos	Barnes
Beaumier	Bélaïr
Bélangier	Bernier (Beauce)
Bertrand	Bethel
Bevilacqua	Bodnar
Boudria	Brown (Oakville—Milton)
Brushett	Campbell
Cannis	Catterall
Chrétien (Saint-Maurice)	Cohen
Collins	Comuzzi
Cowling	Crawford
Culbert	Dingwall
Discepolo	Dromisky
Dupuy	Easter
English	Fewchuk
Finestone	Flis
Fontana	Gaffney
Gagliano	Gagnon (Bonaventure—Îles-de-la-Madeleine)
Galloway	Goodale
Grose	Guarnieri
Harb	Harvard
Hickey	Hopkins
Hubbard	Ianno
Jackson	Keyes
Kilger (Stormont—Dundas)	Kirkby
Knutson	Kraft Sloan
Lavigne (Verdun—Saint-Paul)	Lee
Loney	MacDonald
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Marleau
McCormick	McGuire
McKinnon	Mifflin
Minna	Mitchell
Murphy	Murray
Nault	O'Brien
O'Reilly	Pagtakhan
Paradis	Parrish
Payne	Peric
Peters	Peterson
Pickard (Essex—Kent)	Pillitteri
Proud	Reed
Regan	Richardson
Ringuette-Maltais	Robillard
Rock	Scott (Fredericton—York—Sunbury)
Serré	Sheridan
St. Denis	Stewart (Brant)
Stewart (Northumberland)	Szabo
Telegdi	Thalheimer
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Members

Abbott	Althouse
Bellehumeur	Bergeron
Brien	Dalphond-Guiral
de Jong	Debien

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Dumas	Epp
Frazier	Gouk
Grey (Beaver River)	Harris
Hill (Prince George—Peace River)	Hoepfner
Jennings	Laurin
Martin (Esquimalt—Juan de Fuca)	McClelland (Edmonton Southwest/Sud-Ouest)
Ménard	Mercier
Meredith	Mills (Red Deer)
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Asselin	Augustine
Bachand	Béisle
Bernier (Mégantic—Compton—Stanstead)	Blondin-Andrew
Bonin	Calder
Caron	Cauchon
Chamberlain	Collette
Daviault	de Savoye
DeVillers	Duceppe
Finlay	Gauthier
Godin	Graham
Gray (Windsor West/Ouest)	Guay
Jacob	Lalonde
Lastewka	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Leblanc (Longueuil)	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Loubier
Marchand	Marchi
Martin (LaSalle—Émard)	Nunziata
Phinney	Wappel

[English]

**The Speaker:** I declare the motion carried.

(Bill read the third time and passed.)

[Translation]

**The Speaker:** It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is the following: the hon. member for The Battlefords—Meadow Lake— international trade.

**PRIVATE MEMBERS' BUSINESS**

[English]

**FINANCIAL ADMINISTRATION ACT**

**Mr. John Williams (St. Albert, Ref.) moved:**

That, in the opinion of this House, the government should introduce amendments to the Financial Administration Act requiring all departments and agencies to table in the House of Commons a specific response to the auditor general's report on their activities, including time frames within which corrective action will be taken regarding any shortcomings or failures of administration identified by the auditor general; and such reports should be referred to the Standing Committee on Public Accounts and any other relevant standing committees.

He said: Madam Speaker, I am pleased to rise today to speak on another motion the Reform Party has put forward on the issue of good government. Good government because I think it is more than time that Parliament started to exercise its due and rightful authority to ensure that the government, this government or any other government for that matter, be held accountable.

*Private Members' Business*

The public accounts committee is the committee of opposition which is charged with the responsibility of ensuring that the government is held accountable for the work it does. The deficiencies in the government are investigated and the government is held accountable for them. It is impossible for us to do all the work ourselves. That is why the Auditor General of Canada does a great deal of important work on behalf of all Canadians, on behalf of Parliament, to ensure that the workings of government are investigated and reported upon.

I cannot overemphasize the need for Parliament to have confidence in the Auditor General of Canada. I am pleased to say that this country and this Parliament are extremely well served by today's incumbent and his staff. This country owes a great deal of gratitude to the work that is done by that office and the reports that are filed and tabled in the House for the benefit of the public accounts, for the benefit of parliamentarians and in essence for the benefit of all Canadians.

• (1800)

The reason for my motion today is that the public accounts committee cannot deal with every point raised by the auditor general. The auditor general is an officer appointed by Parliament. He is not a civil servant. He does not work for the government. He tables his reports in the House. He tells us as parliamentarians what he has found as he has investigated the workings of the government.

Let us take a look at some of his responsibilities. Section 7(2) of the Auditor General Act states that each report of the auditor general shall call attention to anything that he considers to be of significance and of a nature that should be brought to the attention of the House of Commons. It sounds fairly important to me.

It further states that he has to report on accounts that have not been faithfully and properly maintained or public money that has not been fully accounted for or paid where so required by law.

It continues that where essential records have not been maintained or rules and procedures applied have been insufficient to safeguard and control public property it is his duty to advise us. He is to report on money that has been expended for other than purposes for which it was appropriated by Parliament. He is to advise us on money that has been expended without due regard to economy or efficiency.

Each and every point is a very significant point that Canadians and Parliament would want to know if the Auditor General of Canada finds these types of things going on when he investigates various departments of government.

As we know, he tables his report in the House three times a year. The report is automatically referred to the public accounts commit-

tee and from there we take a look at the more serious issues in public accounts. We investigate them. We call in witnesses. We call in senior officials from various departments. We ask for accountability. We ask for an explanation. We want to find out why these things happen. We want to find out why there has been loss of management control. We want to know the reasons.

The public accounts committee makes serious and definitive recommendations to government to ensure that government gets the message that things must change because the auditor general has said things must change.

The public accounts committee tables a report after its investigation and the House requires the government to respond to that report so we know the government has heard the report of the public accounts committee and we know the position of the government and what it intends to do.

As I said, we cannot look at everything the auditor general tables. That is the intent of my motion. My motion would require that the government respond anyway to the House and tell parliamentarians and tell Canadians what it will do about the deficiencies, the mismanagement, the errors, the defalcations and the other irregularities the auditor general has found and reports to parliamentarians in his report.

I do not think that is much of an issue. It is what I call completing the circle of accountability. The auditor general investigates, he advises us of his findings. The public accounts committee looks at some issues and asks the government for a report. This motion asks the government to table a report on the issues not investigated by the public accounts committee.

Therefore we as parliamentarians, the various standings committees of the House of Commons, may take these reports and if they find them wanting may on their own continue an investigation and ask for an accounting by the various civil servants involved.

That is what the motion calls for. The role of the auditor general is paramount to maintaining integrity and confidence in the management of the Government of Canada.

• (1805)

As members know, 45,000 civil servants have been laid off or are in the process of being laid off. We also have a very severe debt problem. We have a deficit that we in the Reform Party would like to see eliminated at a much greater speed than the Minister of Finance is prepared to do. Because he is not doing very much, in our opinion, to reduce the deficit, the debt continues to mount and our credit is being eroded.

*Private Members' Business*

These are dangerous subjects and dangerous issues at this point. We need to have integrity in government. That is why we are really fortunate to have the office of the auditor general whose reports are credible, lucid and concise but at the same time they are specific in pointing out serious deficiencies in the management of the affairs of the country by the government.

We need this motion because we want to close the loop of accountability and have the government table in the House a response to an officer of the House that it has heard what he has to say, that it has looked at the deficiencies he has brought to its attention and that it is prepared to table in the House its response: what it will do and when, and how can we be assured it will not happen again. That is the simple test of accountability.

Take for example what we have missed in the past in public accounts. In "Information and Technology: Managing the Risks", chapter eight of his report, the main recommendation was that information technology was risky, that the government must take concerted action and have the vision and the authority to successfully manage these risks.

We found out in a subsequent report that these risks were not well managed and they reappeared a year later in the auditor general's 1995 report in a chapter on systems development.

Just because the public accounts committee was not able to table the report and call witnesses and say this must change now, the government carried on in the same old way and ignored the recommendations of the auditor general. The \$50 million budget that we as Canadians paid to have the auditor general report on these things was money wasted because the report was not heard.

What about the federal management and the food safety system? From chapter 13: "The members of the interdepartmental committee on food regulations are collectively responsible for ensuring that federal food safety programs are evaluated periodically".

Money had been wasted and Health Canada could not ensure that health and safety standards were applied in all cases. What happened? We now have the Minister of Finance announcing in the budget that we are to privatize and consolidate all the food inspection programs in the country. What are the implications to all that? We do not know. Honestly, as parliamentarians we do not know.

The auditor general said Health Canada could not ensure that health and safety standards were applied and now we find that the government is to slough the whole thing off into some crown corporation managed by the provinces and the federal government. We have lost control and we do not know what has happened with the previous problem. No doubt it will get rolled into the new crown corporation envisaged by the Minister of Finance. What about the health and safety of Canadians?

The government has not spoken. It has not said the auditor general has raised a concern on behalf of all Canadians. Mum is the word from that side; not one word.

Health and food safety is vitally important. Listen to the news today about cattle in the United Kingdom and the problems it has with health and safety. We have health and safety concerns here that the auditor general has raised and there has not been one word from that side.

• (1810)

What is going on? We do not know. What do those members intend to do about the concerns of the auditor general? We do not know. Have they done anything so far? We do not know. Will it cost money to fix up the problems so Canadians can be assured the food and health programs are safe? We do not know.

There has not been a word from that side of the House since the auditor general tabled a report in the House saying: "I have a concern. What will you do about it?" That is why I tabled my motion.

With respect to foreign affairs and assistance to the former Soviet Union, central and eastern Europe, in chapter 21 the auditor general said: "The result of all the moneys that were being spent was unclear. There was an immediate injection into the economy but we may not realize the full potential of trade and investment opportunities we thought we could have". That is what he said last year. What did we do this year? We spent \$114 million on the program.

Last year the auditor general said the benefits of the program were unclear. We have not heard a word from the government as to whether it is prepared to tell Canadians it will tighten up accountability and provide value for money. There was not a word.

In the budget there was another \$114 million of hard earned taxpayer dollars shovelled down the drain. The deficit continues to mount, the debt increases and taxes increase and the government shovels \$114 million down the drain with no clear accountability as to whether it is doing any good for anybody. That is the way the government has been managing its affairs for the last two and a half years.

The auditor general has tabled reports in the House which have said it has to stop, it should be changed and it should be cleaned up, but nothing has been done. It seems fairly simple to me that as parliamentarians we can expect a response from the government when the auditor general, an officer of the House, tells us in plain,

*Private Members' Business*

simple language that this is not good enough and it must change. What will the government do about it? We hear nothing.

Those are three instances. I could go on at great length citing chapter after chapter from the report the auditor general tabled in the House. I think of the ones the public accounts committee did investigate. There seemed to be a fairly lackadaisical attitude on behalf of the government in dealing with these things.

I remember one of the first items we investigated as the public accounts committee after the election. There was a \$1 billion loss experienced by Revenue Canada. Without going into details, it dragged on through the courts. Do not worry, the government will win. Twelve years later it finally got to the Supreme Court which said: "We do not want to hear about this. The case is lost. The taxpayer wins". Revenue Canada said: "How much money is on the line, by the way?"

Twelve years after the case went to court somebody said: "How much is on the line, by the way?" They were staggered to find out that \$1 billion went down the drain and they had to write a cheque. The Minister of Finance had to readjust the previous year's deficit to account for a loss of that magnitude.

We heard testimony in front of the public accounts committee. We heard from the assistant deputy minister of the Department of Finance. I said to him: "What happened here? Who is at fault when we lose \$1 billion?" He said nobody is at fault, the system failed. I am concerned that attitude is endemic right through government. It must be changed. It seems fairly simple to me.

• (1815)

In closing, I asked the government what it thought. Is this a good idea? The response I got was: "We do not want to create another bureaucracy. This is going to cost too much to investigate. We do not even want to hear about it. We are going to vote this motion down". That is hypocrisy at its worst. It is the most lame duck excuse I have ever heard for government getting itself out of an embarrassing situation.

This government should be ashamed to even think it is going to use that type of simple lame duck excuse to wriggle its way out of responding to Canadians whose hard earned tax money has continued to go down through the holes in the floor. That money continues to go down the drain because this government is not interested in being accountable and tabling in this House a simple response to the auditor general who is an officer of this House as to what it is going to do to fix the problems that exist all through the government.

I could go on at length. I hope that when we hear from the government side, it will have changed its mind. I hope it will have

realized that Canadians are entitled to a response, that Canadians expect a response and that they will get a response.

**Mr. Ovid L. Jackson (Parliamentary Secretary to President of the Treasury Board, Lib.):** Madam Speaker, it is my pleasure today to have the opportunity to address the House on the motion to amend the Financial Administration Act. I applaud the member for St. Albert for moving this motion.

My fellow members recognize as I do the importance of the role of the auditor general having a watchful eye on how the government spends the taxpayer's dollar. In a continued effort to get government right, we should consider what can be done to ensure that Canadians receive top value from their government.

As a result, I would like to thank the member for St. Albert for raising the issue of the follow up by departments and agencies on recommendations that the auditor general makes in his reports. I am sure we all agree that when problems are identified, everything should be done to ensure that actions are taken to remedy any shortcomings the auditor general identifies in his report.

The member's proposal has some merit as it would require all departments and agencies to table in this House a specific response to the auditor general's comments. This response would include time frames for corrective action and would also be referred to the Standing Committee on Public Accounts.

On the other hand, during this era of fiscal restraint and with the focus on efficiency, we want to ensure that overlap and duplication of actions does not occur.

The report of the auditor general is never taken lightly. Members of this House, the media, the public and many of us look forward to the tabling of each auditor general's report. As a consequence, the government is highly motivated to respond to the concerns raised in each of the reports.

Each department or agency has the opportunity to respond to the comments made by the auditor general and a response is published with the report. This public statement allows the affected party to indicate what actions will be taken in response to the auditor general's concerns and findings.

The report of the auditor general provides ample fodder for questions and lively discussions during question period in this House. Canadians can see ministers being called on to account for activities within their departments. Canadians see and hear through their representatives important questions raised and responded to about activities of the government.

I do not need to remind my fellow members that the auditor general himself follows up every two years on the progress and recommendations. I am positive that all members would agree that the Office of the Auditor General must be diligent in reporting on

the efficiency of the Canadian government operations. Do we want to undermine the efforts of his office by attempting to duplicate this work?

As my fellow members will know and must agree, the Standing Committee on Public Accounts is already very involved with the follow up recommendations of the auditor general. The member for St. Albert, a long time member of the Standing Committee on Public Accounts, could assure you that this involvement occurs.

• (1820)

Each year the Standing Committee on Public Accounts calls on a number of departments to demonstrate what actions they have taken to rectify shortcomings noted by the auditor general. The public accounts committee has asked for detailed workplans on the status of various activities. It has further asked that updates on projects and their status be provided every six months. Follow up that is as careful and precise as this ensures that the affected department or agency works hard to remedy problems noted by the auditor general.

I am sure we would not want the Canadian citizenry to perceive a duplication of activity in a time when we are trying to streamline and provide the best possible service for each tax dollar.

Not only does the Standing Committee on Public Accounts follow up in depth with selected departments or agencies, but it also contacts all departments and agencies that are mentioned in each report. In doing so, it requests an update on the actions taken in light of the auditor general's comments. This diligence, as the member for St. Albert a committee member himself must agree, should not be underestimated.

I fully support the will behind the member's motion. We all want to ensure that government improves and uses the advice of the auditor general to its fullest extent. We are all aware of our strained fiscal situation and the ongoing questions of where government should put its limited resources.

However, when one considers the current mechanisms which are in place, they certainly seem to provide more than adequate monitoring of activities in response to the recommendations of the auditor general. We must ensure that we continue to create a culture in which the measurement of success will not be the amount of paper we produce but the level of service we provide for Canadians.

In light of this we should seriously consider how much added value for our dollar the proposed motion will provide. In our eagerness to ensure that government does strive to improve on any shortcomings, we must be wary of the tendency to produce a bigger and more expensive bureaucracy.

### *Private Members' Business*

While the spirit of my fellow member's motion truly is admirable and timely, I question whether the Canadian taxpayer would be able, much less willing, to foot the bill the motion entails. Additional reporting of each detail to the House will be costly. We should consider the Canadian citizen to whom we are all accountable as we debate this motion to amend the Financial Administration Act. We should consider that while the will is to ensure cost effective government, is the result cost effective?

By way of conclusion, allow me to summarize. There can be no debate as to the level of gravity with which the auditor general's reports are received. It is a document which is widely available in various mediums to the Canadian public.

The proposed motion to amend the Financial Administration Act does raise an important issue of formal reporting of activities in response to recommendations of the auditor general. We should consider the level of reporting and follow up on the auditor general's report that currently exists whilst debating this motion.

Departments and agencies are provided the opportunity to publicly state their response and intended actions within the report itself.

Question period is a venue where one may ask the minister what he or she intends to do about concerns raised by the auditor general.

The auditor general himself follows up on the actions of the affected departments and agencies every two years.

The Standing Committee on Public Accounts contacts each and every department and agency mentioned in each report. The committee asks them to report on their progress on the recommendations of the auditor general. The public accounts committee also issues frequent reports on government activity to which the government must respond.

• (1825)

In further asking departments and agencies to table detailed responses in this House, are we thereby undermining the important roles of both the auditor general and the Standing Committee on Public Accounts?

Currently, departments and agencies respond to the Standing Committee on Public Accounts, the auditor general, the media and the public at large. In asking departments and agencies additionally to table formal reports in this House, are we asking the Canadian public to pay for a larger and more expensive bureaucracy?

During this time of fiscal restraint, while we are trying to achieve maximum efficiency with a modicum of resources, we should consider as we debate this motion whether it will be cost effective.

*Private Members' Business*

I believe that all of us here have the same goal. We all want to ensure that the government continues to improve. We all want to ensure that Canadians receive value for their tax dollars. The spirit of this motion is clearly there and I applaud it. However the spirit may not end up being reflected in the result.

It does not matter whether it is the government, a business, a municipal government or any organization that handles funds, it is the way in which one does business. It is the efficient way in which one does business and not the amount of paper and the reporting that makes the business function or makes it efficient.

We are here to clarify and to reduce government burden, not to extend the bureaucracy. We feel there are enough mechanisms in the reporting of this document that this House should be satisfied.

[*Translation*]

**Mr. René Laurin (Joliette, BQ):** Madam Speaker, I am very pleased to rise in this House to speak on the motion put forward by the hon. member for St. Albert. I am doubly pleased because my hon. friend from St. Albert, with whom I sit on the Standing Committee on Public Accounts, is among the members of that party who take the work they do very seriously. Every time the hon. member speaks, he is clearly trying to improve on things, he is a making a sincere effort and not joking around. I commend him for that.

Today, his motion reflects just that. I am not at all surprised to hear my government colleague comment that the motion is in order and describe it as totally admirable because it is designed to improve in things. The government member says that he agrees in principle with this proposal but that he cannot support it. It is like saying that you are all for virtue but cannot afford to be virtuous.

Through this private member's motion, he has an opportunity to make sure that the government will save money, and we are in great need of some. Since we cannot get any more money out of the taxpayers' pockets, we must take steps to save the government money that can then be put toward other programs, which are necessary to ensure the well-being of our taxpayers.

The Standing Committee on Public Accounts does a fine job, and the auditor general is also doing his job. But the auditor general will not achieve the desired result in his audits unless he can count on the support of a committee of elected representatives and that is the role the public accounts committee is playing.

The auditor general mentioned on several occasions having made one recommendation after another to certain departments; yet, two or three years later, none had been acted on.

It is true that, when he carries out an audit, the auditor general questions departmental officials, those individuals who are responsible for making certain decisions.

• (1830)

It is also true that these people then have the opportunity to tell the auditor general what they think of the issue. In other words, the auditor general could tell department officials: "It seems to us that the books for your program should be kept in this fashion".

It may happen that officials defend their position and say: "Sorry, but we do not agree. We feel that we should continue to account for the money spent like we have been doing for three or four years".

The auditor general is an expert, but he is not infallible. Moreover, departments have competent officials and staff who can make a case for a different way of doing things. If the truth was always obvious, we would not need lawyers and courts. It may be that, in some cases, a department will not agree with the auditor general's opinion.

What better way to deal with the issue than to refer the dispute to a committee made up of elected men and women? That committee would review the issue and report to the House, which would make the final decision, since it is the supreme authority in the land.

The auditor general told us on numerous occasions that it was important for the public accounts committee to urge the House to order a department, I will not name any for the time being, to follow up on the auditor's recommendations. Under such circumstances, some departments have indeed agreed to change their attitude or their way of doing things.

This is an important measure which, we feel, should have been put in effect a long time ago. Let us not forget, as the auditor general himself pointed out, that close to 70 per cent of government programs are not subject to any assessment. Hundreds of millions of dollars are invested in a scant 30 per cent of the programs, and barely thirty programs are evaluated. The question is asked: did the program yield the expected results?

For example, there was the fishery problem—one which affected your area, Madam Speaker—the problem of the New Brunswick fisheries. At one point they were hit with disaster and the government, overnight practically, in just days, set up a relief program for the fishermen. Nobody stopped to say: "If we create a program, we must be sure to create program evaluation criteria at the same time, to be sure at the end whether the money went to the right people, if they had enough, if they had too much".

There are a whole lot of questions to be thought of ahead of time, to ensure that the money has been spent properly, has attained the desired objective. Unfortunately, nothing like that is done in 70 per

cent of the cases, something the auditor general has often mentioned. Unfortunately, however, it has not been possible to set up such a thing.

Of course, a minister can be told “Mr. Minister, the auditor general wants you to apply this or that measure”. Then the minister via the departmental employees, or the deputy minister if the case involves the public accounts committee, will often respond with: “Oh yes, we agree with the auditor general’s recommendations and we will take the necessary steps or do everything in our power to remedy the situation”.

• (1835)

So when the minister said he agreed with the recommendation and that he would do everything in his power to improve the situation we are inclined to believe him and expect that, with the next report by the auditor general, everything will be in order. Unfortunately, this is not the case. If there is no mechanism in place to follow the thing through, we will never know whether recommendations have been followed or not.

I have to talk about schools from time, because I come from an educational background. The effect would be the same if, in a school, we made rules and established discipline for students but never went to see whether they were behaving or following the rules. You know where we would end up, and it would not take long: the students would realize that, when the school principal issued an order, he never checked up on it or made sure it was followed. So the students would very quickly avoid putting themselves out and would simply do what they felt like with the least amount of effort.

The same thing happens when the auditor general makes recommendations and a department says: “Oh yes, oh yes, we will follow them”. There is, however, no follow up if no agency is assigned to ensure action has been taken. Things will never change.

If, as proposed by my colleague for St. Albert, each department identified by the auditor general—and not every department is identified every year, there is not time to examine them all; some departments may be examined only every two, three or four years—would know the next day, if this legislation were passed, that it had to prepare a response to the questions raised by the auditor general and, as well, a plan to remedy the situation. These plans would be tabled in the House so that the ultimate authority would know that action had been taken.

You know this is the only way we will improve things. This is not to add to the paper burden. We are not asking for 75-page reports; we are asking the department to respond to the allegations of the auditor general in a report that would be determined ahead of time to be a certain length—not too long—and would be concise and clear so that taxpayers could understand it. This way we could save money that would no doubt be very welcome in other areas.

*Private Members’ Business*

[English]

**The Acting Speaker (Mrs. Ringuette-Maltais):** The hon. parliamentary secretary for public works.

**Mr. Jim Silye (Calgary Centre, Ref.):** Madam Speaker, I rise on a point of order. I would like to have a quick clarification. Does the rotation not go back to the Reform Party if it is our motion?

**The Acting Speaker (Mrs. Ringuette-Maltais):** We are trying to ensure that all opposition parties to the motion have an opportunity to put forward their views. The mover of the motion had 20 minutes to put forward his views. We will hear a government member and then we will hear a Reform member.

**Mr. Silye:** Madam Speaker, I rise on another point of order. There are three hours of debate on the motion. It is a votable item. There are rules in the standing orders with respect to the rotation we should be following.

I will live by your decision. However, if there are rules I think we should follow them. I believe the Reform Party is the next to speak. It is our motion.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Effectively it is your motion and you had the first 20 minutes to put forward your point of view. I will now give the floor to the Parliamentary Secretary to the Minister of Public Works.

**Mr. John Williams (St. Albert, Ref.):** Madam Speaker, I rise on a point of order. I was wondering if you could quote the standing order which allows the rotation to go from the Reform Party to the Liberal Party to the official opposition and then back to the Liberal Party.

• (1840)

**The Acting Speaker (Mrs. Ringuette-Maltais):** There is no standing order. It is the Chair who decides who will speak next.

**Mr. John Harvard (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.):** Madam Speaker, I would like to thank the hon. member for St. Albert for his motion to introduce amendments to the Financial Administration Act, an act that will require all departments and agencies to table in the House their responses to the auditor general’s reports on their activities.

I am pleased because there is no question that accountability is very important. It is so important that the Government of Canada has been working hard to make the public service more open, more responsive and more accountable.

The member will know that the Liberal red book committed the government to measure program results over time and to measure how well a government delivers its programs and services to

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Canadians. As a result, accountability is now one of the cornerstones of a government-wide review process.

Before I explain how accountability to Canadian taxpayers fits into this review process, let me first give some historical background. I would like to take this opportunity to reacquaint my colleagues with all the hard work that has been done in the pursuit of accountability. Sometimes we forget to mention our achievements. They get lost in the blizzard of issues and papers we must deal with every day.

In 1993 the auditor general referred to program evaluation as "an essential part of government". He called for government wide evaluations to be strengthened. As a taxpayer myself, I fully support the auditor general in his push for increased performance and accountability information. I recognize the need for sensible and good control frameworks in federal departments and agencies. That is what makes for good government, one that is responsive to taxpayers, that does not tolerate waste and mismanagement, a government that is affordable.

In response to the auditor general's call for more reporting information, the public accounts committee called many witnesses to its hearings. We should commend the committee in its work. It did a thorough investigation and its report was unequivocal. It demanded more performance information. It supported the auditor general in recommending that departments and agencies step up their evaluation efforts. In essence, it called for greater accountability.

In the meantime, also in response to the 1993 auditor general's call for strengthening government review, the treasury board secretariat released its review policy. In this policy, the secretariat asked that all federal departments and agencies conduct reviews. It asked that they use performance information in their business planning processes and that they make this performance information accessible to the public. In short, the treasury board secretariat was calling for greater accountability.

In 1995 treasury board issued a revised expenditure management system. This revised policy required departments to articulate goals, targets and measures in key expenditure areas. It also asked each department to identify the reviews it would carry out over the coming year.

Beginning this year, 1996, this expenditure management system asks that departmental performance reports tie into the annual business plan process.

Put simply, departments and agencies must show Parliament and all Canadians whether the goals set in their business plans have been met and if not, why not. That, if I am not mistaken, is called accountability. All this is in response to the 1993 report of the auditor general.

It is clear to me that Parliament and the public service are very respectful of the auditor general's recommendations, that they have responded to his call for more reporting information in very concrete ways.

However, the push to make our public service more efficient, more responsive and more affordable did not stop there. Last year my colleagues on both sides of the House will recall the document Strengthening Government Review. It was tabled here last November by the treasury board president. The president's 1995 report of review lays out the government's commitment to accountability very clearly. It provides readers with a snapshot of all the different review tools being used in government departments and agencies. It looks at accomplishments made over the previous two years and it provides a guide on how reporting procedures can be further strengthened. This report calls for the integration of a review into the management cycle of government. It wants the review to permeate every level of government from frontline managers right to the top, to deputy ministers. This will result in even better reporting.

• (1845)

The goal is to make these reports, evaluations, reviews and internal audits available to the general public in a format that we can all understand. The goal is accountability. Let me take a moment to read what the then President of the Treasury Board told the House last November. He said: "The government is accountable to the citizens of this country. Performance information should be available to Parliament, departmental managers and central agencies. Our government is committed to delivering programs that work for the Canadian taxpayer".

As a result of these initiatives, accountability is now entrenched in the public service culture. It is now an integral part of the way we do business in Ottawa. The public accounts committee will keep a vigilant eye on this commitment, we can be sure of that. The auditor general will follow up on his 1993 recommendations and we can be sure of that as well. It is very clear that we have good reporting and accountability structures in place.

It is worth spending a few minutes to examine how accountability has become a cornerstone of the federal government's review agenda. We all know that program and service evaluations have played an important role in program review. They are essential components of the Getting the Government Right initiative the President of Treasury Board spoke of in the House just a couple of weeks ago.

Evaluations, internal audits and other review management tools will help to clarify federal roles and responsibilities. They will help to ensure that resources are devoted to the highest priorities. They will respond to public demand for better and more accessible

government and these review tools will help to deliver a public service Canadians can afford. This is accountability.

These review management tools, evaluations and internal audits do not just look at what is working and what is not. Done properly, they also recommend a course of action for correcting problems or missteps. Review is a continuous learning exercise. Government is always measuring what it does. It is always looking for new, more appropriate methods of delivering programs and services. It is looking for progress, not perfection.

Let me give an example to which members can relate. The estimates tabled with the recent budget are undergoing radical change. In response to calls from parliamentarians for documents that provide information in a user friendly format, a pilot project was launched. I was personally involved in that.

Two weeks ago we received six of what are called part IIIs from this pilot. Six departments agreed to change the way they have traditionally reported their activities. I urge everyone in the House to look at the part IIIs from Indian and Northern Affairs Canada, Fisheries and Oceans Canada, Natural Resources Canada, Agriculture Canada, Revenue Canada and Transport Canada. They will see that although these part IIIs were produced under tight deadlines each of these departments have made an honest effort to make them more readable and more user friendly.

In the drive to provide legislators with useful information and to become even more accountable to the Canadian public, more pilots are planned. We seek feedback on these projects. We will learn from those remarks. We are committed to providing information that is meaningful, easy to follow and that supports the government's agenda of openness and accountability.

As I have said, the government recognizes the need to get information into the hands of legislators and the public. It listens to recommendations made by the auditor general, the public accounts committee and members of the House. Recommendations are acted on, changes are made. Taxpayers of Canada expect no less.

I would like to take this opportunity to commend the public accounts committee. As our hon. friend can attest, it maintains a busy schedule. I think this committee issued 15 reports in 1995 and its work did not stop there. Each summer the committee asks for an activity update from all those departments and agencies which have not appeared as witnesses. It has, as it should, maintained a watchful eye. I expect it to continue this good work, to live up to the responsibility Canadians have vested in it.

• (1850)

Madam Speaker, thank you for giving me the opportunity to put these facts on the record.

### *Private Members' Business*

**Mr. Jim Silye (Calgary Centre, Ref.):** Madam Speaker, I would like to apologize for giving you a hard time earlier. I thought there were set rules and perhaps there was an oversight.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Just to clarify how fair the Chair is, I would like to say that half of the time for this debate has been allocated to the Reform Party, 20 minutes to the Liberal Party and 10 minutes to the Bloc members. Equity is in the system.

**Mr. Silye:** I appreciate that, Madam Speaker, but this is a three-hour debate. We do not know whether it is more than fair. If you continue that the rest of the way we will really appreciate it.

First, I would like to point out that my speech this afternoon is intended to convince the government to recognize that we have a problem. In so doing, I will obviously be creating the need to solve that problem and offer a solution.

Since this is the first time the government has heard about the solution presented by my colleague from St. Albert I feel the government deserves some time to consider it. We would not want it to be too hasty in its position, especially in light of the first two comments we heard by its members. We would like government members to listen to the debate with an open mind.

It seems very suspicious. This is the first time we have brought this forward and suddenly the government has concluded that it would involve a bigger bureaucracy, that it would cost more money, that therefore we could not do it, that it is going along quite nicely as it is. I will get back to the bigger bureaucracy issue in a second.

The suggestion by my colleague requires all departments and agencies to table in the House of Commons a specific response to the auditor general's report on their activities, including time-frames within which corrective action would be taken regarding any shortcomings. This is the point that I want to stress. This is the point that I want to concentrate on. It is the corrective measures that will produce the efficiency gains in the system.

As my colleague from St. Albert said, we pay \$50 million for an auditor general and three times a year he is reported in the newspaper for a couple of days. There are headlines about government waste here and government waste there, which is not necessarily the fault of the politicians. However, he sees this waste. What happens after? How do we know if there is a follow up? At what point will there be a follow up?

This suggestion is a way to take advantage of the \$50 million investment in the auditor general and a way to allow departments and bureaucrats to respond. Heaven knows they have received a lot of flak lately. Heaven knows they have not had a raise in pay for a long time and unlike the MPs they could not give themselves an increase in their pensions. Therefore, they have to suffer at the mercy of the criticism of the auditor general. If they were given a specific opportunity to respond as to when they would have corrective measures, they could follow that timeline, and politi-

*Private Members' Business*

cians could come and go. It is more important that we have some production out of the criticism. This process would only occur if there were areas which needed fixing. This is what the purpose of the auditor general is.

There is an excellent suggestion in the motion. It legitimizes the auditor general's review. If there are no problems, there are no problems. If there is a problem, then let us solve it. When will we solve it? Who is responsible for solving it? These are the things that are not happening in all cases.

As my colleague said, the public accounts committee does review things. It does do a good job. It takes time. If we make a list and we have to do things one through ten, it takes 10 times longer to do it. If we had 10 departments doing it we could get it all done in the same amount of time. That is the point in terms of efficiency gains. That is the point in terms of solving problems faster, thereby saving money.

The negative impression that an auditor general's report could give of government could be eliminated sooner. The reputation and the integrity of government would also improve if this motion were adopted. It shows co-operation. It does not show a hand up like a football player trying to block somebody from tackling them.

• (1855)

The opportunity for departments to clarify and rectify any criticisms more quickly gives them the opportunity to take matters into their own hands and do something about the issue as fast as possible.

I would now like to spend a couple of minutes on the hypocrisy of the government. I spoke yesterday about the GST and the sanctimoniousness, the hypocrisy of how the government raises duplicity to its highest form.

Today I will try to make a constructive suggestion. Already the argument is being used that with the size of the deficit, which is going down, that bureaucracy cannot be made bigger. It is going to cost us more money and, therefore, it cannot be done.

How hypocritical is that statement? I will tell the House how hypocritical it is. The government said it wants efficiency, to retain a small bureaucracy. Then someone tell me why the government voted to add six more members of Parliament to the House of Commons? It wants to increase the numbers from 295 to 301. That is what the Liberals voted for, to approve the electoral boundaries which would increase the number of seats to 301, an additional six seats. The government is hypocritical for supporting the addition of six more MPs. It is a cost that will be far higher—

**Mr. Boudria:** Madam Speaker, a point of order. There must at least be some semblance of truth. I wonder if the hon. member can tell us when he voted on the item he claims to have voted on? The House has never voted to increase its membership.

**Mr. Silye:** Madam Speaker, I do not believe we are on questions or comments at this time. If the member will tell me that in the next election there will not be 301 seats, then I will take back my charge.

**Mr. Boudria:** Did you vote for it? Nobody voted for it. It was never ruled. There has never been a vote. There was never a vote on that issue.

**The Acting Speaker (Mrs. Ringuette-Maltais):** Order.

**Mr. Silye:** Madam Speaker, I believe we have addressed the issue of electoral boundaries, have we not?

**Mr. Boudria:** We did not vote on it.

**Mr. Silye:** Did we address the issue of—

**Mr. Boudria:** There has never been a vote on increasing the membership. Never.

**Mr. Silye:** Did we have a debate on electoral boundaries?

**Mr. Boudria:** Yes.

**Mr. Silye:** And did the government support the new boundaries?

**Mr. Boudria:** No.

**Mr. Silye:** The government was against the new boundaries?

**The Acting Speaker (Mrs. Ringuette-Maltais):** We are debating a motion put forward by a colleague. If the member wishes to resume debate on that issue please go ahead. He still has two minutes.

**Mr. Silye:** Madam Speaker, you are subtracting the time from me that another member used when he rose on a point of order to debate me on the side, which I think was maybe out of order.

The bill proposes to give the auditor general's work a little more legitimacy, a little more of a businesslike approach. It is like any kind of business where a consultant is hired to show where it is strong or weak, to show where it can improve. That is basically what the auditor is trying to do. The auditor is trying to improve the operation of government. I believe that when a report is given on three or four departments a couple of times during the year that those departments should respond. I think it is a big improvement which I heartily endorse.

Once again I feel bad because the government does not want to listen, does not want to learn.

• (1900)

Winston Churchill said that some people like to learn but they do not like to be taught. When this government was in opposition it felt like it knew everything. Now that those members are opposite,

it is obvious they do not have a plan. They do not even have the people. The Prime Minister is firing people right, left and centre.

Here we are trying to make a suggestion. I wish the government had an open mind. I wish it would give this motion due diligence and see if this is not in the best interests of Canadians. We are not talking about the best interests of Liberals or Reformers. We are talking about the best interests of Canadians, Canada, and how we can make the system work a lot better and more efficiently.

[*Translation*]

**The Acting Speaker (Mrs. Ringuette-Maltais):** The time provided for the consideration of Private Members' Business has now expired and the order is dropped to the bottom of the order of precedence on the Order Paper.

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## ADJOURNMENT PROCEEDINGS

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### INTERNATIONAL TRADE

**Mr. Len Taylor (The Battlefords—Meadow Lake, NDP):** Madam Speaker, all is not well in the agricultural sector. Despite higher than expected grain prices and the usual spring optimism that all of us prairie folk experience at this time of year, there are many things that concern us. I cannot begin in the short time available tonight to describe everything that is of concern but I have to raise the issues relating to international trade, particularly the activities of the United States government in the marketplace.

I originally rose on March 14 with comments about the U.S. farm bill and grazing fees for cattle. At that time I expressed concern to the minister that not enough was being done to represent the interests of Canadian producers.

Here in Canada we are virtually disarming ourselves in this international agricultural trade war. We have abandoned our long time financial commitment for the transportation of grain to port. We are in the process of deregulating the transportation sector and we have undermined the stability of the supply managed sector. In each case we as a nation have left our farmers and the communities they support with less support than the farmers in the countries with whom we compete in the world marketplace.

Despite our rush to eliminate agricultural subsidies or commitments to the orderly marketing of our products, the United States does not think we have gone far enough. The Americans continue to pressure us, to reduce the authority of the Canadian Wheat Board just as they continue to pressure us to remove more quickly the remaining tariffs that exist for our supply managed products. The Americans do not have a leg to stand on. Their facts do not add up.

### *Adjournment Debate*

They are wrong, but that does not stop the Americans from complaining and seeking remedies to their perceived problems.

Canadian farmers ask: Where is the Canadian government? Where is the minister of agriculture? Where are our complaints against the American government which continues to play financial games in the world agricultural marketplace, which again penalizes Canadian producers? Where is the Canadian argument designed to protect Canadian interests?

For example, on March 14 I pointed out that the collapse of the U.S. farm bill means that the Americans have to revert to an old farm bill, which provides massive subsidy levels for corn and price guarantees for wheat. Corn can be subsidized to \$7. Wheat can be guaranteed to \$9. What Canadian farmer, even at the higher world prices we are receiving today, would not want to see their government guarantee the price of their wheat at \$9?

These are the people we are competing against in the international marketplace and our producers cannot do it on their own. It is unfair and the Canadian government has an obligation to stand up and strongly oppose situations like these.

The other example I gave on March 14 was the indirect beef subsidy. The U.S. government owns a lot of grazing land. It leases that land to cattle producers in return for a certain lease payment. The U.S. government just reduced the lease payment on that grazing land by 20 per cent. Is that not another agricultural subsidy we should be addressing?

On supply management, the U.S. has instigated yet another challenge that has made Canadian poultry, dairy and egg producers very nervous, all this despite the fact that the Canadian case before the NAFTA panel is clear, strong and correct.

Canada is doing more to eliminate or reduce agricultural subsidies than any of our trading partners or competitors. In most cases Canada is doing more and doing it more quickly than is required by NAFTA or GATT agreements.

In conclusion, we are spending all of our time defending ourselves against petty political U.S. accusations. Perhaps it is time we made some accusations of our own and forced the U.S. to account for some of its unfriendly activities.

Will the minister of agriculture assure Canadian producers and the communities they support that he will not only defend Canadian interests but will also challenge the U.S. violations of our negotiated trade agreements?

**Mrs. Marlene Cowling (Parliamentary Secretary to Minister of Natural Resources, Lib.):** Madam Speaker, the U.S. is in the process of writing a new farm bill to guide its agricultural policy for the seven year period to the year 2002. Although this bill is later than normal, a compromise version of the U.S. Senate and House of Representatives bill is expected to be agreed upon and forwarded to the U.S. President for signature in the next few weeks.

*Adjournment Debate*

References by the hon. member to U.S. support prices based on 1949 legislation reflect a possibility that is extremely unlikely to materialize.

Both the U.S. House and Senate bills that were passed in February would enact the freedom to farm concept. This concept would eliminate target prices for major crops as well as deficiency payments, land set aside requirements and planting restrictions previously required for farmers to participate in income support programs. In exchange, a seven year production flexibility contract for eligible crops will provide annual fixed and declining payments to farmers irrespective of the level of world prices or actual production.

Under such legislation, U.S. government involvement in agriculture would decline and U.S. farmers would respond to market

forces more than they have in the last 50 years. Moreover, export subsidy provisions would not exceed the U.S. commitment allowable under the World Trade Organization.

We are monitoring developments and will be very vigilant in ensuring that the U.S. lives up to all of its commitments under international agreements, including the aggregate level of support it can provide to its agricultural sector.

[*Translation*]

**The Acting Speaker (Mrs. Ringuette-Maltais):** The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 10 a.m., pursuant to standing Order 24 (1).

(The House adjourned at 7.08 p.m.)

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