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(HANSARD)

Tuesday, April 16, 1996

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Tuesday, April 16, 1996

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

INTERPARLIAMENTARY DELEGATIONS

Mr. Bob Speller (Haldimand—Norfolk, Lib.): Mr. Speaker, I rise, pursuant to Standing Order 34, to present to the House a report from the Canadian branch of the Commonwealth Parliamentary Association concerning a visit to New Zealand which took place February 23 to March 2, 1996.

[*Translation*]

Mr. Réginald Bélair (Cochrane—Superior, Lib.): Mr. Speaker, pursuant to Standing Order 34(1), I have the honour to present to the House, in both official languages, the report of the official parliamentary delegation to the Canada-France Interparliamentary Association, which attended the 26th annual meeting of the association held in Paris and Strasbourg from January 20 to 28, 1996.

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[*English*]

FOREIGN AID RESTRICTION ACT

Mr. Art Hanger (Calgary Northeast, Ref.) moved for leave to introduce Bill C-263, an act respecting restriction on foreign aid.

He said: Mr. Speaker, this bill was introduced in the last session. It was designed to stop the flow of financial or other aid to any foreign country that refuses to accept re-entry of its nationals or former nationals deported from Canada.

Far too often when foreign born criminals are ordered deported from Canada, deportation is hampered because some countries do not want to take back their nationals.

The foreign aid restriction act addresses this issue by freezing aid to countries that frustrate the Canadian deportation process. This bill is a strong measure to ensure an effective deportation

policy in Canada. If a country will not take back its citizens who have committed criminal acts in Canada or who have misrepresented their past involvement in organized criminal activity, terrorism or other activities as noted under section 19 of the Immigration Act and are ordered deported, the bill would then direct the Department of Foreign Affairs to suspend all foreign aid to that country.

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

* * *

● (1005)

SENATOR SELECTION ACT

Mr. Jim Abbott (Kootenay East, Ref.) moved for leave to introduce Bill C-264, an act to allow the electors of a province to express an opinion on who should be summoned to the Senate to represent the province.

He said: Mr. Speaker, it is my pleasure to introduce my private member's bill, an act to allow the electors of a province to express an opinion on who should be summoned to the Senate to represent the province.

The Reform Party's ultimate objective has always been true Senate reform: a triple-E Senate elected, effective and equal. We can change the method of appointing senators, that is, they be elected, without constitutional revision.

This bill will change the method of appointing senators through an election process without constitutional revision. It will require that the Prime Minister wait to receive the expression of opinion from any province with a senatorial selection act similar to the Alberta senatorial selection act which resulted in Senator Stan Waters being appointed to the Senate.

The current Senate has not been able to perform its role effectively because the selection process has undermined its legitimacy.

There is considerable urgency for the introduction of this bill now because the Government of Canada is cramming through legislation that is not widely accepted.

I am introducing this bill today as a result of the forced vote held last fall on Bill C-110. The long range interest of Canadian federalism will truly be served by Senate reform.

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

*The Budget***PETITIONS**

RIGHTS OF THE UNBORN

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, I have several petitions, the first bearing 126 names.

The petitioners pray that Parliament act immediately to extend protection to the unborn child by amending the Criminal Code to extend the same protection enjoyed by born human beings to unborn human beings.

ASSISTED SUICIDE

Mr. Art Hanger (Calgary Northeast, Ref.): The second petition, Mr. Speaker, bears 176 signatures.

The petitioners pray that Parliament not repeal or amend section 241 of the Criminal Code in any way and to uphold the Supreme Court of Canada decision of September 30, 1993 to disallow assisted suicide or euthanasia.

CRIMINAL CODE

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, the third petition bears 275 signatures.

The petitioners again call on Parliament to give immediate consideration to the removal of section 745 of the Criminal Code of Canada for the protection of all Canadians.

HUMAN RIGHTS

Mr. Art Hanger (Calgary Northeast, Ref.): The fourth petition, Mr. Speaker, bears 148 names.

The petitioners pray and request that Parliament not amend the human rights act or the charter of rights and freedoms in any way which would tend to indicate societal approval of same sex relationships or of homosexuality, including amending the Canadian Human Rights Act to include in the prohibited grounds of discrimination the undefined phrase of sexual orientation.

REFORM PARTY

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I rise pursuant to Standing Order 36 to present a petition on behalf of the people of the Medicine Hat constituency.

The petitioners call on Parliament to preserve Canadian unity, parliamentary tradition and protect the rights of all the people of Canada by prevailing upon the Speaker of the House of Commons to recognize the Reform Party of Canada as the official opposition during the remainder of this Parliament.

Mr. Robinson: Mr. Speaker, a point of order. I wonder if I might seek the consent of the House to revert to the presentation of private members' bills.

The Deputy Speaker: Is there consent to revert to private members' bills?

Some hon. members: Agreed.

* * *

CANADIAN HUMAN RIGHTS ACT

Mr. Svend J. Robinson (Burnaby—Kingsway, NDP) moved for leave to introduce Bill C-265, an act to amend the Canadian Human Rights Act (sexual orientation).

He said: Mr. Speaker, I thank members of the House. The purpose of this bill is to amend the Canadian Human Rights Act to include sexual orientation as a prohibited ground of discrimination within federal jurisdiction. It would extend to gay, lesbian and bisexual people in Canada not special rights but equal rights.

In closing, I would note that since 1986 seven ministers of justice as well as the current Prime Minister have all promised this legislative change. The Canadian Human Rights Commission has asked for it. The Senate has passed it and the Ontario Court of Appeal has ordered it. It is time for Parliament to act.

• (1010)

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

* * *

QUESTIONS ON THE ORDER PAPER

Hon. Lawrence MacAulay (Secretary of State (Veterans)(Atlantic Canada Opportunities Agency), Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Deputy Speaker: Is there consent to allow all questions to stand?

Some hon. members: Agreed.

* * *

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from April 15 consideration of the motion that this House approves in general the budgetary policy of the government.

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, I am grateful for the opportunity to address this motion. Today I will be sharing my time with the hon. member for Timiskaming—French River.

I am proud to be a part of this government which has reined in the deficit while at the same time contributing to ensuring the collective necessity in this country of sound social policies. We have managed to do this in three years. This budget is an important

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contribution to that and to ensuring that the collective financial future and deficit reduction plan remain intact.

Last November the government announced that it had surpassed its deficit target for 1994-95. It now looks like the target for 1995-96 will also be achieved or even surpassed. The deficit will be reduced to 3 per cent of GDP as announced and to 2 per cent of GDP in 1997-98.

The growth rate of the debt will be lower than the rate of economic growth. This is the first significant improvement in the debt to GDP ratio in over 20 years. As a result of this, there is a dramatic decline in the amount of new money the government has to borrow from financial markets.

In 1993-94 Canada's financial requirements stood at 4.2 per cent of GDP or \$30 billion. By 1997-98 the financial requirements will have dropped to 0.7 per cent of GDP or \$6 billion.

As the Minister of Finance pointed out, relative to the size of the economy, Canada's borrowing requirements will be at the lowest level in almost 30 years. Measured on this basis, Canada will have the lowest fiscal shortfall projected among central governments of all G-7 countries.

As a result of this, international markets are responding favourably to the progress in deficit reduction. In fact, short term interest rates have fallen below those in the United States. For the first time the Government of Canada can actually borrow money for a short term at rates lower than those prevailing for United States securities which are the bellwether for all government securities in the world.

When the government was first elected there was a spread between Canadian and American interest rates of approximately 3 per cent. That spread represented the international market's view of the risk of investing in this country as opposed to that of the United States. I think we can take it from the fact that our securities are presently quoted at lower rates of interest than those in the United States that the international marketplace is putting on our securities a lower risk than that which would prevail on similar American securities.

Canadians know and accept that restoring public fiscal health is essential for job creation and economic prosperity. The government's job is to help create the appropriate economic climate, one in which private sector activity will flourish. Economic indicators support the claim that the government's approach is well advised.

As I pointed out, short term interest rates are down 3 per cent since March 1995. Inflation is at its lowest point in 30 years. Two hundred and sixty-three thousand private sector jobs have been created since 1995. The merchandise trade surplus has reached record levels and the current account deficit as a share of GDP is at its lowest level in 10 years.

In my view that demonstrates the wisdom of the government having rejected the slash and burn approach to deficit reduction urged by some of the parties in this House.

• (1015)

Our approach is a sensible, balanced, fair and compassionate approach, and the 1996 budget continues on that track. It recognizes there are sacrifices Canadians are willing collectively to make to reach the point we now have. There are sacrifices that are being made today by constituents of mine in downtown Toronto who recognize this is the track we must be on if we are to achieve greater prosperity in the years ahead.

While saying this, we recognize as well that fairness and compassion are deeply held Canadian values. The Canadian commitment to helping the most vulnerable in society is an important factor in the government's philosophy. As a result, there will be no further cuts in transfer payments to the provinces.

Provincial entitlements will eventually increase. The Canada health and social transfer will provide secure and stable federal support for medicare, post-secondary education and social assistance. For the first time there will be a cash floor for transfers. The CHST is designed to give provinces more flexibility in program delivery.

Of course we would like to see more, particularly for post-secondary education. The government recognizes the importance of these issues, but the point is we must get our house in order after eight years of Tory mismanagement before we can build again. The beauty of this budget is that it lets us see that possibility clearly within the realizable near future.

The new seniors benefit to replace old age security and the guaranteed income supplement is designed to help those who need it most. The benefit level of 75 per cent of Canadian seniors will remain at the same level or even increase. Certainly low income seniors will receive more under the new system and the income tested approach will help to ensure the sustainability of the pension system for our children and grandchildren.

I take this opportunity to address an issue which is very much a concern to many people in my riding, social housing. Rosedale has a considerable amount of assisted social housing. It takes the form of straightforward government assisted housing and co-operatives.

This social housing contributes a great deal to the social stability of our inner cities. It recognizes there are many people living in our cities, particularly in inner cities, with a high cost of living, who do require some form of government support.

There have been misconceptions as a result of the budget. There were some suggestions in the province of Ontario that because of the approach of the present Conservative government social housing is under serious attack. The federal government has indicated

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in this budget that it will continue its support for social housing and as a result for social stability in the inner cities. It will continue with \$2 billion in support to provincial governments, \$600 million of which will go to the province of Ontario.

The minister has made it clear that while there will be changes in the way in which this service is delivered, national standards will be required. I urge the minister that when she is dealing with the provinces no federal money should go to private housing schemes. Social housing should be recognized as public housing and the administration of housing should not be turned over to provinces that indicate they do not have a commitment to publicly owned social housing. There are alternative competent partners the federal government could choose such as the Co-operative Housing Federation of Canada.

This is an extraordinarily important issue which the government has indicated it intends to approach with sensitivity to the need for appropriate social policy while recognizing the need for deficit reduction. I am confident it will realize this goal in the way it has managed in other areas.

When we look at the core of this budget we see the notion of the economy, of jobs and of growth. There are three priority areas in the budget: youth, technology and trade.

The importance of investing in the country's future lies in investing in young people. We must give them the tools with which to recognize their aspirations. The creation of new youth employment opportunities, for example the Department of Human Resources Development summer student job action program, will help tens of thousands of young people to get summer jobs this year.

Also, we will be helping students and their families deal with the higher cost of education by increasing education tax credits, raising the limit on transfer of tuition education credits and increasing limits on the contributions to registered education plans.

My riding of Rosedale is home to three post-secondary institutions, the University of Toronto, Ryerson and George Brown College, and numerous high schools and youth groups.

• (1020)

I have fairly frequent contact with young people in my riding who relate to me the special challenges they face in trying to find suitable employment in the new economy.

Often suitable job experience is what they require but lack. This initiative in this regard should go some way to providing opportunities in my riding and across the country for youth who deserve an opportunity to participate in the challenges the new economy offers us.

In addressing the issue of the new economy, this budget addresses the issue of technology. Existing moneys will be reallocated in order to encourage technological developments in key fields such as the aerospace sector, environment technologies and biotechnology.

The Business Development Bank will be given the resources to provide more loans to knowledge based, exporting and growth businesses. Equity injection of \$50 million will allow banks to provide an additional \$350 million in loans.

We will accelerate our efforts to increase access to information technology for all Canadians, especially for small and medium size businesses. This is a true recognition by government that technology is the way of the future and that we as a country cannot afford to be left behind in this important contribution to the global economy.

Similarly, in terms of international trade, the budget has indicated that the Team Canada approach which has been so extraordinarily successful in international marketing of this country will remain a centrepiece of our strategy.

Canada's trade performance has recently been excellent. The export sector has been expanding at 8 per cent per annum on average over the past decade.

Our merchandise trade balance has reached a record surplus of \$28.3 billion. To encourage the continuation of this success, government will provide \$50 million of new equity to the Export Development Corporation in order to support new export sales financing vehicles and new partnerships with exporters in the commercial banks. This and other measures will increase the amount of financing available for Canadian exports by as much as \$500 million a year.

As the foreign affairs and international trade committee has realized, international trade is at the core of what this country is about. Small and medium size businesses are dependent more and more on international trade.

This budget will contribute to enabling our country to prosper in its international trade and achieves a balance in respect of our social programs.

[Translation]

Mr. Benoît Serré (Timiskaming—French River, Lib.): Mr. Speaker, before going into the details of the budget, I would like to salute the people of Verner and Lavigne in the south of my riding, who have had access to the parliamentary channel only since April 1 of this year.

I am pleased to rise today in this House to congratulate the Minister of Finance on an excellent budget. This budget is one of confidence and was well received by taxpayers and businesses

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alike. The minister put forward an effective, well-balanced action plan that benefits all Canadians.

The people of this country care about their social service network, and the minister reassured them that all services currently in place would be maintained. Our government has been listening and will continue to listen to all the people, as this compassionate budget shows.

We all know how important social programs are. They benefit everyone and help sustain people going through hard times. However, a sluggish economy and the increasing burden of servicing the ever-growing public debt threaten the long term viability of Canada's social safety net. That is why it is so important to breathe new life into the economy and bring the public debt and deficit under control.

It is also necessary to overhaul Canada's social programs and transfer system in order to make them more effective and more affordable, while at the same time preserving the basic fairness of our social safety net.

In this budget, our government vows to revitalize the economy of rural regions and to tackle their problems. The new technologies put in place by this government, like the information highway and the community access component of SchoolNet, help our young people prepare for the emergence of the new knowledge-based economy.

• (1025)

Rural Canada is rich in natural and human resources and faces different challenges than urban areas. The government will take the appropriate and necessary action to make sure that all Canadians benefit from economic prosperity.

[English]

The budget will renew the confidence of all Canadians, especially their faith in our social programs. All the measures taken in the budget will serve to reinforce Canadians' shared values in the system. These measures are to be implemented without raising taxes or disrupting the timetable to lower the deficit.

[Translation]

In his budget, the minister is proposing a new seniors benefit. This new system, which will take effect in the year 2001, is designed to protect current seniors, increase pension payments to low income seniors and ensure that income maintenance programs for seniors remain affordable and sustainable for generations to come.

The new benefit will be fully tax free and it will incorporate the current pension income credit and age credit. It will be paid in monthly instalments and, in the case of couples, each spouse will receive a separate and equal cheque.

Those who currently receive the guaranteed income supplement will receive \$120 more per year, and spouse's allowance payments will also increase by \$120 per year. Moreover, pension benefits will be fully indexed to inflation, which represents an important improvement on the current system.

This proposal will greatly benefit seniors. It will safeguard the pension system for seniors to enjoy now and into the future. Our government is fulfilling its commitment to current seniors and to those about to retire to maintain and, in many cases, to increase pension benefits.

Unlike certain other parties, we are responsive to the needs of seniors and recognize the outstanding contribution they have made and continue to make today to Canadian society.

[English]

Let us not forget the younger generation. Our youth are finally seeing the light at the end of the tunnel as more jobs are being created and more money is injected to create summer jobs. Students are also pleased that tax incentives for education have been increased.

On behalf of the mining sector, in which I have been actively involved since the election, I wish to thank the Minister of Finance for his support and concern. I am pleased the minister included in the budget some change to the flow through shares mechanism. It will certainly enhance the incentives for exploration and development activities and will end certain abuses.

The budget proposes that issuers will have an additional period in which to make the expenditures that have been flowed through the investor. In February my recommendation to the minister was to change the 60 day rule of flow through shares and extend it to one year.

Once again I thank the minister for accepting my recommendations. By doing so he is giving a real boost to the mining industry. Furthermore, I congratulate my colleague, the hon. member for Davenport, for his contribution to the environment by encouraging the extension of flow through share mechanisms for certain renewable energy and energy conservation projects.

Also included in the budget is the proposal to improve access to financing for the renewable energy and energy conservation sector by relaxing the specified energy property rules. These changes will provide an essential level playing field in the energy sector and recognize the importance of renewable energy to Canada's overall energy supply needs.

[Translation]

In this budget, the government recognizes that special measures and policies need to be developed to ensure the economic well-being of rural Canada communities. This budget proposes interesting measures regarding natural resources.

*The Budget**[English]*

In the budget the government recognizes that rural Canada needs special measures and policies to ensure the economic well-being and viability of this sector.

The budget is following its course on debt and deficit reduction in an orderly and humane fashion compared to the slash and burn approach taken by the provincial Conservative government and the Reform Party. This is why I call upon provincial governments to work in collaboration with this government in its efforts to replace the existing GST. The objective is a system which is fairer for Canadians, simpler and less costly for businesses to comply with and more efficient to administer.

• (1030)

Canadians have demonstrated strongly and clearly that they want one national sales tax. Therefore, it is essential that all provinces reach an agreement on this very important matter.

[Translation]

Canada is a great place to live. Let us work together to ensure unity and prosperity in Canada.

[English]

Canada is a great place to live. Let us work together to ensure unity and prosperity.

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, the hon. member for Timiskaming—French River is very knowledgeable about the mining industry. I preface my question by pointing out that I understand the city of Toronto is now considered to be the financial mining capital of the world. That is where corporations and individuals from all over the world finance mining activities which are not necessarily located in Canada. By doing that they enhance the richness, the wealth and knowledge of Canadians and of the Canadian mining industry.

I wonder, in that context, whether his view of the flow through share operation which he described recently in his speech would also be contributing to the development of not only the mining industry itself but to the very important securities industry which surrounds the mining industry and which is developing more and more in Canada.

Mr. Serré: Mr. Speaker, the point the member raises is very important.

Very few people know that there are more mining jobs in Toronto than in any of the rural ridings. There are more mining jobs in Toronto than there are in my riding, yet my riding has dozens of mines.

Toronto is now the centre for mining investment in the world. Investment in mining especially for exploration has risen from

about \$400 million when we took office in October 1993 to a projected investment of approximately \$850 million this year. The mining industry is very healthy at this point in time. It is thanks at least in part to the actions taken by our government in the last three budgets.

We started in the first budget by permitting the deduction of the money used for reclamation funds. We went on to relax the flow through mechanism in the budget to increase the accelerated capital cost allowance. All of these measures have contributed to create the proper economic climate. Investors across the world now have faith in the Canadian mining industry. Discoveries such as Voisey's Bay are doing a lot to enhance Canada's international reputation.

Once again, by the actions of our government, we have put the Canadian mining industry back on the map. I hope my colleagues from urban Canada realize the importance of that sector not only to rural Canada but to all Canadians.

The three main economic sectors, agriculture, mining and forestry, account for 60 per cent of Canadian exports. We depend on exports. If we remove rural Canada, the economy of the country would be in shambles.

I hope these questions and comments will make my colleagues from urban Canada realize the importance of rural Canada. I hope they will work in co-operation with us to enhance the economy of rural Canada.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I listened with interest to the speech of the hon. member.

The member commented about the Reform Party cutting too deeply into areas of social programs. I am curious to know why the hon. member did not mention that while we advocated cuts of about \$800 million to health care, his party is carrying out cuts of \$3.2 billion in health care. His party is closing hospitals across the country. While we advocated cuts of about \$200 million to higher education, his party is advocating and carrying out cuts of \$1.2 billion in higher education. How can the member turn around and say that the Reform Party is being radical?

• (1035)

Finally I want to point out that while his government is in power the interest payments will rise. In other words the transfers to foreign lenders and foreign banks will rise from \$40 billion to \$50 billion. That is absolutely ridiculous. That is slash and burn. I want the member to answer those questions.

Mr. Serré: Mr. Speaker, again we are hearing rhetoric and very little action by the Reform Party. Reform was to have submitted a budget ahead of the hon. minister and this budget never came about.

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We hear from the Reform Party day in and day out to cut, cut, cut. Reformers would like us to have a balanced budget by the end of our term. I ask the hon. member from where would he take that money?

Our record speaks for itself. We have at this point in time the lowest deficit as a ratio of GDP of the G-7. Our interest rate is lower than the United States. For the first time we have the lowest inflation rate in the last 30 years.

The Reform Party is always asking us to cut, cut, cut. Even Ralph Klein and his colleague Mike Harris, who by the way supports the Reform Party, is not going far enough for the Reform Party. The Reform Party is at the right of Attila the Hun. Reformers give us rhetoric. They want us to balance the budget in three years but yet they do not want to cut anywhere.

I ask the hon. member how can the budget be balanced in four years if there are no cuts?

[*Translation*]

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, first I want to draw your attention to the fact that until the end of the debate Bloc Québécois members will split their allotted time in two ten-minute periods, followed by a five-minute period for questions and replies.

I am pleased to take part in the debate on the last federal budget, not because I am particularly happy with this budget, far from it, but because it is my duty, as a parliamentarian, to take a very close look at the way the government intends to spend public money. We have to recognize that, over a month ago now, the Liberal government brought down a budget which was very disappointing in several ways for Quebecers and Canadians.

The lack of vision in this budget is distressing, given that, based on its own figures, the government has added over \$110 billion to the debt in the last two and a half years, which means \$3,700 more for each and every Canadian. These figures speak for themselves. We have not even started paying back the principal on the debt, because the Minister of Finance has been totally incapable of substantially reducing the monstrous deficit of the Canadian government.

It will be remembered that, during the last election campaign, the Liberal party released a so-called plan of action unimaginative-ly and subtly called the red book. I need not make things even more unbearable by reminding the House of the fact that the Prime Minister never gets tired of quoting this document, as though it were his bedside book.

Let me quote a short excerpt from page 10 in the introduction of the document, which reads:

The Liberal agenda, therefore, is premised on an integrated and coherent approach to economic policy, social policy, environmental policy, and foreign policy. Liberals understand that these policies are and must be linked.

If we compare these claims with the measures contained in the last budget, we can only conclude that the Liberal government did not deliver. While it claims to have an integrated and coherent approach when it comes to implementing measures, the facts say otherwise.

The hardest thing to accept when you take a close look at this year's budget is that there does not seem to be any guidelines regarding the objectives that must be met. At a time when everyone wishes the government would innovate in the field of public finances, at a time when everyone is aware that hard work is required to ensure a decent quality of life to future generations, the Liberal government prefers to improvise and make cuts without thinking things through.

● (1040)

A blatant example of this lack of vision is the decision to eliminate the yearly \$7.2 million subsidy to the Canadian centre for magnetic fusion, located in Varennes. The federal government's withdrawal from this area of scientific research is a sad and totally baffling development.

The decision clearly does not take into account the foreseeable spinoffs in development of a new waste free energy system. In signing the death sentence of this research centre, the Liberal government is giving up on 20 years of efforts in magnetic fusion development. It is sacrificing a \$70 million infrastructure, including \$11 million worth of new equipment which will never be used. Finally, it is sacrificing about a hundred high technology jobs. Such is the Liberal Party's environmental and economic vision.

But there is also a lack of vision and coherence in several other areas. For one thing, the remaining dairy subsidies will be cut. Last year's budget provided for a 30 per cent cut over two years. Yet, we were stunned to learn, when the last budget was brought down, that these subsidies will be totally eliminated, with no compensation at all for the producers.

This decision will be extremely hard on milk producers in Quebec and throughout Canada. Last year, Western farmers received nearly \$3 billion in compensation, following the elimination of the grain transportation subsidy. Here again, a double standard is being applied by the Liberal government.

As for its economic and social vision, we must point out the government's poor performance in job creation. Between January 1995 and January 1996, the unemployment rate barely eased in Canada, slipping from 9.7 per cent to 9.6 per cent. What solutions does the government have to offer? Nothing, except the measly \$315 million to be provided over three years for summer jobs.

It is rather ironical that the Liberal government is beginning to show concern for students, especially as it had previously reduced funding for summer job creation programs from \$86 to \$60 million over two years. Moreover, it is imposing drastic cuts of \$150 million in postsecondary education funding for 1996-97, the

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potential impact of which could be an increase of \$1,000 in tuition fees for every student for this year alone.

What is more, it has already announced additional cuts of \$300 million for 1997-98, which could lead to new additional costs for students. Therefore, this summer job creation program is a cynical move, since its only usefulness will be to help students pay the additional costs brought about by the cuts the Liberal government made in social programs.

That is not all, however. The Liberal government is again showing inconsistency since it is now going after a major means of creating jobs by lowering from 20 per cent to 15 per cent the federal tax credit related to labour sponsored investment funds and lowering from \$5,000 to \$3,500 the maximum share purchase in such funds.

Today, there are 19 labour sponsored funds with assets totalling between \$2.5 billion and \$3 billion. They have invested more than \$850 million in the Canadian economy since their creation.

In Quebec, for example, the FTQ fund alone has managed to create and maintain more than 58,000 jobs. This measure will slow down the expansion of these funds, thus decreasing their job creation potential. What makes this decision even harder to understand is the fact that a report by the Canadian Labour Market and Productivity Centre concluded that governments recover the fiscal costs of labour funds in less than three years.

Instead of being a mere nuisance on the labour market, what does the government intend to do to implement real incentive programs to create jobs?

The Liberal government is also targeting senior citizens. From now on, old age security will no longer be the basic tier of pensioners' income. It will provide replacement income to those who have been unable to save for their retirement during their working life. Through this reform, the government is creating two classes of senior citizens, those who were able to save for their retirement and those who were not.

The important thing is that the new seniors benefits will now be a kind of welfare for senior citizens, and that they will be paid only to those most in need. So much for the consistency and complementarity of economic, social, and environmental measures of the government.

Let us now turn to foreign policy.

• (1045)

Here again, the Liberal government's last budget is a far cry from the commitments made over the last few years. We think the new foreign affairs minister should reacquaint himself with his government's commitments. The Liberals had promised to advo-

cate and promote democracy and human rights throughout the world. But the government's record in this is rather dismal.

With the cuts the Liberal government announced during the previous budget year and confirmed in its last budget, Canada's development assistance expenditures have been reduced to less than 0.29 per cent of the gross domestic product, which is far from the 0.7 per cent target recommended by the international community.

After making these cuts, how does the Canadian government think it will be able to help the poorest people on earth?

Development assistance is important on a human level, but equally important on an economic level. It provides jobs here at home. As the Bloc Québécois indicated in its dissenting report on the review of Canada's foreign policy, one out of four jobs in Canada is linked to exports and the increasing impoverishment of the third world will obviously have a negative impact on the employment situation in our country. In the medium term, our own economic growth will partly depend on the increase of the standard of living of about 80 per cent of the world's population.

As you know, the Bloc Québécois supports and encourages the participation of Canada in United Nations peacekeeping missions. Of course, it is frustrating to see that several states do not pay their contributions to the United Nations, but Canada still has to continue to defend and promote human rights and democratic development.

That brings me to the fact that the Bloc Québécois supports specific missions, like the one currently underway in Haiti. For instance, already more than 400 soldiers from CFB Valcartier, in the outer suburbs of Quebec City, are over there. The goal of the United Nations mission in Haiti is to consolidate the stability of this new democracy. These are the kinds of initiatives our party supports.

However, Canada could do more to tie its assistance policy and trade measures to the issue of respect for human rights. I am thinking in particular about Mr. Tran Trieu Quan, unfairly incarcerated in Vietnam. Yet, Canada has provided Vietnam with more than \$50 million in assistance and development programs since 1994. This large amount of money is granted unconditionally to a country that is unfairly detaining a Canadian citizen and is more or less asking for a \$1 million ransom for his release.

This budget is proof that this Liberal government has forsaken all decency when it comes to its relations with countries where human rights are violated.

In any case, after two years when they had to really tighten their belts, Canadians were ready for a third austerity budget on the part of the Liberal government. The latter knew that for a fact and did nothing to dissipate that impression. In fact, it rather encouraged it,

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knowing full well that the people would better accept its budget if they really felt they were spared.

At first glance, the budget presented by the finance minister is so conceived as to give the impression that there is something in it for everybody. But if we look closer, we can see that it is in fact an insidious budget trying to hide the bad news or wrap them up with so-called good news.

All the major decisions concerning cuts and tax increases were announced last year and the year before. But they will continue to apply this year and for the next two years, allowing the government to continue to reduce its spending without having to make more unpopular decisions in the second part of its mandate.

[*English*]

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, the hon. member has stressed quite vividly the government's position in the budget regarding seniors pensions and benefits. As he has suggested, perhaps we are subsidizing the poorest of the poor seniors through the changes made in the budget.

It comes across that the hon. member is quite opposed to the position the government is taking in benefiting Canadian seniors. We are giving them a long term plan whereby anyone 60 years of age as of January 1 this year can have the existing benefits of OAS and GIS and there will be no changes in that. We have given them the benefit of long term planning so that any of these new changes will only affect younger people. The hon. member seems to be quite opposed to this. I wonder what he and his party would suggest as an alternative for the people of Canada.

• (1050)

[*Translation*]

Mr. Bergeron: Mr. Speaker, first of all, I want to thank the hon. member for her question. Contrary to what she has suggested, I want to point out that I am far from being opposed to the idea of the government supporting the poor in our society. That is not the issue.

What I said in my speech is that we are creating two classes of senior citizens. I think this is what makes this new program totally unacceptable.

Let me give you another example, that of a seniors couple with a family income of approximately \$80,000 a year, currently entitled to benefits. Let us compare that couple to another with a family income of about \$45,000, after the year 2001. The couple currently receiving pension benefits from the program would still enjoy these benefits after the year 2001, even with an income of \$80,000 a year, whereas the couple whose income would total \$45,000 a year would not be entitled to these benefits under the new policy of this government.

This is totally unacceptable, and this is what I condemned in my speech; it was not the support given to the poor in our society.

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, our economy is faltering. The unemployment rate is still at harmful levels. The tax system must be reformed. Very few jobs are being created, and only by the private sector.

In such a context, the government must show its leadership. Recently, Mr. Chrétien and his team missed a good opportunity to change our economic environment and adjust it to the realities of this century's end. The budget tabling process is a public management tool that must include adjustment and stimulation measures that will help us reach our collective goals.

But Mr. Martin chose to bring down a budget which closely resembles an election budget containing watered down initiatives and lacking concrete job creation measures. The Liberals have soon forgotten the promise to create jobs they made during the last election campaign. In the past year, the unemployment rate went down by only 0.1 per cent. Concretely, this year's budget proposes a summer job creation program for students and a technological investment fund aimed at preserving jobs.

But in order to do so, the government is reducing tax benefits for workers' investment funds, a favoured job creation tool. Moreover, the cuts in research and development announced last year are being implemented this year, which is slowing down all the more innovation and research in Quebec and in Canada.

Indeed, job creation is not the Liberals' priority at the moment. Moreover, they are determined to go forward with their unemployment insurance reform, which they have the gall to call "employment insurance" in spite of all the public opposition and demonstrations.

With this bill the government should be able to give workers the tools they need to get the jobs available on the market. In fact, every year, 300,000 jobs remain unoccupied in Canada because of a persistent lack of consistency between the training given in our institutions and the needs of employers.

The government's objective is clear: increase UI fund surpluses and take them over at the workers' expense. It is time those funds were administered by the people to whom they belong and served the purpose for which they were collected. Only then could we speak of a real employment insurance. Without changes in that direction, the government must withdraw its bill.

The government continues to insist on making the poorest elements of our society finance its overspending and its inability to put public finances on a healthy footing. The reform, in its present form, is unfair because the conditions of eligibility are tightened and it creates two categories of unemployed: frequent users and

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the others. Moreover, by lowering the benefit rate, it will throw more and more seasonal workers into poverty.

In an economy built on small enterprises, farms and small retail stores, like in my riding, there is a lot of seasonal work. The people occupying temporary jobs do not do so because they want to. Why then penalize them as if they had a choice?

The proposed reform is eroding the buying power of our workers.

• (1055)

During the 1993 election campaign, the Liberals talked about eliminating the GST. Now they are talking about replacing it, about harmonizing it with provincial taxes. They are slowly setting the stage for the introduction of a national sales tax.

The federal government should transfer to the provinces the tax ramp occupied by the GST. The government is quick to forget its campaign promises, especially now that it seems more preoccupied with the next election. But Canadians have a good memory.

Fortunately, the Martin budget contained no tax increases for individuals but, indirectly, consumers will have to absorb part of the cost of the dairy subsidy. This budget provides for the phasing-out of the dairy subsidy over a five-year period starting next year. This will result in a loss of \$76 million for Quebec dairy producers, who produce 47 per cent of industrial milk in Canada.

For farmers in my riding, this means an annual loss of about \$1,500 each, or more than \$7,500 between now and August 1, 2001. Members will recall that the dairy subsidy was introduced in the early 1970s to lower the selling price of dairy products and make them accessible to the largest possible number of consumers because they are good for their health. Once again, in a roundabout way, the government is making our small businesses and consumers pay the bill.

On another subject, the new seniors benefit, which will replace the old age security and guaranteed income supplement programs in the year 2001, will be based on the family income of pensioners. On the one hand, the government is encouraging people to invest in RRSPs and, on the other hand, it is saying that seniors whose family income exceeds \$45,000 will be penalized.

For a couple, this represents an annual income of \$22,500 per person, a figure which is relatively easy to reach for individuals who contribute \$2,000 a year to their RRSP for about thirty years.

The Martin budget changed the situation for all those involved in the long term planning of their retirement. There will no longer be a universal old age security system. The minister just said that such a universal system will have disappeared by 2001.

In conclusion, the government is restricting access to programs and is quietly passing on the bill to low-income people. The noose

is getting tighter and tighter. Enough is enough. We will not be fooled by this collective impoverishment strategy. The government must ensure a fair distribution of the present tax burden. The social and financial security of our children depends on it.

[English]

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I listened to the member talk about the redistribution of income. I think that was his last comment. I was surprised how he took exception to the proposals in the budget to restructure old age pensions. Basically the budget sought to define those people who are most in need in our democracy, those people who have less income in their retirement years. It sought to underpin their incomes in their retirement years. Indeed it actually increased their real disposable income. It made those payments non-taxable.

I heard the member say at one point in his speech there was a need to redistribute income. At another time I heard him take some exception to the fact that we have spent a lot of time in designing this legislation to create that safety net for the elderly.

I know as well that a committee is currently travelling throughout the country talking about the Canada pension plan. I am sure also that one of the parameters there is to ensure that those funds will be available for those people who are most in need.

These are things which I think are courageous of the government. We could simply forget about the Canada pension plan and by the year 2015 the cheques would stop coming. That perhaps would not hurt people who have high incomes but of course for those people who had not anticipated that it would create undue hardship.

• (1100)

Our government has taken the time and the energy to recognize there is a problem coming, maybe not tomorrow but by the year 2015. We want to deal with problems today so a future generation of Canadians will have adequate means for retirement.

I would like to know how the member can argue that we are not redistributing income while at the same time he argues we should not be underpinning the retirement incomes of seniors who have less income than others.

[Translation]

Mr. Lefebvre: Mr. Speaker, I thank the hon. member across the way for his comments and his question. In connection with redistribution of income or old age pensions, I must point out that the hon. member did not really listen to my speech, since I did also refer to the unemployment insurance fund, with its \$5 billion surplus, which the government is using to attack the least well off in our society. There is also the whole question of milk subsidies, which our Quebec farmers will no longer be getting.

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What the province of Quebec wants is a fair redistribution of income, because that income affects people, the least advantaged segment of the population and the health of the people in our ridings,

Then there is the disappearance of universality in 2001, which will penalize those who have contributed to the pension plan all their lives.

In my opinion, the Martin budget makes a poor distribution of income.

[*English*]

Ms. Catterall: Mr. Speaker, on a point of order, our next speaker has not yet arrived. If the Chair wishes to proceed with the next speaker from the Reform Party that would be quite acceptable to us.

Mr. Penson: Mr. Speaker, our next speaker is not prepared either.

[*Translation*]

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, I shall continue in the same vein as my hon. colleague from Rosemont, on just how seriously our colleagues over there and next to us here are taking this budget, whether they are showing any real interest in criticizing it. This is a very serious matter, since it is so insidious and involves long term measures that will commit future governments, while not dealing well with the short term.

I shall continue, nevertheless, keeping those subtleties in mind.

The angles of attack—That, Mr. Speaker, may be the reaction of a man of the people to the silence from government members and Reform members.

It is certainly not for want of things to criticize about this budget. We could talk about old age pensions, as has already been done; about the government's intentions concerning the revenue commission—where not only is the federal government intervening in an area of jurisdiction which is provincial under the Constitution, but where it also wants to push aside the only province that stood its ground in this matter and respected the Constitution, namely Quebec. Now it wants to shove Quebec aside and take over everything in a Canadian context.

We could also criticize the way this government is dealing with the deficit. It is doing so at the expense of the least well-off members of society, that is the unemployed, by blithely dipping into the unemployment insurance fund to the tune of \$6 billion yearly, a fund financed by workers' contributions. This is something that must not be lost sight of, something that must be mentioned again and again. Contributions come from employers and from employees. The cuts are being made at the expense of the

provinces. They are blithely cutting transfer payments which ought normally to go to the provinces.

• (1105)

But my intervention will deal mainly with the systematic attacks against worker funds. Two important worker funds appealed directly to Quebec. The first one, the CSN fund, was created recently and has known an almost resounding success, if we consider that they had a rather short timeframe to set it up. The second one, the largest, is the Fonds de solidarité des travailleurs du Québec, the flag ship of Canadian worker funds. The latter represents a third of all worker fund assets in Canada.

The federal government is going after those worker funds on two levels: first by reducing the tax credit granted to taxpayers and funds from 20 per cent to 15 per cent, and secondly by lowering the maximum contribution allowed from \$5,000 to \$3,500 per person.

The Fonds de solidarité is a huge success on both the financial and business levels. Since it was established in 1983, it has succeeded in creating or preserving 38,000 jobs. This is not peanuts. The fund did much better than previous Canadian governments.

It funds various projets. In the riding of Trois-Rivières, which I represent, the Tripap mill has closed its doors, the old CPFC, Canadian Pacific Forest Products Limited, had closed down. It was revived thanks to the energetic efforts of the Fonds de solidarité and provides 450 jobs today.

The Fonds has taken action at Novabus; Biochem Pharma, a pharmaceutical company particularly active in AIDS research, and Shermag, in Sherbrooke. In the Laurentians, it has been involved with the Château Mont-Tremblant and its ski resort. In the Mauricie region, in the Prime Minister's riding of Saint-Maurice, the Fonds provided financial assistance last year to a factory known as Desavenn Sac Inc., which had taken over part of the market left by the former Twinpac factory, in Cap-de-la-Madeleine, which had manufactured industrial paper bags for sugar, flour and chemicals that were exported throughout North America.

We can see how vital the Fonds de solidarité is for Quebec's economy. I am all the more pleased as the opposition critic to see that the Fonds has adapted over the years. It is now setting up regional development funds. Sixteen will be set up shortly. One in the Mauricie region was set up last fall. These 16 regional funds will complement the main fund of the Fonds de solidarité. Some of them are called SOLIDE, that is local job development investment corporations; thirty had already been set up by the end of 1995, with the co-operation of the Union des municipalités régionales de comté throughout Quebec.

In addition, the Fonds de solidarité in fine tuning its activities set up specialty funds in the areas of health, biotechnology and high technology in order to meet borrowers' needs.

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It is all the more upsetting to see attempts being made to undermine the actions of the Fonds de solidarité instead of further supporting them. The value of this fund was demonstrated by a study undertaken by Carleton University for the Canadian Labour Market and Productivity Centre. It was not done in Quebec, but by Carleton University, not far from here.

• (1110)

This study shows that the Canadian tax system recovers within three years its tax incentives for fund management. Therefore, there is no reason to try to undermine workers' funds, in particular the Fonds de solidarité. On the contrary there is every reason to encourage it. This is in contrast with the statements by our colleague, the member for Willowdale, and former chairman of the finance committee, as reported in an article published in the January 18 issue of the *Soleil*. It states that "the chairman of the committee maintains that these funds are granted generous exemptions which warrant strict controls".

This same attitude is observed in the industry committee, where it is claimed that what the workers funds "cost" the Canadian tax system—some ten millions dollars—should be reduced further, when everyone knows that this is a direct incentive for the economy of both Canada and Quebec.

It is also a direct social and economic commitment because we know their effect on job creation, tax revenues, unemployment insurance benefit reductions, as well as the importance of a job for a family in terms of consumption, quality of life, reduction of drug use, reduction of spousal abuse, and so on. We know what unemployment means, we know what a job means. People who are able to create or maintain jobs should be encouraged, not discouraged.

These measures are all the more alarming in the context where this kind of federal government's intervention is taking place, since the government was elected with the slogan "jobs, jobs, jobs". We will keep on reminding the government of it, this government that created 65,000 part-time jobs—that is for 6 to 12 months—since coming to office. It is still boasting about its infrastructure program, and it was elected with such a slogan.

In this budget there is no framework or incentive for private corporations to create jobs. It is a well-known fact that, these days, major corporations tend to make prohibitive, outrageous profits—it is particularly true for banks—while allowing mass layoffs. We must question the ethic of such a phenomenon.

I worked for the Quebec government, dealing with businesses in financial difficulty and I know they must consider the possibility of eventual mass layoffs. This is certainly quite logic. When a business is having a hard time, it must rationalize its operations and

one possible solution is to layoff people. It is sad, but it is in the order of things.

But when profits reach such levels as they have recently in areas like the oil, telephone and banking industries, to name just a few, and when these industries still downsize and lay off people in numbers such as we have seen, for example at Bell Canada which plans to lay off 10,000 employees in Quebec, no doubt for very logical and justifiable corporate reasons, we must question such operations just as we must question the attitude of banks which make five billion dollar profits but, at the same time, do not hesitate to launch massive layoff plans.

In another context, while they say that solidarity funds and labour-sponsored funds are too expensive, they do tolerate unpaid income taxes amounting to \$6 billion and seem to be totally insensitive to that. They should start with this type of operation, put investigators to the task if need be and collect all those unpaid taxes before they hit on good, competent people who are efficient at job creating, particularly those people from labour-sponsored funds such as the Fonds de solidarité des travailleurs du Québec.

As far as efforts are concerned, they require efforts on the part of the labour-sponsored funds, but they ask banks for a 65 million dollar effort over two years when these banks are reaping profits of \$5 billion. Furthermore, according to present trends, it seems that these profits will be even higher next year. This \$65 million contribution is almost equal to the total cost of labour-sponsored funds across Canada.

• (1115)

I must also add that this is happening in a context where the federal government's policies in the area of economic development, particularly regional economic development, are almost morally questionable. Consider the debate about the coast guard, the introduction of cost recovery measures in the coast guard without any impact studies. The government went ahead with only one thing in mind: to meet the goal it had set itself, that is to recover by March 31, 1997, the \$20 million forecasted in its budget for aid to navigation.

It wants to recover \$20 million out of \$160 million by the year 2000, without considering the real profitability of it, the real impact on users of the St. Lawrence River, namely shipowners. What would happen if, after having done their calculations, they decided that, economically, the St. Lawrence River was no longer a good place to do business because costs outstripped profits? It would be catastrophic. This type of calculation should have been done by the federal government. Just imagine the impact on the ports of Montreal, of Quebec City and all the other harbours which I might call secondary along the St. Lawrence River, like those of Sorel, Trois-Rivières, Sept-Îles, Baie-Comeau and Chicoutimi on the Saguenay River.

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This type of measure impacting directly on labour sponsored funds is part of another scheme which is just as much a dodging of responsibilities as the user fees for the coast guard are.

Personally, I am shocked by the government's attitude toward the Fonds de solidarité des travailleurs du Québec in particular because, for us, this fund demonstrates the ability of Quebecers to look after themselves, to be imaginative and capable of being creative. We will not let the federal government go in that direction for very long. And the Liberal Party of Canada will pay the price for it, especially in Quebec.

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, on March 8, I took part in a television program called "Droit de parole" on the Radio-Québec network, along with representatives from various social and economic groups; employers, unions, women's groups, young people and chambers of commerce were represented.

A SOM-Le Soleil poll released during this program shows that only 33 per cent of the population rely on the budget to promote job creation, while 53 per cent rely little or not at all on this same budget to reach this job creation objective.

Also, when asked about the future of pensions, increasingly, fewer young people and members of the middle class say they rely on the federal government to ensure the future of the public pension system.

In a period of accelerated technological and social change, where confidence in democratic institutions should be high, the government is showing no leadership whatsoever. The government has lost all credibility with a growing number of Canadians. This had led, spontaneously, to the founding in Canada of about twenty new groups, such as the group Conference Confederation 2000, which met at the Château Laurier in March, following last October's referendum campaign, to fill the political vacuum left by this government. The emergence of these groups shows that nature abhors a vacuum, and at present, the vacuum is the government that is in place here in Ottawa.

What are the main causes of such a lack of credibility of the Canadian government with its citizens? Government rhetoric changes from month to month; federal ministers contradict each other, and policies put forward often cancel each other out.

• (1120)

This lack of direction is reflected in the deficit reduction measures and some job creation measures which are supposed to be found in the federal budget.

The Minister of Finance emphasizes in his budget that the deficit will be \$24 billion next year and \$17 billion in two years. The Minister speaks only of the future. But let us not forget that the

deficit is now very close to \$33 billion and that it was \$37.5 billion last year. That is the reality. These are not projections.

And if we add the \$5 billion coming from the unemployment insurance account surplus, which in actual fact belongs to the employers and the workers and which the Minister has appropriated, the real deficit for this year remains close to \$38 billion, and the one for last year was \$42.5 billion. This is the same deficit level that we saw during the last year of the mandate of the Conservative government. At that time, the Liberals condemned the deficit.

To justify rolling the surplus of the unemployment insurance account into the consolidated revenue fund and reducing the deficit accordingly, the Minister says that if there is a shortfall in the unemployment insurance account during the next recession or during the next major increase in the unemployment rate, the government will make up the shortfall in the account.

Imagine the burden the minister is placing on the unemployment insurance account and future government deficits. What is even more disquieting about the minister's deficit projections is that we are currently in full economic upturn; recovery is under way. The U.S., for example, recorded over 700,000 new jobs in February, the highest since 1983.

What will happen to the deficit in the next recession, which the economists are predicting for around the end of this decade? The Liberals place much emphasis on the last two Conservative deficits, which hovered around the \$40 or \$42 billion mark after the recession at the beginning of this decade.

It must be kept in mind, however, that in 1990-91 and 1991-92 the deficits inherited from the Conservatives were in fact \$32 and \$34 billion, the same as this year's deficit. In the good growth years from 1987 to 1990, this deficit was \$28 or \$29 billion, even less than the current figure.

Even in the Conservatives' day, the deficit was under \$30 billion in the growth years, and around \$40 billion in the recession years. The Liberals have done no better, even after raising taxes and pillaging the unemployment insurance fund.

The next recession is, therefore, liable to plunge us back into a vicious circle, into a deeper whirlpool than before. Debt servicing will be close to \$50 billion next year, and a 1 per cent variation in interest rates adds \$1.3 billion to the deficit. Worse, in the medium term, it has a \$3 billion impact on the debt.

The Minister of Finance has no room whatsoever to manoeuvre, given the size of the debt accumulated so far. The impact of any change in interest rates is far too great. There is but one solution: what should have been done was to clean up business taxation right away, instead of striking a committee of experts to examine the question. Clean up by fighting waste throughout government

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machinery and by cutting the defence budget much more substantially.

The deficit should have been reduced to \$35 billion last year, \$25 billion this year, \$15 billion next year and \$5 billion two years hence so that there would be a surplus in 1999 of \$5 billion that could be applied to the debt creating the financial manoeuvring room that is so lacking now.

This is the only consistent program needed, and the government was incapable of instituting it.

The Liberals created the debt in the 1970s and early 1980s. In the 1990s, they are going at indebtedness with renewed vigour. They have no budget sense and will never be able to manage a budget.

• (1125)

We have to get rid of this government before it becomes the cause of our demise. Ask our international creditors about the scope of the real political instability we all talk so much about. Ask them whether it comes really from popular consultation or the inability of our political leaders to balance the budget.

In terms of jobs, the budget tabled by the Minister of Finance is just as pitiful as it is in terms of the deficit and the debt. There is no major job creation measure. The budget for student jobs is increasing we are told from \$60 million to \$120 million, although it was already at \$84 million before the Liberals reduced it.

So they double the budget for little summer jobs, but because the Liberals reduced transfer payments for post-secondary education by \$450 million in two years, the provinces will have to double tuition fees. At this rate, many students will be unable to continue their studies and will have to keep for much of their life the little summer job created for them. This is what is commonly called dead end jobs.

There is always a double standard. The government gives with one hand what it takes away with the other. In the budgetary reallocation game, the President of Treasury Board makes up in new expenditures all that was saved in government cuts. All the savings should have gone to balance the budget. The whole accounting exercise of cuts and reallocations translates this year into a real net increase in expenditures of \$34 million and barely \$200 million in savings next year.

This government, therefore, is still far too interventionist, and the measures put forward in the Minister of Finance's budget fail utterly to resolve the problems of the deficit and employment.

Hon. Pierre S. Pettigrew (Minister for International Cooperation and Minister responsible for Francophonie, Lib.): Mr. Speaker, this is the first time I rise in this House, and it is with great emotion that I speak today as a member of Parliament. I would first like to thank the people of Papineau—Saint-Michel for their confidence in me and I want to tell them that I will always be

proud and happy to represent them, to promote their interests and to defend their rights in this country.

My first loyalty is to them, since my primary role in our wonderful parliamentary democracy is to speak on their behalf. I heard their concerns and their fears, as well as their hopes, their determination and their common sense. I invite the people of Papineau—Saint-Michel, whatever their allegiances, to continue to communicate with me and tell me what they think. I am here for them; I would not be here without them.

In this era of upheaval resulting from the revolutionary force of globalization, liberal democracy faces its main challenge. We must say loud and clear that freedom is the goal pursued by human beings.

The people of Papineau—Saint-Michel will always find in their member of Parliament a representative willing to spend all his energy on protecting the freedom we enjoy as individuals, as well as that enjoyed by our respective communities. And because the time has come to redefine the role of government, I am very proud to make my first speech in this House on the finance minister's budget.

This budget meets the ambitious objectives set by the Government of Canada: to put the nation's finances in order to protect our financial future, while at the same time rethinking the role of government in the economy and in the lives of the people.

The finance minister's budget stays the course set by the government at the beginning of its mandate, and rightly so. We are finally getting out of the deficit spiral. Our deficit will fall to 2 per cent of GDP by 1997-98, ahead of the commitments made in the last general election. And this with no increase in personal or corporate income tax, or even in excise taxes. There were no personal income tax hikes in the last three budgets.

• (1130)

Putting the nation's finances in order will prepare the ground for a more vigorous, job creating economy. A lower deficit will help reduce interest rates, increase confidence and promote new investments leading to more jobs and stronger growth. The government's performance with respect to employment deserves to be acknowledged. The unemployment rate dropped from 11.2 per cent in 1993 to 9.6 per cent today. There is still much work to be done, but we are on the right track.

This budget, presented in the middle of an election campaign, was very well received by the residents of Papineau—Saint-Michel, who voted in with a strong majority a member of the Liberal government.

The people of Papineau—Saint-Michel accepted the necessary yet respectful decisions made regarding pension benefits. I could feel it in my riding: my constituents realize that this is the only

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budget approach that can actually boost the economy and ensure that our social programs will be maintained in the future.

As Minister for International Co-operation, I am responsible for projecting Canadian solidarity internationally. Canadians share a tremendous sense of solidarity in every respect and wealth is redistributed among the regions of Canada to ensure that all Canadians enjoy public services of a quality second to none in any federation on this planet. From this solidarity arose Canada's solidarity with less privileged countries. The Canadian International Development Agency is an institution that Canadians and Quebecers alike can be very proud of.

We are investing in the future, in our youth and in technology. This budget promotes export development, since international trade was responsible for creating 80 per cent of jobs created over the past few years. The people of Papineau—Saint-Michel appreciated this budget, but they are nevertheless worried. They are worried about the future of Montreal, and the east end of Montreal in particular.

Formerly the industrial and financial metropolis of Canada, Montreal is taking a radical shift toward the new economic order. While a part of Montreal, represented by high technology industries like aircraft manufacturing and computer science, consulting engineering and pharmaceutical products, is thriving, another part of Montreal cannot cope with such rapid and drastic changes in production modes and lags behind in the globalization movement. That is my part of Montreal, the one I represent in this place, the east end of Montreal, and this part of Montreal is choking to death.

The people of Papineau—Saint-Michel appreciate this government's economic policies. They made this very clear in the last election, but they also came to me with their concerns about unemployment, by which they are hard hit. They told me they wanted to work.

But my constituents realize that economic and monetary policies alone, however good they may be, are not enough to achieve the desired goal—and for us, Liberals, the goal remains employment. Even the best policies cannot help them achieve their goal if the political climate is not favourable. That is why every bone and sinew of Quebec must immediately come together to stop the brain drain and capital flight that have picked up since October 30.

Montreal, this large North American city, cannot develop in the restrictive economic conditions created by sovereignist pressure in Quebec and associated climate of political instability. Quebecers energies should not be wasted in divisions and political jockeying, but rather focused on strengthening Quebec's civil society and paving the way for its integration into rapidly forming transnational networks, strategic alliances and cultural coalitions. The Quebec society will show much more convincingly that it is mature, distinctive and distinct by resolutely engaging in a successful

integration process that is now much more important than the obsolete nation state model.

• (1135)

Throughout the world, identities are becoming more complex and allegiances are multiplying. The French are becoming increasingly more European, and both the French and European identities reinforce each other.

The Quebec identity is strengthened by the Canadian identity, particularly in light of the fact that the latter is strongly impressed in the head and heart of Quebecers, who greatly helped define that Canadian identity. Indeed, Quebecers greatly helped define the Canadian identity. That identity, which is more closely integrated to the North-American reality, helps many of our businesses and organizations by enabling them to be part of international networks and world alliances.

To think that we would strengthen our identity by giving it only a Quebec dimension is to totally misunderstand what is going on in the world today. On the contrary, such a measure would deprive our identity of elements which ensure its richness, its vitality and its future. The strength of an identity lies in its ability to reflect the facts and realities of a society.

To be sure, the solution of the sixties, namely a strong central state, allowed Quebec, which was lagging two or three generations behind Ontario and the rest of North America thanks to its elite, to make up the lost ground. All that took place within the Canadian federation. However, 1960 was also the golden age of decolonization; the welfare state was in its glory. That was 35 years ago. We are talking here about a Quebec nationalism—not sovereignism but nationalism—that is unifying and perfectly compatible with a modern Canadian federalism that is ready for globalization.

The nation state is a political model that is now obsolete. Without excluding a feeling of belonging, the Quebec nationalism of the 21st century must be modern and fully affirm itself in the economic, technological, linguistic, cultural and financial sectors. Quebecers have a unique opportunity to show that a normal people, to use the expression coined by the Bloc Québécois, chooses to express its distinctive features, its determination and its intelligence by redefining its needs and its priorities in a contemporary way.

To be politically mature is to share its sovereignty with its neighbours. Are the French, the Germans and the Dutch any less sovereign? Are they less mature politically because they have transferred some powers to Brussels?

Sovereignists insult Quebecers when they travel abroad and say that Quebecers will chose sovereignty once they are free. We are a free people. We have chosen Canada every time we were consulted in the last 200 years.

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The Quebec society should be well advised to focus its energy and nationalism on the new rising world rather than on yesterday's world. Any people in 1996 would prefer to be part of the G-7 countries, that have a lot of influence over the evolution of our world and exercise real leadership over the rest of the world. Any people would obviously prefer that.

By the way, during 18 of the 20 years the G-7 countries have existed, Quebecers have led the Canadian delegation. Last June, at the Halifax summit, Jean Chrétien, from Quebec, played host to heads of state; André Ouellet, who was the member for Papineau—Saint-Michel before me and who had a remarkable political career, welcomed the ministers of foreign affairs; and the Minister of Finance, another member of Parliament from Montreal, greeted his counterparts from the other G-7 countries.

So, these three Quebecers have, in a sense, the opportunity to work closely with people in Washington, Tokyo, Bonn, London and Paris, and I am proud to be part of a nation that is carving out a place for itself in this world.

• (1140)

Far from preventing the Quebec society from integrating into the world, Canada is letting Quebecers play a role in international relations which they could not have if Quebec and the rest of Canada did not maintain the remarkable international reputation they have built together.

For instance, because of its dynamic presence within the French-Canadian community, Quebec can promote the growth of the French language both at the national and international levels. My role as Minister responsible for Francophonie helps me see Quebec's constant contribution to the French-speaking world. Nevertheless, the Canadian francophone community is not limited to Quebec, and it is our duty to also give this community a voice in the world.

It is only because it is part of the Canadian federation that Quebec meets the geographic criteria of the Asian and Pacific Council, an organization that is crucial to our relations with several economies which, in these times, are experiencing the most remarkable economic growth. Included in the growing industrial sectors in that region are several sectors where Quebec has a major competitive advantage: telecommunications, transportation, energy and development infrastructure.

Quebec must no longer exclude itself from Team Canada missions and from the economic and trade advantages that these missions bring to our businesses. Canada's reputation and the strength it gets from the association of the economic and political leaders of a great country, which is an influential player within the

major and even the most exclusive centres of power, open a lot of doors and create a lot of business opportunities.

Quebec needs to be recognized by the rest of Canada. It needs the recognition of its unique mission in North America. This recognition must be reflected in the attitude of all Canadians and must find its place in the Canadian Constitution. But to fulfil its mission, Quebec needs all the advantages that come with being part of the Canadian federation.

[English]

To rejuvenate and revitalize Canada, that is our mission, my mission. We have to address the real underlying issues and not limit ourselves strictly to the legalistic formalities of constitutional process, however essential this process might be.

We need a new language, a new master plan which begins with a solid understanding of our common interests. The new generation in all regions of Canada must express its determination to overhaul federalism by renewing it, not dismantling it.

Obviously Quebec has a special contribution to make to that new Canada. Its distinctiveness in economic terms is certainly a worthy contribution. Obviously Quebec has a special contribution to make in cultural terms. Quebec is an asset in a world that is shrinking and the French language is an asset in many foreign markets in Europe, Africa and Asia.

For decades our constitutional debates have been inward looking, this region against that one, this linguistic community against that other one, individual rights versus collective rights. We need to give much more attention to the opportunities and threats from the outside world.

I remain convinced that when we re-establish dialogue among ourselves and look together at the outside world we will realize that we have more in common than we think, certainly enough to build solidarity, to maintain common institutions and a common country. We will certainly find we have enough to be generous toward Quebec and its special mission in this country and on this continent.

If enough people in the new generation everywhere across Canada accept this formidable task their creativity, their tolerance for our differences will in the end reinvent federalism.

The centralized nation state of the 19th century does not really excite Quebecers, and a majority of them will always choose an updated thoroughly rethought federalism over an ambiguous and doubtful sovereignty.

• (1145)

The 21st century will be the century of integration of societies similar to what the Europeans are now building with some difficulty. Despite the hesitations, despite the lamentations, the European

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Union is the future of Europe and Europe moves toward federalism as it approaches the next century. As Alain Minc, a respected French public figure told us last fall commenting on the European difficulties, le Canada c'est notre rêve, Canada is our dream.

Canada has a long tradition and much valuable experience in the accommodation of integration with distinctiveness. It can make a remarkable contribution to the 21st century as an example of tolerance, justice and democracy. Canada could continue to play a role in world affairs which divided we cannot play. Let us modernize what we have. Let us adapt it to the challenges of the next century.

If Canada did not exist today the chances are we would be working hard to create it. Let us work just as hard to reinvent it. Every generation of Canadians in a sense did so in the past. It is the task facing our generation and Canada deserves a victory.

[*Translation*]

Mr. Benoît Tremblay (Rosemont, BQ): Mr. Speaker, I must begin by congratulating my neighbour, the hon. member for Papineau—Saint-Michel on his election. If he has been elected, it must mean the campaigning is over now, something I think he has forgotten.

During that entire campaign, the minister who was then a candidate refused to take part in an open debate. Now he is in the House, and here there has to be debate. He cannot make just any old statement without some reaction. Those are the rules here. When a person claims to be an expert in international affairs, he has to be able to prove it. I want to give him the opportunity to do so.

The minister is dazzled by Canada's performance, with an unemployment rate that has gone from 11.2 per cent to 9.6 per cent since 1993. Could he explain to us how our American neighbours, with whom we do 80 per cent or more of our trade, have managed during that same time to have an unemployment rate of 5.5, 5.6 per cent? If this is lotus land, it must be an absolute paradise on the other side of the border.

There are other things that more important, or equally important. We are told that people found this to be a wonderful budget. Does that go for the tens of thousands of people who moved from unemployment insurance to welfare while the federal government was cutting benefits and increasing contributions to such an extent that it created a \$5 billion surplus in the unemployment insurance fund, shifting tens of thousands of people onto welfare rolls and then washing its hands of its responsibilities to the provinces? The federal government has traditionally paid 50 per cent of welfare costs. That is no longer the way things are, however. The federal government abandons the unemployed to the provinces, but no longer assumes part of the costs.

As for political matters, I am obliged, unfortunately, to recognize that the member for Papineau—Saint-Michel truly represents

Liberal Party tradition in this House. Perhaps his speech was prepared before last weekend's meeting of the Liberal Party of Canada in Quebec, because they just buried the constitutional debate by a sort of unanimous motion, which was also approved unanimously by all the federalist allies of the Liberal Party of Canada.

So we are in a position where a little knot of Quebec Liberal members—thanks to the Bloc now, we can show that it is a little knot of federal Liberal members—alone is right. This reminds us of something. They alone are right. They are open minded. They represent Quebec's identity.

• (1150)

Well, I think the minister is going to have to take reality into account. The reality is that nearly 50 per cent of Quebecers voted for sovereignty. This is major progress. The minister adds "sovereignty-partnership". Of course, of course, we are modern. We are modern my friend, and we know it.

The minister should remember that it is thanks to Quebec that Canada adopted free trade. More than anywhere else in Canada, we are open to things modern and to international trade. It is very clear. It is also clear that we are open to partnership.

I welcome him. It is a welcome that promises vigorous debates, because it is clear that, on this side of the House, we very definitely do not share the vision of the member for Papineau—Saint-Michel.

Mr. Pettigrew: Mr. Speaker, I thank my hon. colleague from the riding next to mine for this opportunity to participate in the debate. I would like to mention that I had the occasion to debate during the last campaign and everybody agreed that it was fortunate for my adversary that there was no other debate because the score would have been even worse.

Some hon. members: Hear, hear.

Mr. Pettigrew: You asked about unemployment because I was applauding the fact that it has declined.

In Lille recently, there was a conference of industry and labour ministers during which President Chirac asked a very interesting question. He said: "Is there a third method, half way between the American way, where jobs are created very rapidly and social programs are almost nonexistent, and the European way, which is extremely rigid, where social programs are on a much larger scale, yet where job creation has been stagnant if not regressing for the last few years?"

The answer is: Canada. We talked about that with President Chirac. Canada is the third way between European rigidity, which leans more toward socialism, and the American way, which leans more toward the free market but does not adequately protect its people.

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I am extremely proud to say this Canadian way, this third way in the world, is the method that the Liberal government has supported year after year for the last few generations.

You say you are surprised that the electorate appreciated the budget. I was right there campaigning, my friend; I saw the constituents and I knew, the minute the budget was brought down, that the election was won because they were reassured about pensions. Let me remind you that we have brought the Liberal Party score from 52 to 60 per cent and that the Bloc Quebecois went from 39 to 34 per cent.

Mr. Bellehumeur: Let us not forget Lac-Saint-Jean.

Mr. Pettigrew: The Liberal Party's performance also improved in Lac-Saint-Jean where it received 8 per cent more votes. We were very proud of that fact.

I want to speak about what happened last weekend. It takes real intellectual dishonesty not to recognize, in the resolution adopted by the party at that meeting, that the objective of the Liberal Party of Canada is to have the resolution defining the principles of the distinct society enshrined in the Constitution. That is what the resolution that was voted on said.

In fact, I cannot understand this sudden attachment to the words "distinct society", which our friends across the way have always despised. As a Quebecer, I can tell you that I am perfectly prepared to work with you toward enshrining distinct society in the Canadian Constitution. But do you really believe that the words "distinct society" truly reflect the reality, when, just a while ago, you were telling me that it was an empty shell?

Enough is enough; such hypocrisy has to stop. It is no use crying over something you have already rejected. Do not interfere with our work and, hopefully, we will find better words, if those ones do not adequately reflect what the rest of Canada thinks. What I want is for Quebec and the special, unique, particular and distinct role it plays in Canada and North America to be recognized by the rest of Canada and enshrined in the Constitution. I got into politics to see this Canada emerge in the next—

• (1155)

The Deputy Speaker: I regret to interrupt you, and I would like to ask our new colleague to please address the Chair, and not his colleague opposite. The question and comment period will be shared by two speakers, starting with the hon. member for Calgary Centre.

[*English*]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, first I would like to compliment the new Minister for Intergovernmental Affairs on his maiden speech in the House of Commons.

I found myself agreeing with a lot of what he said in the latter part of his speech. I do believe in Canada and I do believe in

federalism. I would certainly hope that both the Liberals and the Reform Party can work together to hold this country together because it is worth saving, unlike what the Bloc Quebecois would like to do with this country.

Having given him high marks on that part of his speech, I feel now that I will hit a little bit around the belt. I have to give him an *F* on finance because he said two things in his speech which I take exception to and which I would like him to elaborate on.

He said that the government has tackled the spiralling deficit and that solved the problem. I do not know how much the member understands about finance, but if he feels that by continually spending more money than is brought in and by continually adding to the debt that the problem will be solved, then I feel he had better revisit his math courses.

While he brags about the deficit going down from \$42 billion to \$37 billion to \$32 billion to \$24 billion, he fails to say that the debt is going from \$508 billion to \$545 billion to \$578 billion to \$602 billion. He may brag about a \$24 billion deficit next year, but the debt will have increased to \$578 billion. The year after where the projections are really fuzzy, he states a deficit of \$17 billion and the debt will be \$602 billion. The problem is the debt and the interest costs to service the debt. I would like his opinion on that fact.

This second point surprises me. He said that in the last three budgets the government has not increased taxes. Well, he just got here yesterday and I have to tell him that the government has increased taxes. Before he replies to that, let me point out to him that when this government came in, the revenue was \$116 billion and is projected to go to \$141 billion.

When he stands in the House of Commons and says that the government in its last three budgets has not raised taxes, he has been given false information. He has not researched the information. It is a disservice to the Canadian public to tell them that taxes have not been increased.

In answer to me he will then have to say that all this extra revenue has come from a growth in the economy and that there has been nothing done in the income tax system. There have been no excise taxes introduced, no taxes on seniors, no taxes on anything.

Before the member answers, he had better make sure he has the correct answer because the answer will stay with him for the rest of this Parliament.

I would like the member to answer those two questions because the budget does show that there are taxes.

Mr. Pettigrew: Mr. Speaker, first allow me to thank my colleague from the opposition for his offer of collaboration to recognize this great country we have and to do everything we can to accommodate every major partner of it. It will be essential and important that we all work together.

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Members will know that there is an important majority of Quebecers who want us to adapt federalism to the new needs they have and to the needs of the 21st century. I can say that there is a great majority of Quebecers who would be very happy to see what develops in the next few months.

It is true that all major partners of this federation need to feel more comfortable in this country. We have to respect each major party of the federation for the contributions each makes to the federation. That is true for the regions as well.

Quebec has a special mission in the country. It contributes some elements that are unique to the personality of the country and to the identity of the country.

Mr. Penson: What area does not?

• (1200)

Mr. Pettigrew: That is true. However, I am talking about the linguistic distinction in Quebec which is a major asset. In business, when one deals with foreign markets, the fact that we have a bilingual country is an extraordinary asset. It gives us a special voice in world affairs. We are all very attached to it. We need to make sure we protect that voice in our country.

I am delighted to now turn to finances. I come from the business community, which I do not miss, but I am delighted to talk to members about finances. I am extremely pleased to explain to my colleague that 6 per cent of the gross national product was the deficit when we arrived in 1993. We are moving to 2 per cent. We have gone from 6 per cent to 2 per cent for the first time in our history. This is extraordinary. We are now—

[Translation]

The Deputy Speaker: Unfortunately, the hon. member's time has run out.

[English]

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I will be splitting my time with the hon. member for Peace River.

I rise on behalf of the people of Okanagan—Similkameen—Merritt to respond to the annual budget proposed by the Liberal government. My constituents and I are very pleased and anxious to reply to what we have heard.

The people in my area of the country want to hear something that would be of some use to them, for example, paying the mortgage on their homes, keeping them gainfully employed, contributing to their RRSPs, among other things. In fact, the people at our town

hall meetings in Grand Forks, Merritt, Oliver and Penticton cited unemployment, crime and taxes as their major concerns.

I can hardly express the eagerness that the people of Okanagan—Similkameen—Merritt feel in terms of their willingness to work toward getting the nation's financial house in order. In the smaller communities in my riding the people know that their financial security and that of their families can be realized in a healthy, prosperous national economy.

The people who write to me or speak to me at town hall meetings and other events throughout the riding express a high measure of confidence in our ability to eliminate the federal government's annual budgetary deficit. This would create jobs for Canadians.

A recent poll indicates that some Canadians feel that deficit elimination measures would increase unemployment levels. Nothing could be further from the truth. Interest rates would fall. More economic opportunities would result for small business. More job opportunities would be created. Tax relief would become a reality.

The people in my riding have made it very clear that they support the Reform Party's plan to give economic stability and tax relief to Canadians. In turn, Canadians would be able to confidently plan their futures.

Canadians want to be able to buy a new car or house or plan a vacation or contribute to their retirement funds. Too many Canadians are in the position of just making ends meet or trying to pay off what seems to be the never ending credit card balance.

The Liberal Party of Canada should listen to this voice of confidence that is coming so loud and clear from western Canada.

My constituents and I are concerned that Liberals are afraid to eliminate the deficit. Reform members, following what we have been told by Canadians, are prepared to eliminate the deficit. We know that the federal government must abandon the old tax and spend types budgets. We know that governments should make it possible for the private sector to create jobs.

Canadians know that successive Liberal and Conservative governments over the past few decades have failed in this regard. They have failed to create jobs. It has been shown clearly that job creation must come from a healthy private sector.

• (1205)

My constituents and I know that the Liberals have different ideas. The government's annual budget is supposed to flow from the people to the government. The Reform Party continually tries to drive home to the Liberals what Canadians are saying. The people in my area of Okanagan—Similkameen—Merritt have been specific when they speak of what should be the economic agenda for our nation.

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During the extended recess in this place for most of the winter months, when the Liberals decided there was no work to do probably because it was too cold, I met with many of the constituents from Okanagan in British Columbia. In fact, while the Liberals were sitting close to their wood stoves getting warm I managed to hold town hall meetings in my riding.

The people told me that they are concerned about personal security. What they are talking about is first, good jobs; second, higher incomes resulting in lower taxes; third, safer streets; fourth, social security programs they can count on including health, education, pensions; fifth, political stability.

Following the unveiling of the Liberal Party's budget we now have some measure of the great distance from these priorities the Liberals have placed themselves and the federal government. The list of priorities I have just read is far removed from the priorities the Liberals have established for the government to pursue.

In the city of Penticton in my riding during the month of January 1996, \$4.48 million was paid out in unemployment insurance. In 1995 about \$34 million was paid out in UI; in 1994 \$43 million; in 1993, \$45 million was paid out in UI.

The Liberals are very proud of this type of reduction in UI payments. They try to cite their election platform of jobs, jobs, jobs, their infamous infrastructure program and their deficit reduction measures as being responsible for the drop in UI payments in my riding.

The other side of the coin is the increase in the number of social assistance recipients in the same area in my riding. The provincial government has changed the criteria for receiving social assistance and the federal government has tightened the qualifications for receiving UI payments. The figures I received from my constituency, which are a matter of public record, show clearly that the people who were formerly unemployed are now receiving social assistance. The apparent drop in UI payments is not an increase in the employment level at all.

In addition to what I have just said, there is a large opportunity to create jobs in the Okanagan valley. This is true of our nation as a whole. Deficit reduction will lead to higher employment levels and in the smaller communities such as in my riding in places like Princeton, Merritt, Okanagan Falls and Grand Forks.

Deficit reduction will lead to higher investment. International investors will have confidence investing in the economy once our financial house is in order. Canadians will determine that investment at home is more attractive than investing abroad. The private sector will be able to expand along with higher investment levels. The private sector will be able to create long term, high quality, sustainable jobs. That is what we need in this country.

For example, people speak to me about making contributions to their RRSPs. They note that only 20 per cent of their investment

can be placed in foreign investments. In the majority of cases, Canadians feel that foreign investments are most attractive. This situation should be reversed. Canadians should be expecting to get equal or better results, a better return on their money, by investing at home.

What is worse is that affluent Canadians with a great deal of money to invest are investing in offshore ventures in order to escape the taxes they would be required to pay if they chose to invest in Canada. An example of that is the Liberal finance minister, a classic case of a Canadian evading taxes by registering his company's vessels offshore.

• (1210)

Canadian Press reports the Liberal minister's steamship company, held in blind trust, has six ships registered in tax free havens. One of these ships was built in 1982 with the help of a 9 per cent federal government subsidy. The president of the B.C. Federation of Labour says that this is "precisely what is wrong with the tax system. If the people started paying the taxes already in place, we would not have a deficit problem".

The Liberal finance minister, by registering his ships offshore, escapes paying Canadian taxes—

Mr. Arseneault: Madam Speaker, a point of order. When members enter into debate they must remain on a subject. They must deal with the administration of government.

The member has quite clearly pointed out in his speech that what he is discussing is in a blind trust. It has nothing to do with this government. He should get back on to the subject. His constituents would appreciate that. The Speaker has already ruled on that matter.

The Acting Speaker (Mrs. Ringuette-Maltais): Resuming debate. The hon. member has one minute left.

Mr. Hart: Madam Speaker, I appreciate that. The point is that the finance minister's company made \$10.2 million profit in 1989 and \$12 million in 1990. All Canadians would agree that there were millions of dollars in taxes that ought to have been paid here on a profit of over \$20 million.

With that, I will conclude because I want to be sure that today's time was spent on delivering the response of the people of Okanagan—Similkameen—Merritt to the Liberal's budget without being overly critical of the Liberal Party of Canada.

Mr. Alex Shepherd (Durham, Lib.): Madam Speaker, I was very concerned about the attacks on the Minister of Finance. It is just more of the same from the Reform Party.

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As I understand it, the company of the Minister of Finance has 17 out of 21 vessels registered under Canadian ownership. The company pays taxes. The minister made that statement in the House. It is unfortunate that the Reform Party refuses to take that into consideration. The lack of acknowledgement of facts is not peculiar to this issue. It is common in the Reform Party.

The member said that no jobs are being created in the country. It would appear that from the time Reform members were elected in 1993, they stopped reading, they stopped understanding and they stopped looking at Statistics Canada.

We know that over 500,000 new jobs have been created in Canada. Why speaker after speaker gets up and says: "Jobs, jobs, jobs. You never create any jobs" is beyond me. Can I send you some Statistics Canada productions? The last quarter has had a major net increase in job creation as well. This seems to be the rewriting of history which is common in the Reform Party.

He also talked about when the House was down, he was out running around the country and how the rest of the members in this House were doing nothing. I find that an insult, quite frankly. I was conducting town hall meetings and talking about the Canada pension plan with my constituents. We were looking for real solutions to real problems.

He talked about the concerns of people in his riding in paying their mortgages. He could have gone on to say that through the mandate of the government, real interest rates have declined significantly. Those mortgage payments are a lot easier to pay today than they were in 1993.

I would like to mention two items that are of interest to me, credit cards and the RRSP component being 20 per cent foreign mandated and perhaps it should be more than that.

Do members imagine that taxpayers should subsidize people to invest in other countries? I would have thought they would have been arguing the reverse, that we should reduce the 20 per cent foreign component of RRSPs to encourage more investment in Canada and to encourage small and medium business formation. However, not the Reform Party. The Reform Party seems to think it is quite fine to have that investment capital flow outside of our border to be invested in the United States. It would create jobs down there I suppose.

• (1215)

The member mentioned credit cards. One thing that concerns me is the growth of consumer credit in Canada. We know that 93 per cent of disposable income is now paid toward debt repayments for the average individual, which does not include taxes. It is being paid to banks, to financial institutions, et cetera.

Would members of the Reform Party agree that is an alarming level of credit, that we need to curtail credit spending by individu-

als and possibly the extent of credit financing by some of our financial institutions?

Mr. Hart: Madam Speaker, on the question on foreign investment, my point was quite clearly that this is what Canadians are saying. They are trying to find ways to get more than the 20 per cent. I am not suggesting they should. I am saying it is the government's responsibility to somehow turn that perception that the better investment is a foreign investment.

I think Canadians want to feel the best investment is right here in Canada. The hon. member is trying to twist, as the Liberals in the House so many times do.

I will answer the hon. member's many other questions. The answers are no, no, no, no and no.

Let us consider some other issues such as what the Liberals could have done and what they did not do. The hon. member sits there smugly while in the budget the Liberal government has attacked the seniors in my riding and seniors across the country with a tax grab on seniors, while the members opposite sit there and smugly hold on to their own MP pension plans.

Take a look at what the Liberals did promise. The Liberals made a promise during the Quebec referendum and into the run-up to the budget. The Prime Minister repeatedly assured Canadian seniors their retirement incomes were safe. In a supplementary document entitled "The Seniors Benefit: Securing the Future" the government restated these claims—

The Acting Speaker (Mrs. Ringuette-Maltais): Sorry, your time has run out.

Mr. Charlie Penson (Peace River, Ref.): Madam Speaker, I am pleased to have the opportunity to address the House on the the 1996-97 budget.

The problems associated with federal overspending is what brought me and many of my Reform colleagues into politics in the first place. We recognized that the ballooning federal debt was to endanger the livelihood of most Canadians. If something was not done quickly it would endanger the programs delivered to Canadians who need them the most.

Canadians threw out the Conservatives in the 1993 election because they were fed up with the high spending legacy of the Mulroney Progressive Conservatives and because they were deeply concerned about our debt problems.

Imagine my surprise when travelling through Dallas last week. I picked up a copy of the Dallas-Fort Worth newspaper and I read that the Right Hon. Brian Mulroney was to be giving a keynote address in Fort Worth.

The introduction in the newspaper suggested the Right Hon. Brian Mulroney, former Prime Minister of Canada, will present the keynote address to Tarrant Export 40 awards. It went on to say

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that Mulroney was a decisive Prime Minister credited with correcting his nation's disastrous economic course.

Imagine taking credit for something, the exact opposite of which he did, when he had the chance as Prime Minister. It seems that is why there is so much disillusionment with politics in this country.

• (1220)

Brian Mulroney and the Conservatives were elected in 1984 to clean up the mess that was left by the Liberals who had created some \$200 billion of national debt. What did he do when he had his opportunity? He doubled that amount. Taxpayers were much worse off after the Mulroney legacy and not vice versa, as he would claim.

I am convinced that if it had not been for the presence of a number of new members in the House, Reform members and some Liberal backbenchers who were elected in the 1993 election, the finances of the country would even be worse than they are today.

We have had some cuts. I think we can take credit for that, those of us who came here in 1993. We were a breath of fresh air in Parliament.

I know that cuts hurt. My riding of Peace River has made quite a few sacrifices in order to reduce federal government spending. However, as painful as these cuts have been, it is tragic that absolutely nothing has been accomplished through them. The cost of servicing the federal debt has grown. We have had a lot of pain but we have not had the gain to go along with it.

As part of federal cost cutting measures in last year's budget there were a number of things cut back in the riding of Peace River. The weather service was cut. Twenty-one jobs at the Beaver Lodge agriculture research station were cut. Air traffic control jobs were lost in the city of Grande Prairie. We lost jobs and services. However, I think Canadians are prepared to make those sacrifices.

There was a real human cost. Nothing can make up for those personal sacrifices made by the people in my riding, but it would have been nice to know that at least the cuts were worth it, that their loss and the loss of people like them had made a real difference in turning the country around. All that happened was the debt grew and the cost of servicing the debt also grew.

Cuts in last year's budget amounted to \$4 billion. That is exactly the amount the national interest on the debt increased by. It was all lost to increased interest on the debt.

Not only is Canada threatened by members of the Bloc who want to take Quebec out of Canada, the country is also threatened by the

Liberal government. It is not being responsible in getting our finances in order. It is putting the country at risk.

If we look at a pie chart of the budget, the biggest part of the pie would go not to the poor, not to funding for our health care system, not to maintaining our educational institutions; it would go to the increasing cost of servicing our national debt. That is absolutely shameful.

Before the government came into power we were spending \$38 billion a year on interest payments to service the debt. That has grown to \$42 billion in the past year and under the 1996-97 budget it will rise to \$48 billion. There has been a \$10 billion increase in the interest on the debt during the three years the Liberal government has been in power. That is tragic.

I believe the picture could have been entirely different. There is an awareness in the country that the deficit and the debt must be tackled. I think the public is far ahead of the government on this issue. The deficit and the debt must be tackled quickly and decisively. Half measures will not do because increasing debt servicing will simply eat up the cuts that are being made.

Provincial governments have received the message. Provincial governments across the land have taken the fiscal problem seriously. They have set firm targets and dates for eliminating their deficits; not reducing them, eliminating them.

The federal government is now the only government in the country which has not set deficit elimination targets. The government talks about rolling targets from year to year. What is the date the government will have a balanced budget?

Without a goal and a target date the people of Canada who are bearing the brunt of the cuts cannot hope that the government will get to where it is supposed to be going.

I would like to speak about my home province of Alberta. The government there is trying through a survey to decide what to do with this year's budget surplus. That is something we have not heard much of for a long time at the federal government level. The Government of Alberta is trying to decide whether to cut taxes or pay down the debt. Soon provincial governments all over Canada will be in the same position.

Not the federal government. Instead it has offloaded its problems to the provinces by reducing block funding for health care, welfare and advanced education. In effect it is asking the provinces to do its dirty work for it.

What is the situation in Alberta? As I said, this year we have a budget surplus. We have growth in the economy. We have the lowest unemployment rate than any other place in the country and we are starting to pay down our provincial debt. This province has made a difference. B.C. and Saskatchewan are currently on the

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same track and all provinces have recognized that is the road we have to take. Not only do we have to start reducing deficits and get to a balanced budget, we have to start paying down our national debt.

• (1225)

This is not the first time Canada has found itself under a staggering debt. Right after the second world war Canada had a debt larger in relation to our GDP than we have now, but there were special circumstances. That debt had been incurred because of the great depression of the 1930s and to finance the war effort. It took the Canadian people with their shoulders to the wheel 25 years, a lot of hard work and a lot of will, to pay off that debt.

We know this did not last very long, however, because the Liberals came to power and especially under Prime Minister Trudeau started another spending spree and the spiral started all over again. By the end of the Trudeau era we had built it up to \$200 billion again. Unfortunately the current Liberal government is still adding to our debt.

On March 6 the finance minister tabled his third budget. Like his other budgets, it did nothing to address the problem of the debt which now stands at \$578 billion. To service this debt Canadians will have to pay almost \$40 billion in interest payments this fiscal year.

That sounds like a big number but I would like to put it into perspective. Fifty billion dollars translates into \$4.2 billion each month which translates to \$137 million a day in interest payments. The average Canadian taxpayer pays \$3,700 a year just to cover the interest on debts. Taken as an average of their monthly cheques, it amounts to \$309 million a year.

The third budget of the finance minister is no better than the others. It brings us the pain but no gain. We need balanced budget legislation. We need a firm date. It will happen only when in all corners of Canada where Canadians have made sacrifices they come to some kind of fruition through a government committed to a balanced budget and to pay down the national debt. It has to happen.

Mr. Walt Lastewka (St. Catharines, Lib.): Madam Speaker, I listened intently to the hon. member for Peace River and I appreciate some of his comments and the work he has done in his riding.

On a number of the issues I am not sure it was very clear whether he understood that for every \$7 of expenditure reduction there was only \$1 of tax balancing out that went into the budget. I am not sure whether he appreciated that expenditures had been cut over time and that working on the deficit is a prime concern and then working on the debt.

As he mentioned, a number of people were affected in his riding with the cuts. That is part of the expenditure cuts by the

government. Is it his view that the cuts should have been harder on the people or that we are going in the right direction and we have to take care of the deficit before there is any impact on the debt?

By having this planned approach allows people to adjust. I am concerned by the hon. member's remarks of cutting more. Does that give people and businesses enough time to adjust?

Mr. Penson: Madam Speaker, I thank the member for St. Catharines. I think we agree on a number of areas. I give credit to the government and the finance minister for tackling the deficit problem.

However, where I have difficulty is I do not believe they are going quickly enough to get to a balanced budget. That is the point I would have in debate with my hon. friend from St. Catharines.

We have to look at two experiences of where governments actually moved to balanced budgets and see what the consequences of those were, in Alberta and in New Zealand.

My home province of Alberta has tackled the balanced budget initiative in three years. In fact, it came out ahead of schedule and we are now starting to get the reward and the province of Alberta is beginning to pay down its provincial debt.

• (1230)

What happened during that time? How tough was the hardship? We heard a lot of concerns. I know that Ontario has similar concerns right now. If we ask the average person on the street what difference they felt and how severe was it three years afterward in terms of the cutbacks to their personal lifestyle or their operation in business, with the exception of health care in Alberta, most people hardly noticed it was taking place. In fact, many people felt it was long overdue.

There was a consolidation of school boards. For example, school boards which had been put in place in the 1930s during the horse and buggy era now were no longer needed with modern transportation and communication. One school board was consolidated from three or four and in fact was even more effective because it had a little more buying power.

We need to work quickly. We need some reward at the end. There needs to be a light at the end of the tunnel. By continuing to drag our feet on this we are feeling the pain because we are making all of these sacrifices to increase debt servicing.

The example I used was that \$4 billion in spending cuts last year, which I compliment the government for but I believe should have been more drastic, were just eaten up by the increased interest on the debt.

If anyone is under the illusion of how severe this is, think in terms of the size of the interest on the debt and how quickly it is growing as a proportion of our budget. We should be alarmed by

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that increase because it is threatening very important social services such as health care and old age security.

The hon. member has asked if we need more time to adjust. My assessment would be no. The Prime Minister of New Zealand during the time of the crash in 1982 advised to go as quickly as possible, because the faster we get there the quicker the rewards take place and then small business will be able to create jobs as confidence in the economy grows again.

[*Translation*]

Mr. Guy H. Arseneault (Parliamentary Secretary to Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Madam Speaker, please note that I intend to share my time with the hon. member for St. Catherines.

I am very pleased to rise today to speak to the 1996 budget. I would first like to congratulate the Minister of Finance. This budget and those tabled by the minister in recent years have always met and often exceeded the government's financial objectives.

The finance minister's budgets work together to help the people of Canada protect their future. To that end, the government has focused its efforts on four primary objectives: maintaining social programs for future generations, ensuring our financial future, rethinking the role of government, and investing in our future.

Although numerous measures will be necessary in each of these areas, today I want to concentrate on those I see as the most important.

[*English*]

One area I am concerned about in the federal government is in securing our social programs for the next century. I know this is a large area to look into in my short 10 minutes but I want to concentrate today on the employment insurance program and go back a bit to when it was first presented in December.

At that time a number of problems were identified. Even before those problems were identified, the minister in his presentation of that proposed employment insurance bill indicated to the House that he was willing to make changes that would be equitable, changes that would be based on common sense. From that time on the Liberal caucus and members of the Atlantic caucus especially have indicated to the minister a number of changes which have to be made.

• (1235)

There is no doubt that the status quo is unacceptable. In my riding constituents have come to see me over the years. They indicated that the unemployment insurance program was not

adequate and it had to be updated and modernized. They indicated where the problems were.

I know from personal experience when dealing with a layoff at the Atholville mill and the Dalhousie mill that every time we wanted to have some flexibility in the program we were told it was impossible because the Unemployment Insurance Act did not permit us to do this or that.

I am very pleased to see the government has decided to modernize the UI program. I am also very pleased to see the government has agreed to make changes. The minister from Acadie—Bathurst has decided to listen to the committee. I hope the committee will come up with some good amendments.

I congratulate the members for Fredericton—York—Sunbury, Halifax West, and Etobicoke—Lakeshore for the positive amendments they have put forth in that committee so far. Our commitment and amendments should help clarify the intensity rule by making it more equitable, especially for low income families, as you are so much in tune, Madam Speaker, with regard to alleviating their status at the present moment.

I should also point out another amendment that will be made with regard to the divisor rule. The hon. member for Halifax West has already indicated that he is ready to look at the divisor rule and to link it to the UI rate rather than the flat 20 weeks. That should again alleviate some of the problems that have been put forth or identified in the present bill.

The other thing that should be pointed out is the tremendous job the hon. member for Fredericton—York—Sunbury has done on this dossier altogether on his amendment with regard to the going back 26 weeks for UI eligibility and the counting of hours.

In all of this debate some of the positive things in the bill have been put aside and not emphasized enough. The area of counting of hours for qualifying rather than weeks is going to be positive. It will allow people to qualify sooner. It will allow them to qualify for longer periods. It would also be a way of guaranteeing that all hours count.

The other thing that is important on the other side is the flexibility it will give to the programs. I should mention here the transition fund which will go to high unemployment areas. The government has identified \$300 million which will go into that fund and the investment fund, the permanent programs, the \$800 million which will be put forth to help create more work.

We realize that the changes are not perfect but what I want to emphasize again is that the government has always been listening and has reacted to the concerns that have been brought up by members of Parliament and especially members of Parliament from the Atlantic region.

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[*Translation*]

The 1994-95 budget measures will help us achieve our deficit reduction objectives for 1995-96 and 1996-97, namely 3 per cent of GDP. The 1996 budget guarantees that the government deficit will go down to 2 per cent of GDP in 1997-98. The deficit will have fallen from \$42 billion in 1993-94 to \$17 billion in 1997-98.

There is no increase in personal or corporate income tax or excise taxes in this budget. Finally, there have been no personal income tax hikes in the last three budgets.

[*English*]

It is very important to underline the fact of no new taxes because that is what the people have asked us to do. That is what we have heard in our ridings and in the meetings we have had with constituents, from letters and phone calls we have received. People did not want to have an increase in their taxes. The government has responded in a positive way.

The priority area the government has seen fit to work on is getting government right. In this case the budget takes continuing action in reducing waste and inefficiency and in redefining and redesigning the government's programs and activities. Program review, phase one, phase two, it is ongoing. The government has indicated publicly that it will continue that program review to make government more efficient and to cut out a lot of the duplication that exists.

• (1240)

Working at delivering better quality services at lower costs to the taxpayer is what we want. Government must not only spend less, it must spend more wisely. An example of that is in my own Department of Canadian Heritage where a Parks Canada agency will be set up as a form of alternate delivery of services. In that case the agency will continue to report to the Minister of Canadian Heritage but it will allow for the services and the flexibility to be provided in each individual park. It will allow local parks to adjust their mandate to the local situation and to do that in a fashion that is speedier and more efficient.

Our government has been providing the economic and social environment that will encourage the economic growth that makes new jobs possible. The government has worked at keeping inflation down which results in lower interest rates.

The government has also recognized that youth are our greatest natural resource and the key to our future. Since our election a number of programs for youth have been implemented, such as youth services Canada, youth internship Canada and the student summer job action program. In this budget the government continues to build upon the measures taken for youth in the previous budgets. We have provided for on the job training through the reallocation of \$315 million over three years to help create youth

employment opportunities. The budget also doubles the government's commitment to the summer career placement program.

With regard to Canadian heritage the minister has announced renewed funding for Radio-Canada International which was again a request from Canadians, again a sign that we have listened to Canadians. They told us that it was an important feature of our culture, that it was an important feature for Canadians. We have reinstated that funding to allow it to continue for another year. The minister is now searching for new ways of funding that service.

I should also point out that the minister has indicated to this House and publicly that a special culture fund is being set up to assist our cultural industries. That should be in place very shortly. The details will be announced publicly whenever they are ready.

[*Translation*]

I want to thank the Speaker for letting me speak this morning. I hope the hon. members opposite will applaud the Minister of Finance for bringing down a budget that will really benefit this country.

Mr. Nic Leblanc (Longueuil, BQ): Madam Speaker, I would love to congratulate the Minister of Finance for his supposedly excellent budget, as claimed by the hon. member for Restigouche—Chaleur. However, I find it difficult to do so, because I did not see anything very original in this budget.

Given that the tax burden continues to increase, that the deficit remains enormous, and that the debt continues to grow, does the hon. member agree that the government should go after the workers and the unemployed, particularly in New Brunswick, to collect more money? The budget provides that an extra \$5 billion will be generated through higher contributions and fewer weeks of unemployment insurance benefit entitlement for the unemployed.

At the same time, the government is reducing transfer payments to the provinces to the tune of \$3.5 billion per year. The extra money collected from the unemployed and the reduced amounts paid to the provinces total about \$8.5 billion per year. This is more or less the amount by which the deficit will decrease in the coming year. This budget is not about innovating.

• (1245)

It makes the same old mistakes. Moreover, it increases the burden of the poor and of the most vulnerable members of our society, including the unemployed, while making them pay so much in unemployment insurance contributions, and making small and medium size businesses, particularly in Quebec and in New Brunswick, pay so much more.

I really wonder how the hon. member can congratulate the Minister of Finance.

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Mr. Arseneault: Madam Speaker, I want to thank my colleague for his question. I would like to point out to him that the government has two priorities: to put our financial house in order and to create jobs.

To answer the question put by my colleague about our financial future, I would say that if he had reviewed the figures in the budget, and I will repeat them because I mentioned them in my speech, he would have obviously noted that the deficit for 1995-96 will decrease to 3 per cent of the gross domestic product and that it will continue to fall. By 1997-98, the deficit will have dropped to 2 per cent and it will continue to diminish until it gets to 0 per cent.

In 1993, the deficit reached \$42 billion. By 1997-98, it will have come down to \$17 billion. So, it is widely recognized throughout the country that the Minister of Finance is acting responsibly and putting our financial house in order. We are making progress. The figures we have here go to prove it.

In terms of job creation, I think the minister has identified new initiatives with one priority in mind, our youth. It is one of our priorities, our future, the future of our country. In my view, this is our most important natural resource. It is very important that it be identified as one of our priorities. It is the first time that a federal government has made a priority of this very important issue.

The hon. member made some comments about the unemployment insurance program, based, I think, on the act itself, which we are currently amending to help solve the problem he mentioned.

[English]

Mr. Walt Lastewka (St. Catharines, Lib.): Madam Speaker, I would like to thank the member for Restigouche—Chaleur for splitting his time.

Today we are debating the 1996-97 budget. I am pleased to have the opportunity to represent the city of St. Catharines in this debate. I want to focus my comments on creating jobs because that is what the budget is all about, creating the atmosphere and positive attitude for businesses to create jobs.

During the election in 1993, unemployment in St. Catharines and Niagara was around 15 per cent. Last year, it was below the national average of 9.1 per cent, still too high but moving in a positive direction. It is not due to government handouts. It is due to the open process for budget review, cutting red tape, working with small businesses, working with people, working with communities. By working together we have obtained economic stability, growth and deficit reduction.

The government ran on a platform of creating opportunity. Liberals believe that a federal government must work with Canadian business to provide the proper supports and to create a positive climate for economic growth. That is what I endeavour to do in my riding. I meet with local business people in St. Catharines every

week to try to find out how their businesses are doing, what they need to succeed and how government can work to help and not hinder business growth.

• (1250)

I was telling the House a couple of weeks ago about a company in my riding, Lincoln Fabrics, which has the ISO 9002 standard. This company is the first fabric supplier of this type in North America to achieve this high level of quality manufacturing and management. I am going to make sure that people, governments and businesses know about this achievement because it is companies like Lincoln Fabrics that set the industry standard. It is companies like Lincoln Fabrics that create jobs.

I met recently with two companies which make wood products. These companies are going to work with the EDC to sell 100 per cent of their manufactured wood products to Germany. This is a very important step for these companies and is an example of how governments can create the opportunity for jobs within businesses without throwing money at them, instead working with them. These businesses need information, they need contacts, they need people who can open doors. With this help they can expand and create jobs.

I have worked with a business from the greater Toronto area. It was going to move to the United States because of the duty hit it was taking on imported goods and the requirement of up front money, excess paperwork and administration. The government passed Bill C-102 which provides for duty deferral and a free trade zone system. Now that business is staying in Canada, keeping Canadians employed.

Bill C-102 is important for a lot of companies. In St. Catharines we compete directly with U.S. businesses across the border. They had a major advantage over Canadian companies because of their free trade zones. We have changed that. A group of St. Catharines' companies worked with me and with the finance department to make sure the new legislation was effective and useful for businesses.

Local companies in St. Catharines are also looking forward to benefiting from the government's Canada community investment program or CCIP. Communities and businesses outside major urban areas like Toronto, Halifax, Montreal, Vancouver, Edmonton and Calgary need help. Areas like mine have smaller populations with fewer businesses but they have very active business potential which needs the assistance of the Canada community investment plan announced in the budget.

I believe many local projects which could have created jobs have been lost because of lack of financing, venture capital and a co-ordinated community investment fund. For example, did members know that the inventor of the plastic hockey stick is from my area? What they may not know is that he could not obtain funding in Canada so he had to go to the U.S., which meant jobs in the U.S.

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How about the inventor of no-lead shotgun shells, John E. Brown, who was forced to go to the U.S. for funding, and we lost more jobs?

We must continue to find solutions to help Canadian inventors and entrepreneurs find risk and venture capital from Canadian sources. New programs like CCIP can help to create jobs. I have just outlined how government policies and programs through finance and industry have already benefited and will continue to benefit businesses in my area and areas across Canada.

The budget announced last month will continue to help business. It helps because it continues the path of fiscal accountability and stability. It helps because the bottom line is that the deficit must be brought under control in order to improve the Canadian economy and we are doing exactly that.

Canadians will not see a drastic slash and burn approach by this government. They will see an aggressive loyalty to bringing our fiscal house back in order. It took many years to create the deficit and it will take a few years to get in line.

In 1993 the deficit run up by the last government was \$42 billion or 5.9 per cent of GDP. This year the target is \$24 billion, which means the government will have met its target of 3 per cent of GDP. Meeting targets is very important. Next year with a deficit of \$17 billion for 1997, the debt to GDP ratio will be down to 2 per cent. This will put us in a position where the economy can finally grow faster than the debt.

• (1255)

As the finance minister said on budget day, it sets the stage for the first meaningful decline in the debt to GDP ratio since 1974-75. It sets the direction for meeting targets, building confidence and allowing people and business to make their home and business plans and build a better future for Canada and Canadians.

As I have just outlined, first and foremost government is putting its fiscal house in order. That is an important initiative the government can take to ensure the economic future of our country.

Action is being taken to directly foster job creation and growth in several ways. This year's budget reallocates \$270 million to encourage technology and innovation over the next three years. This includes programs like Technology Partnership Canada and expanding the SchoolNet program introduced in 1994. Every member in the House should be working with their schools to promote SchoolNet in their area. It is an investment in young people.

When talking about unemployment, the focus must be on youth. Not just because they are the future of our economic success, but because young people have a much higher rate of unemployment

than the overall population. In many cases it is their first job and it is very important.

The budget addresses the issues of education and improved job opportunities for youth. First, we have provided secure, long term funding for transfers to provinces which help to pay for post-secondary education. They asked for it and it has been given to them for five years, \$25.1 billion. The student loan programs have been expanded to provide financial assistance.

In this year's budget the government is providing an additional \$80 million a year in tax assistance to help students and their families with the cost of tuition.

Three hundred and fifty million dollars is being reallocated to help create jobs for young people over the next three years. This includes doubling the funding for student summer employment this year. The funds will also be used to help young people with the school to work transition. That can be a real barrier to getting a first job. This is in addition to the funding for the Youth Internship Canada and Youth Services Canada programs which have been very successful in my riding of St. Catharines.

There are many other items I would like to touch on, including the information from the Canadian Export Association on what the government has done.

In summary, I want to emphasize that the budget is about jobs. The government is working to create an economic and business climate so that jobs will be created, while at the same time being sensitive to the needs of our most important resource, people.

[*Translation*]

Mr. Philippe Paré (Louis-Hébert, BQ): Madam Speaker, I am pleased to take part in this budget debate. Based on the budget speech, it is possible to make an overall assessment of government action.

When we look at the action of this government, we are reminded of the old saying "all talk, no action". I will demonstrate this reality in two ways. I will compare the speech from the throne with the budget speech and I will also compare speeches that were made on Canada's foreign policy with the reality that this government is inflicting upon us.

The speech from the throne tells us that the government intends to withdraw from a number of areas under provincial jurisdiction. Four or five areas are mentioned, and members will recall that, in Quebec alone, the cost of duplication and overlap has been estimated at \$3 billion by the Bélanger-Campeau commission. So when we look at the speech from the throne, we have a tendency to think that the government is going in the right direction.

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• (1300)

But, at the same time, what do we learn in the budget speech? That the government intends to establish a Canadian securities commission when such commissions already exist in the major provinces, including Quebec.

The government says it will withdraw from the area of job training, but look at all the procrastination around this so-called withdrawal. We can see that it has really no intention of withdrawing from this area.

The government is establishing a committee of tax experts, but the experts it appoints to this committee are all certified accountants that are experts in tax avoidance.

So what are the government's real intentions when it says it wants to reform the Canadian tax system? We can have our doubts about that.

The federal government is creating a health services research fund. We will now have a new area where there will be duplication and overlap.

In the speech from the throne, the government says it wants to ensure the viability of social programs. Let us take a look now at what is happening in reality: \$7 billion cuts in transfers to provinces, and let us not forget that these transfers are for major services such as health care, income security and post-secondary education, that is colleges and universities.

It claims to be contributing to ensuring the viability of social programs by its unemployment insurance reform. Let us look at a few points here. With the UI reform, all workers start contributing with the first hour worked. So the little guy, the person who never contributed in the past, will be forced to pay into a fund, with no assurance at all of being able to draw anything out of it later on, of course.

At the same time, maximum insurable earnings are being lowered. Again the little guy will be forced to contribute, while the ones contributing in the past on up to \$42,000 will now contribute up to \$39,000, and yet the speech still claims the intent is to ensure the viability of social programs.

The government is more or less rifling \$5 billion from the unemployment insurance fund, still for the purpose of ensuring the liability of social programs, of course.

In the throne speech, the government claims to have finally controlled the deficit. Now, the 1996-97 increase in the debt is \$24 billion. Since this government came in, the debt has gone up by \$110 billion and yet it is patting itself on the back, claiming to have gained the upper hand over the deficit.

The government tells us in the throne speech "we will be making changes to Canadian federation in order to bring it more in line with what Quebecers and Canadians want". Their last invention, the principal homeland of French culture in North America, has

made them the laughing stock of everyone. We have only to look at the political cartoons and the newspaper editorials of the past two days. Everybody is making fun of it, and this is practically the only answer the government can come up with, since it is incapable of reaching a consensus within its own ranks on this question.

The second main element I am going to address, Canada's foreign policy, I will look at from two points of view: aid to developing countries and human rights. When the Liberal Party was in opposition, it criticized the Conservatives for their foreign policy, but it is interesting to compare the priorities the Conservatives set for themselves in *Sharing Our Future* and the Liberals' in *Canada in the World*.

The Conservatives set out their foreign policy under four headings: attacking poverty, helping people help themselves, promoting development and, finally, partnership in foreign policy, which was a key concept. What about the Liberal's famous foreign policy made public in 1995? When the document was tabled, of course, the Minister of Foreign Affairs spoke of the generosity and compassion of Canadians. While it is true of Canadians, it is not true of the government.

• (1305)

Now let us look at the facts. The three pillars of Canadian foreign policy: prosperity and jobs through trade, security for Canadians in a stable world—God knows it is not stable—and, finally, exporting our cultural products and values. They even dare to add, "to ensure our success in the world".

So the concept of generosity appears in speeches as does the concept of compassion, but when it comes down to really formulating a policy and stating it, it appears that everything is centred on trade relations.

We have a very typical case to demonstrate the failure of Canadian foreign policy. It is the case of a resident of Sainte-Foy, Mr. Tran Trieu Quan, who has been a prisoner in Vietnam for over two years. He is a businessman who made a business transaction. He was simply the intermediary between an American company, which went through its Canadian subsidiary to deliver cotton to Vietnam. He was simply the go-between. There were fraudulent dealings in the transaction. The Government of Canada knows he is not responsible. Interpol in Ottawa has shown that Mr. Tran was himself a victim of this shady deal, the company's scapegoat, but the Canadian government says it cannot do a thing to help Tran Trieu Quan to return home.

There are actions the government could take. Remember that the Prime Minister, in his first trip to the Asian Pacific, signed, among other things, an agreement for a co-operation project with Vietnam worth \$36 million. Just as the Prime Minister of Canada was about to sign, he could have set his pen on the table and told his Vietnamese counterpart: "I would be very happy to sign this co-operation agreement but there is a little problem. A Canadian

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citizen has been a prisoner in your country for a number of months. Until Mr. Tran Trieu Quan is released, no trade agreement can be signed”.

As you may also recall, the Canadian government helped Vietnam eliminate its debt to the International Monetary Fund. The IDRC has projects in Vietnam. The former Minister of Foreign Affairs increased financial aid to Vietnam by \$20 million.

The April 13 edition of *Le Journal des affaires* reports that CIDA has just awarded a \$7 million contract to Stikeman Elliott and Experco Limited, companies based in Montreal and Drummondville. Although this government continues to give millions of dollars to Vietnam, it is unable to take whatever actions are necessary to ensure Mr. Tran Trieu Quan's release.

This shows the very wide gap between what the government says and what it can or cannot do.

[English]

Mr. Ian McClelland (Edmonton Southwest, Ref.): Madam Speaker, I thank my hon. colleague for his presentation here today. By and large as we are both members of the opposition, our job is to keep the government's feet to the fire.

I have travelled a fair amount in Quebec in recent days and I think that we have a particularly serious problem in our country. As the economy of Ontario or Quebec deteriorates it pulls everybody else down because they are so dominant in the country. Even with the most cursory glance we can see the dynamism that has existed in Toronto and we can compare that to Montreal which at one time was Canada's premier city, the premier city in North America.

• (1310)

When we go to Montreal today, it is with the feeling of unease when we see what has happened in Montreal over the last few years. An illustration of this is taken from the magazine *L'Actualité* in November 1995. In 1980 before the separatists really started to ruin the economy in Quebec and hurt the economy in the rest of the country, the residential vacancy rate in Montreal was 3.4 per cent. It is now 6.8 per cent. The business vacancy rate was 3.3 per cent and it is now 19.7 per cent. The public debt in Quebec in 1980 was 20.3 per cent of gross provincial product. Today it is 40.9 per cent.

To put this into context, the cost of servicing the debt that the country has is \$47 billion, more than all of the social spending put together. Many Canadians define themselves by our social spending and perhaps even more so in the province of Quebec. Yet the ability to continue to spend on the very programs by which Canadians define themselves is threatened by the enormity of the debt and the cost of servicing the debt, which this year is \$47 billion.

It is interesting to note that the former leader of the opposition on becoming the premier of Quebec has changed his spots once again. He has now put fiscal responsibility as the number one priority of Quebec rather than separation.

There are examples, evidence and proof that this incessant drive for the separation of Quebec is costing all of Canada, but by far it is costing Quebec and the citizens of Quebec far more than it is costing the rest of the country. It is very hurtful to the economy and to the people of Quebec. Would the member consider that perhaps this is an appropriate time to continue to work within the federation to evolve a new relationship for all provinces and particularly the province of Quebec but to do so within Confederation where we will all end up being winners rather than trying to make winners and losers?

[Translation]

Mr. Paré: Madam Speaker, if we could erase the last 130 years and if the hon. member for Edmonton Southwest were to ask his question, we would probably say: “Yes, he is probably right”. We could experiment and try to see if Canada, with its English-speaking majority, and Quebec, with its French-speaking majority, can live in harmony at the economic, social and other levels.

The reality is that history cannot be erased. For a great many years, Quebecers have felt constrained in this country. Their English-Canadian partners have never been as open to them as they would have liked. So much so that Canada is even unable to accept the concept of distinct society, to recognize that Quebec and Quebecers are different. They tried to sell this reality by using another phrase: “principal homeland”.

If Canada cannot accept Quebec as a distinct society, how can Quebecers trust the federal government to ensure their survival, their social, economic and cultural development?

Mr. Nic Leblanc (Longueuil, BQ): Madam Speaker, I am very pleased to rise in this House today to share some information for the benefit of the people of Quebec and the rest of Canada.

I would like to take a brief look back to find where the problems we are currently experiencing stem from. Where do our financial, social and economic development problems come from?

First of all, let me say that these problems can be traced back to the early 1970s and the Liberal federal government we had then. Let me explain.

• (1315)

In 1970, the Liberal government, here, in Ottawa, was running budget surpluses of approximately \$247 million. Between 1970 and 1984, the average annual deficit was \$17 billion. Starting in 1970, 1972, 1973, the federal government decided to centralize more powers here, in Ottawa, and to develop national standards for health and education in particular, business subsidy programs and

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loosely regulated procurement policies. The federal government was determined to become the grand centralizing master of Canada. That is where the problem stems from.

I am for free health care, for free education as much as possible, and for research and development subsidization. But at the same time, we must be honest and warn the public that all this will cost, that it has a price tag, that they will have to pay for all this.

That, however, is not the course the federal government took at the time, choosing to make the whole range of services available without increasing taxes. What duplicity. That is when they started running progressively higher deficits—\$2 billion, \$5 billion, \$10 billion, \$15 billion—up until 1984, when the deficit quoted in the last budget tabled by the then finance minister, Marc Lalonde, had reached \$40 billion, while revenues were approximately \$60 billion at the time. You can imagine just how huge a deficit that was.

All this because the federal government wanted to show the people of Canada, and Quebec in particular, that it was the almighty boss on whom depended the achievement of the quality of life we had to have and deserved as a have country.

All these commitments have cost us a fortune. In fact, between 1970 and 1980, so much money was injected by the government in the economy that it caused it to overheat, creating artificial economic conditions, which made the inflation rate climb by up to 12 per cent per year. The best solution the government could find to curb this inflation was to let interest rates rise as high as 21 per cent. This caused a terrible and savage recession. That is what the federal government, and the Liberal government in particular, did between 1970 and 1984.

Between 1984 and 1993, the Conservatives were in power. I was a member of that government from 1984 to 1990. Between the years 1970 and 1984, the Liberal government made many long term commitments, including long term bonds and mortgages. Consequently, when the Conservatives took office in 1984, it was very difficult for them to reduce the deficit, in spite of their extraordinary efforts.

There was also a lack of political courage. The Conservatives continued to spend too much. During those years, there was an average shortfall of \$4 billion per year in government programs and services. In other words, each year people paid \$4 billion more than they received in services and programs. That was already an enormous amount.

Yet, the debt increased by an average of \$30 billion per year. This means that between 1984 and 1994, the deficit reached \$30 billion per year. The federal government was still spending too much. It kept this overheating of the economy.

• (1320)

Once again, the solution found by the government—the only one that it could find—was to ask the Governor of the Bank of Canada to increase interest rates in 1990. Of course, that was an easy solution which required little courage on the part of the government.

Increasing interest rates results in lower growth, which in turn means lower inflation. However, it also triggers a recession. We had a terrible recession in 1981 and people had not forgotten about it in 1990. That recession not only reduced inflation but actually triggered a deflation. That has been going on since then, which means almost six years now. This is nonsense, really a lack of courage for a government to act in this way.

The Minister of Finance has not been very inventive in his 1996-97 budget, nor very courageous. All that he has done is to decide to add \$5 billion a year to his revenues from the unemployment insurance contributions made by employees and employers. Five billion of the employees' and employers' money. This is scandalous.

At the same time he has decided to transfer \$3.5 billion less to the provinces. Calculating the receipts from the unemployment insurance fund, \$5 billion, and the \$3.5 billion less to the provinces, that gives \$8.5 billion more to the government. This is the equivalent of what the Minister of Finance proposes in his budget, which is to reduce borrowing requirement from \$26 billion to \$16.8 billion.

The amount is almost the same. Make the unemployed pay more, transfer less to the provinces, that makes up the difference. Not a very imaginative solution. Scandalous in fact.

If the Minister of Finance had decided to transfer \$3.5 billion less to the provinces, and at the same time had decreased the taxes collected from those same provinces, there would perhaps have been some grounds for saying that at least there was some spirit of decentralization, that the minister wanted to give more responsibility to the provinces, But no, that is not what he is doing. He will keep on taxing the people in the provinces in the same way, while at the same time cutting back on expenditures by \$3.5 billion.

In conclusion, the cause of our current difficulties is the present federal regime.

[English]

Mr. Ian McClelland (Edmonton Southwest, Ref.): Madam Speaker, as always, the hon. member delivers a reasoned and thoughtful paper to the Chamber.

I would like to follow up on a question and comment to the earlier Bloc speaker. I suggested that regardless of our biases, whether we think funding for social programs should be 100 per cent government funded or 0 per cent government funded, the

quest for the separation of Quebec has cost the country dearly over the last 15 years.

Is our responsibility to the past or to the future? Is our responsibility to our grandparents or to our grandchildren? For whom should we be toiling in the Chamber?

• (1325)

[*Translation*]

Mr. Leblanc (Longueuil): Madam Speaker, on the subject of the cost of sovereignty, I have just mentioned that it cost the federal government hugely to retain its authority and to increase its powers in order to further centralize the government here in Ottawa. I explained this in my speech. I think the member for Edmonton Southwest failed to grasp the message I was trying to get across, despite its simplicity, in my view.

In other words, huge sums were spent all over the place without any thought to medium and long term benefits. Accordingly, the federal government spent huge sums to show people, and particularly Quebecers, its authority and to demonstrate how they could not live without it.

On the subject of the future, we are well aware that, as was explained during the referendum, it currently costs between \$2.5 billion and \$3 billion to manage duplication. These costs were calculated by experts and not by the Parti Québécois or the Bloc Québécois.

The experts are not calculating the value of the shortfall or inefficiency. However, it could be said that the inefficiency of this duplication, which is creating a lot of inconsistency in our programs and funding, might mean we are talking about a shortfall of \$10 billion.

So if everyone looked after their own business, the provinces would have their full responsibilities in many areas, and the federal government would be a sort of overseer, as was intended in confederation. Initially, the federal government served simply as a sort of co-ordinator, and the provinces were autonomous. If we follow this management style, we might well survive. At the moment, however, the government does not appear to want to decentralize. It is just the opposite. Each time new rules are set or legislation is passed or amended in this House, the aim is always to give more power to the federal government and less to the provinces.

Clearly, it is not going to happen in a hurry, unless Quebecers decide once and for all to take over their responsibilities so that they can get out of the current economic slump.

[*English*]

Mr. Roy Cullen (Etobicoke North, Lib.): Madam Speaker, it is a pleasure to speak for the first time in the House. I hope I will have a chance next week to speak at length.

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Working in business in Canada we hear interest rates have been reduced to a level at which the spread between interest rates in Canada and in the United States has moved to a favourable position. Interest rates in Canada are now lower than in the United States, which is creating a huge potential for investment in Canada and in the province of Quebec.

I will echo to some extent the comments of the member for Edmonton Southwest. The difficulty we have is that investment capital is coming into Canada but with the instability of Quebec we see businesses leaving Montreal, we see more people leaving Quebec. As a person born and raised in Montreal, I think that is tragic.

We have an opportunity to attract capital into Canada for the well-being of Quebecers and Canadians.

Contrary to what the member for Longueuil said, the budget dealt with innovation in a very large way. I will try to capitalize on that opportunity in my riding which has a large innovative sector. I know we can produce some good results. I ask the hon. member to consider that for the province of Quebec and his riding as well.

The member talked about transfer payments. In this budget the transfer payments were reduced but the provinces were warned many years ago. The transfer payments were reduced in the order of 3 per cent to 4 per cent at a time when we were cutting the machinery of government by 8 per cent or 9 per cent.

• (1330)

When is the member's party going to recognize that the prosperity of Quebecers is tied to keeping Quebec in Canada and getting investment in the country?

[*Translation*]

Mr. Leblanc (Longueuil, BQ): First of all, Madam Speaker, I must congratulate the new member on his election to this House.

Now, to answer his question, I should say that, as far as we are concerned, the political context does not really hinder economic development all that much. We sincerely believe that it is the poor management of the federal system and the enormous debt that the federalists have accumulated that hurt the economy.

As for interest rates, they are quite low these days, but they are still too high when considered in relation to inflation. The difference between the rate of inflation and interest rates is still well over three percentage points.

At present, interest rates should be around 5 per cent. The difference should never exceed 3 per cent. It is a yardstick that must be applied. If we compare interest rates to the rate of inflation, it is clear that interest rates are still higher than they should be in relation to inflation.

*The Budget**[English]*

Ms. Susan Whelan (Essex—Windsor, Lib.): Madam Speaker, I will be sharing my time today with the member for Brome—Missisquoi. I rise today to speak in the 1996 budget debate.

The Canadian dream that built Canada on principles of sharing, caring, fairness and compassion is alive in this budget. The course charted by the Minister of Finance and the Prime Minister is the correct one for Canada, for us, for now and for the future. This budget sets the stage to lead Canada throughout the 21st century.

We as Canadians must remind ourselves of the greatness of the Canadian experiment and return our energies to the endeavours which reflect our collective values. The foundation on which we achieved success in the past and will continue to succeed in the future is our ability to understand, to compromise and to change. As a government and as a country we must rethink the role of government.

From this budget we will guarantee the future of our social programs, restore the trust in the old age security system by providing long term sustainability and guarantee the security and stability of federal support for health care, post-secondary education and welfare. We will also invest in the future by reallocating funds to make new investments, provide help for young people and support technology and international trade. These are the essential areas for job creation and future growth. We will take the necessary measures to redefine the role of government in the context of a modern federation economy.

My riding, the ethnically diverse riding of Essex—Windsor, consists of more than 70 different groups and reflects the shared values of Canadians. Pluralism and multiculturalism, the fact that we can be different and yet all be Canadians, these are the fundamental characteristics of my riding of Essex—Windsor and of Canada.

My constituents have participated actively in prebudget consultations for the past two years. I am pleased to say the Minister of Finance has listened once again. My constituents asked for no new taxes and there are none. As well, the warden for the county of Essex for 1995, Mr. Lyle Miller, expressed his concern over the replacement of the Canada assistance plan. This budget alleviates that concern.

The federal government's objectives of the Canada health and social transfer are to safeguard medicare and social programs, to return to growth in transfers, to guarantee the cash floor component and to restore stability and predictability by five year funding arrangements.

It was also raised by one of my constituents, Mr. Andre Marentette, a member of the group Canadians for Constitutional

Money, that our foreign borrowing is too high. Not only is he correct but this budget will for the first time in years make us less dependent on foreign loans. How? As we reach our objectives of deficit reduction, we decrease our need for foreign borrowing.

Not only are my constituents concerned about our investment in the future, it is one of the very reasons I sought public office. I assured my constituents at my nomination that "a new Liberal government will invest in Canada's greatest asset, our people. And by investing in them, we invest in our future".

This budget does just that. It invests in our future to ensure not only our future but to restore the confidence of Canadians.

• (1335)

This government has allocated resources to new investments in three main areas: youth, technology and external trade. Action in these fields is not an increase in expenditure but is financed by budget savings through reallocations from lower priorities.

Government cannot solve Canada's problems by simply throwing massive sums of money at different areas. This is what has created our difficulties in the past. Instead we must create an environment that encourages economic growth and make sustainable new jobs possible.

We need low inflation, low interest rates and declining deficits to build a growth environment. These are all critical to the future of our nation, to the future of Canada.

To talk about the future of Canada, let me speak for a moment about youth. Most of us will know that the unemployment of youth, those under 25, is very high. It is in the neighbourhood of 16 per cent. This needs to be addressed and it was in this budget. We must help our young people to take the first step to get their first job. In that objective I applaud the government for asking possible businesses to reach out and do exactly that.

There is \$315 million allocated for new employment opportunities. There is \$700 million already provided through programs such as youth internship Canada, youth service Canada and summer job programs. In this budget we will double the government commitment to summer job programs from \$60 million to \$120 million. With the \$60 million last year, we created 30,000 jobs. We hope to double that number.

The remaining funds will be used to improve job possibilities for young people in innovative sectors: information technology, environmental technology, tourism, culture, trade and international development. These investments will build on a new domestic Team Canada style partnership between businesses and government to create entry level jobs for youth. With these new funds, \$315 million reallocated and \$165 million in tax expenditures, the

The Budget

budget brings total expenditures for youth specific programs over a three year period from \$700 million to \$1.2 billion.

As well let us talk about the learning package. There is an additional \$165 million in tax assistance to students and their families over three years. There is a 25 per cent increase in educational tax credits and tuition fee limits. As well the ceiling on annual contributions to an education savings plan has been raised.

Canada must also invest in science and technology to increase productivity and competitiveness which fuel export growth and ensure job creation at home. Encouraging export growth is a priority for this Liberal government. One billion dollars in exports represents about 11,000 jobs for Canadians.

In 1995 the value of Canadian exports exceeded that of imports by \$28 billion. Along with the budget this Liberal government unveiled a new science and technology strategy which will target promising sectors. Technology Partnerships Canada will support the development of advanced manufacturing and materials, aerospace, environmental technologies and biotechnology. Funding will increase from \$150 million in 1996-97 to \$250 million in 1998-99.

Access to the information highway will also be increased by the SchoolNet program. By 1998 all of Canada's educational institutions and libraries will be connected. As part of SchoolNet, 2,000 computer students will connect 50,000 small businesses to the Internet.

To further encourage trading growth, the Business Development Bank will receive \$50 million in additional capital allowing the bank to lend up to \$350 million more to growth, knowledge based and exporting businesses. The Export Development Corporation will receive \$50 million in new equity for innovative export financing.

We have talked and talked about the red book but by today I think we can come to this House with a remarkable balance sheet showing real achievements, particularly on the fiscal front. The Prime Minister recently noted we have finally turned the corner on deficit reduction. This has been done without raising personal income taxes in any of our three budgets. Turning the corner allowed the government to move forward on other fronts. The government is reallocating funding to provide increased support for job creation in three vital and key areas: youth, technology and trade.

It will be remembered that we talked about a deficit of 3 per cent of the GDP. It is now a reality. Now we are looking forward to and talking about a deficit of 2 per cent for 1997-98.

• (1340)

With regard to social programs, the Liberal Party is the political party which provided Canada with a social system, a social safety

net which is the envy of the rest of the world. Once again, I am proud to say in this House that the Liberal Party is the party which is able to meet the true challenges of this country. This government has met that challenge by rethinking the social safety net for the long term in order to provide security to those who will grow up in this country, to offer people in the 1990s a safety net meeting their expectations and to ensure that our country is ready for the next century.

This government is prepared to put people first.

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Madam Speaker, it was with great interest that I listened to the rhetoric from the member opposite.

April is tax month, the month when most Canadians fill out their annual tax forms. Madam Speaker, how many Canadians do you think would be willing to walk into a department store at the end of every month, slap down a cheque for \$500 and then let the clerk decide what to bring them for their money? How many people would let that clerk go to the shelves and decide what the customer will get for their hard earned wages? Would people be willing to tolerate being forced to go to the store every month and lay down a huge sum of money to buy things they do not necessarily want or need? What I am trying to say is we need to change the system and bring back democracy to the way our government spends our money.

The member opposite talked about how the government is not increasing taxes. Nothing could be further from the truth. Since this government has taken over, personal income taxes have risen over \$1,000 per person and the hon. member says they are not raising taxes. What a bunch of you know what I am talking about, Madam Speaker. I am fed up with the Liberals misleading the public.

We need a tax system that does not just focus on collecting more money, but allows people to determine how it is spent. We would never go to a store and allow them to simply tell us what we are going to get for our money but the government tells the people of this country what they are going to get for their money.

The member said the government is going to put in place all of these new programs. She talks about reducing government spending and then goes on to list all these new programs. Do people have people a choice? How about a tax form that tells the government what the priorities of the people are. We have real problems with the way government when elected does not carry out the wishes of the people.

The hon. member went on to talk about how health care is a priority. Is it when we reduce funding for health care and increase it in other areas? She talked about multiculturalism in her riding. I have multiculturalism in my riding as well. In fact English and French are not the dominant features there.

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I took a survey as to how my people want their money spent and multiculturalism was almost at the bottom of the list, yet this government emphasizes that kind of thing. People want to look after those programs themselves.

The system is rewarding lobbyists, special interest groups and corporations. What about the tax concessions and grants to the corporations, the very corporations that pay the bills for this Liberal government to get elected? Then when it gets elected it turns around and rewards those corporations with tax concessions and grants.

How about asking the taxpayers if that is how they want their money spent? I think the member gets the message. It is about time the Liberals started listening to the people and stopped misleading the people about how great it is to have all these new programs and to spend all this extra money when in fact they have increased taxes drastically but they try to portray the image that they have not.

I wonder if the member would like to go to a department store and slap down a huge sum of money every month and have them determine what she is going to get for it. Taxpayers deserve to have more input into how government spends their money.

• (1345)

Ms. Whelan: Madam Speaker, I am quite surprised by the hon. member's comments. As he knows, for the first time in history the government has held prebudget consultations for two years in a row. What better opportunity for Canadians to have their say and to have their input into what the budget says?

My constituents participated. I do not know if his constituents did. They came and said what they wanted. The majority of the things that were heard at the meetings of the past two years in my riding and in other ridings were reflected in the budget.

We have met deficit reduction targets. How many governments in the past, including the Tory cousins of the party opposite, have done that? They could not meet those targets in the last 10 years. I would like to think that we did exactly what we said we were going to do in the election campaign. We kept our promise. We said 3 per cent of GDP and we have gone beyond that.

Liberalism and multiculturalism make this country great. They make it what it is. I am glad to be Canadian. I am glad to be part of this party.

[*Translation*]

Mr. Denis Paradis (Brome—Missisquoi, Lib.): Madam Speaker, I am pleased to rise today to speak to the budget. The theme of this year's budget is "securing the future". I think that securing the future is exactly what is needed in these difficult times.

In the last few weeks, I had the opportunity to tour my riding of Brome—Missisquoi, to visit every town and village and talk with the people. I can tell you that the main concerns or needs of the people of Brome—Missisquoi—which are probably similar to those of other Canadians—are as follows. I will try to list them in order of frequency.

Their first concern is taxes. I will get back to this in a minute to compare public expectations with what is in the budget. Second, bureaucrats and their red tape. Third, duplication between the federal government and the provinces and how it can be eliminated as quickly as possible. Fourth, how to decentralize the management of certain programs. Fifth, how to achieve recognition of Quebec's distinctiveness.

I will now go back to the people's first four concerns in light of the finance minister's last budget. The budget starts out by stating that we must secure our financial future.

One year before the Liberal Party came to office, budget figures pegged the deficit at \$42 billion. The deficit fell to \$37.5 billion one year later and to \$32.7 billion two years later. The new deficit forecast is \$24.3 billion, then \$17 billion for next year.

I mentioned earlier that political choices have to be made, and political choices are important. We could have cut the deficit down to zero tomorrow morning. But what about social programs? What about the most vulnerable in our society? I think we must go ahead without forgetting the needs of the most vulnerable in our society.

We will eventually eliminate the deficit, but the new Canada social transfer will help the most vulnerable in our society make it through. I think that this is important, in the choices the government made.

The second point is rethinking the role of government. I was telling you earlier about the concerns of the people of Brome—Missisquoi, about the need to reduce duplication.

• (1350)

Let me give you an example. The speech from the throne provides for the establishment of a national food inspection agency. Now, this is a measure that will help eliminate duplication. Currently, when it comes to food inspection, we have inspectors from Agriculture Canada and Health Canada at the federal level. At the provincial level, we have inspectors from the Régie des marchés agricoles du Québec, as well as from the Fédération des producteurs, which administers the joint program for that sector. Then, if we are talking about restaurants in Montreal, there are city inspectors who make regular visits to these establishments. That makes a lot of inspectors in the food inspection sector.

An agency like that will allow us to offer a partnership to all the other levels of government, because it is in the best interests of the

citizen. The citizen at the end of the process will not get the visit of five inspectors dealing with five different issues during the same week. This is an example of how to streamline operations and help eliminate duplication between the federal and provincial governments.

A similar example is the proposed revenue commission. Again, and this is particularly true in Quebec, the GST and the TVQ are harmonized. Agreements were signed by the federal and Quebec governments and things are going well. However, if we can increase the number of such agreements between Ottawa and the provinces, so much the better. Again, this will benefit citizens and taxpayers. In that sense, I believe the Canadian government is making great efforts to eliminate or reduce duplication.

A budget is about the moneys to be allocated or to be spent in a given year. Earlier, I stressed the importance of protecting seniors, as well as those who need to get an education and those who need health care services. As I said before in this House, thanks to the new Canada social transfer, the federal government will no longer send three cheques to the provinces, that is one for education, one for health and one for social security. It will be a single cheque. Provinces will be able to take that single cheque and spend it according to their own priorities.

Last year, when this was announced, the big cheque which combined the previous three cheques was cut about 4 per cent. But we should look at the facts. The federal government cut its program spending by 7 per cent, but transfer payments to the provinces by 4 per cent only. Better than that, the Minister of Finance announced in his last budget that the federal government had agreed to a new five year funding framework for the Canada social transfer, starting in 1998-99.

The first two years, the federal contribution will be kept at its current level. Then, in the following years, the transfers will increase at a rate linked to economic growth. What this means is that the federal government will not, as other governments are doing, transfer its deficit to the next level of government. The federal government will continue to assume its responsibilities, under the Canada social transfer, for health, education and social security. This is important.

I have the privilege of sitting on the public accounts committee of this House, where we can examine the way senior officials and deputy ministers manage, one after the other. This allows the Canadian government to be managed as well as can be, to cut spending and streamline operations to stay within budget, to see where we are going with our budgets from the inside, and to monitor those who spend money week after week and month after month. This allows us to save. These savings do not penalize the citizens who, I repeat, are the reason we are here in this House.

• (1355)

In conclusion, I want to speak about the best part of this budget. The best part is the job creation program for our youth. We have

increased the resources allocated to the youth summer employment creation program from \$60 million last year to \$120 million this summer, for all of Canada. This is a real investment in the future, it is a measure that will help young people across the country who represent our future; therefore it will foster our progress as a society.

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Madam Speaker, I listened carefully to my colleague from Brome—Missisquoi, who sits with me on the Standing Committee on Public Accounts. I have one brief question to ask him.

He has talked a lot about duplication and overlap. Does he not agree that one of the best means to eliminate duplication and overlap would be to take away one level of government, that is the federal government, and to make Quebec sovereign?

Mr. Paradis: Madam Speaker, at what price? I think two or three levels of government can very well co-operate together. My colleague from Beauport—Montmorency—Orléans knows full well that there is a program that worked very well last year and the year before, and that is the infrastructure program.

It is not a program from one government, it is a program that called for the co-operation of the federal, provincial and municipal levels and it was set up quickly. It has worked properly, and I am even sure that his riding must have benefited from this infrastructure program. I think the solution for the future—I was talking about young people earlier—lies in young people, but also in co-operation and joint action. I appeal to all my colleagues of the Bloc Québécois to show willingness to co-operate and to take joint action, so that we can now revitalize the economy and ensure that we live in a province and a country that are even more prosperous.

The Deputy Speaker: It being 2 p.m., we will now proceed to statements by members.

STATEMENTS BY MEMBERS

[*Translation*]

CANADIAN ARMED FORCES

Mr. Gilles Bernier (Beauce, Ind.): Mr. Speaker, with new developments every day, our armed forces are in disarray. The disappearance or hiding of documents has aroused suspicion about the actions of senior officers in the Somalia affair. This situation, in addition to the degrading initiation ceremonies, is appalling.

S. O. 31

On behalf of the people of the Beauce region, I demand that a thorough investigation be held so as to restore the public's right to know and that sanctions be imposed on the senior officers involved. We want greater transparency and tighter administration of defence budgets. A serious clean-up operation is in order.

We also hear that our armed forces have more officers than men; this system is costly and ineffective. Left, right, left, right; the time for action is now.

* * *

[English]

THE LATE GERRY GODSOE

Ms. Mary Clancy (Halifax, Lib.): Mr. Speaker, it is said that no one is indispensable. Last week many of us in Canada learned that this is not so. Gerry Godsoe died in Halifax, leaving a huge gap that no one can fill.

He advised prime ministers and backbenchers, premiers and business leaders on all sides of the political spectrum. He helped the young and the old, the great and the lowly.

He practised law superbly. He practised politics superbly. He practised life superbly.

To Dale, his wife and other half, to their three daughters, Suzanne, Stacey and Laura, I express our sympathy in this, their sudden and tragic loss. Gerry was taken far too soon and it is not fair to any of us.

Gerry Godsoe, lawyer, thinker, caregiver, husband, father, son and brother, Canadian extraordinaire, friend, requiescat in pace.

* * *

STANLEY KNOWLES

Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, it is my privilege to comment on the Hon. Stanley Knowles, whom I have known since long before I became a member of the House.

In my teaching days I brought 35 students to visit Parliament Hill and as we stood outside the doors of the Chamber, looking at all the seats inside, there was only one person sitting in the House of Commons, Stanley Knowles.

The constable explained to me that Mr. Knowles quite often did his office work in his seat in the Chamber because at that time individual members did not have an office of their own. Members had to share offices and staff and it was not a very peaceful exercise.

Stanley Knowles has always championed the cause of war veterans, senior citizens and medicare. I remember the teasing he got about his own pension on the day he became a senior citizen.

The Right Hon. Pierre Elliott Trudeau appointed him to a place of honour at the table in the Chamber.

It is fitting that this man be recognized by the academic community and remembered as a champion of social justice in Canada.

* * *

[Translation]

LEBANON

Mr. Mark Assad (Gatineau—La Lièvre, Lib.): Mr. Speaker, in recent days, we have witnessed the most tragic events to occur in Lebanon since the Sabra and Shatilla massacre of 1983, and it is with great sadness and distress that we are following the situation.

Throughout their history, the people of Lebanon have never resorted to violence against others, and they have welcomed a large number of refugees. Lebanon has always been generous, and the deep values that guide it have made it a country of refuge.

Why is Lebanon suffering today? That country has often been used as a battle ground to settle conflicts in the Middle East. As a result of the attacks against Lebanese civilians and the destruction of electric facilities and public services, the people of Lebanon are still being made to suffer miserably.

The military attacks are so brutal that the peace process will be definitively diverted to animosity and violence. Israel has opted for the use of force and brutality—

The Deputy Speaker: I am sorry to have to interrupt the hon. member, but his time has expired.

* * *

[English]

AUTO LEASING

Mr. Hugh Hanrahan (Edmonton—Strathcona, Ref.): Mr. Speaker, greed is different from wealth and different from profit. Profit is gained. Greed is a longing for wealth. It is not an acceptable attribute, even in a capitalistic, free enterprise, often profit driven society. Auto leasing has become a core business for a majority of automobile dealers.

● (1405)

Bank entry into this market could therefore jeopardize the viability of the whole industry which could also adversely affect thousands of Canadian jobs. In particular, where banks are the main provider of credit to automobile dealers, the government must avoid creating an unfair marketplace and an environment in which credit deprivation by the banks would be possible.

How convenient to be both the supplier and the competitor to the automobile dealers of Canada.

CAPE BRETON DEVELOPMENT CORPORATION

[English]

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, this month the Liberals must make a choice that will determine the economic future of Cape Breton and the jobs of hundreds of coal miners and their families.

A delegation from Cape Breton has come to Ottawa in a last bid effort to stop the Liberals from adopting a plan that would see the Cape Breton Development Corporation, DEVCO, turn its back on growing export markets for coal, resulting in the privatization of DEVCO and the loss of 800 jobs. More labour management conflict will put at risk the long term future of the Cape Breton mining industry.

There are alternatives that will save jobs and rebuild management-labour relations while saving the government money. These alternatives have the support of the community and the unions.

On behalf of the delegation from Cape Breton and my colleagues in the NDP, I urge the Liberals to fulfil their pledge to create opportunity and employment and say yes to a strong and viable future for the Cape Breton mining community by working in partnership with the community, the union and management to prepare the next five year DEVCO plan.

* * *

[Translation]

DISTINCT SOCIETY

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, without any debate, the Quebec wing of the Liberal Party of Canada replaced the notion of distinct society by the diluted phrase “principal homeland of the French language, culture and legal tradition in North America” to describe Quebec.

Painted into a corner by the rank-and-file of his own party, in the final days of the referendum campaign, the Prime Minister made one commitment after another to recognize Quebec as a distinct society. Now, he is only asking for the recognition of the French fact in Quebec.

What the Prime Minister and the Minister of Intergovernmental Affairs are seeking above all is to increase the level of satisfaction in the rest of Canada at the expense of interests which are specific to Quebec. It would seem that the Prime Minister has not yet realized why the Bloc Québécois is still the official opposition in this House.

S. O. 31

FISHERIES

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, the Minister of Fisheries and Oceans has told commercial fishermen in British Columbia that the salmon fleet must be cut in half.

He has put a gun to their heads, announcing an \$80 million licence buy back program which fishermen must opt for prior to the end of June 1996.

What the minister has failed to do is set allocations guaranteeing salmon fishermen a set share of the resource. Fishermen are expected to make lifelong decisions with virtually no notice and no knowledge of what future allocations will be. The minister continues to reallocate the resource through aboriginal treaties without being forthright and admitting as much.

It is small wonder commercial fishermen in British Columbia are telling the minister his plan is totally unacceptable. The government must set allocation rules in advance of a buy back, not after the fact.

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[Translation]

PHARMACEUTICAL INDUSTRY

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, I would like to draw the attention of this House to a fine example of the co-operative attitude among the various business communities in Canada.

On March 19, the Chamber of Commerce of Metropolitan Montreal and the Board of Trade of Metropolitan Toronto took a common stance on enhancing drug patent protection.

In fact, this position was clearly set out in a document outlining the formula for success—supporting the economic growth of the Canadian pharmaceutical industry. We welcome the fact that the two main boards of trade in the country have joined forces on such important matters, which helps promote Canadian unity while at the same time helping to maintain jobs or create new ones.

Congratulations to the officers of both organizations for their remarkable open-mindedness and sense of initiative.

* * *

● (1410)

RIDING OF LAC-SAINT-JEAN

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Mr. Speaker, I am pleased to make my maiden speech in this House and to thank

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the constituents of Lac-Saint-Jean who, in putting their confidence in me, showed that they believe that young people can promote the interests of Quebec and sovereignty.

These people sent a clear message that young people have a say in Quebec's future, as long as they are prepared to do something about it.

My election shows that young people are not only an important part of Quebec's future, but that they are also an integral part of its present and that they must speak up and co-operate with all the stakeholders in our society.

Some hon. members: Hear, hear.

* * *

[English]

STANLEY KNOWLES

Mr. John English (Kitchener, Lib.): Mr. Speaker, today Canadian parliamentarians honour one of the greatest of their own, Stanley Knowles.

Mr. Knowles, who takes his place in front of you, Mr. Speaker, represents the finest traditions of Canadian public life. First elected in a byelection in 1942, Mr. Knowles quickly demonstrated his extraordinary knowledge of and exceptional devotion to the rules and history of Parliament.

For 41 years he served his constituents of Winnipeg North Centre with careful attention to their needs while always recognizing his commitment to his faith, his party and his country.

Later we will gather to honour the creation of the Stanley Knowles Chair of Canadian Studies at St. Paul's College at the University of Waterloo, a college affiliated with the United Church, a church in which Mr. Knowles was an ordained minister.

At a time when university chairs tend to honour those who have large stock portfolios, it is so refreshing that St. Paul's College has chosen to create a chair in honour of Stanley Knowles, a man of most modest material means but one who has contributed so much to the richness of Canadian public and political life.

Mr. Speaker and colleagues, let us honour one of our own, one who represents the best of what we are and can be.

* * *

STANLEY KNOWLES

Mr. Andrew Telegdi (Waterloo, Lib.): Mr. Speaker, I am pleased to inform the House that today on Parliament Hill is the official launch of the campaign to establish the Stanley Knowles Visiting Professorship in Canadian Studies at the University of Waterloo.

Stanley Knowles is a living legend. He served continuously in the House from 1942 until his retirement in 1983. Over those 41 years he established an esteemed reputation among all political parties within the labour movement and in an ever widening

constituency which ultimately extended to the international community.

One of the many honours Stanley Knowles has received was the appointment to honorary officer of the House by former Prime Minister Pierre Elliot Trudeau.

By establishing the Stanley Knowles Visiting Professorship in Canadian Studies, the University of Waterloo is pleased to provide recognition of this Canadian's efforts to create a better society.

It is my pleasure to invite members of the House to join in celebrating the launch to take place today at 200 West Block at 5.30 p.m.

* * *

[Translation]

RAW MILK CHEESES

Mr. Paul Mercier (Blainville—Deux-Montagnes, BQ): Mr. Speaker,

A minister rather naive,
Oh, could you so truly believe,
Cries, "Death waits in the heart of all bries",

So, must we banish from table all cheese,
That from raw milk be made
Or 'tis a great price to be paid.

But unlike the cheeses he pleases to
Chase from our meals,
The minister himself is not raw.

Quite the contrary, he's well overcooked.
His death-to-cheese plan in Quebec is not brooked.

Our society distinct,
Will put up a stink,

Against this project most sinister,
Unless you withdraw it, oh minister.
Let hear it whomever it pleases,
We cry, "We'll not go without our raw milk cheeses".

Some hon. members: Hear, hear.

* * *

[English]

FISHERIES

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, once again we see the ill conceived, grossly mismanaged TAGS program is spinning out of control.

The latest example is the admission by the Liberals that they have no money left for the latest round of licence buy backs. This means that at the end of the program all the same problems will still exist for Atlantic Canadians. There will still be 50 per cent overcapacity.

According to the Liberals their TAGS program was to be the saviour of Atlantic Canadians. It was to fix everything, but that was an empty promise. The TAGS program has failed them miserably.

Oral Questions

• (1415)

The people of Atlantic Canada need stable economic options for the future. They need jobs and they need hope, both of which are desperately in short supply thanks to the government.

In Newfoundland alone 11,000 jobs have disappeared this year; this in an era of billion dollar make work programs. Atlantic Canadians do not need make work projects that keep them from prospering. They need long term solutions that only—

The Deputy Speaker: The hon. member for Markham—Whitchurch—Stouffville.

* * *

GASOLINE PRICES

Mr. Jag Bhaduria (Markham—Whitchurch—Stouffville, Ind. Lib.): Mr. Speaker, one of the sure signs that spring has finally arrived occurred in the past week. The sign was not an increase in the temperature but a huge increase in the price of gasoline. Canadians are once again being gouged by the major oil companies as prices in metro Toronto rose from 54.5 cents to 59 cents per litre on average.

Many oil companies and dealers are blaming the steep increase on high crude oil prices while others blame a shortage of gasoline supplies for putting more upward pressure on prices.

Oil companies always seem to have an excuse for holding Canadians at ransom. If we do not pay their inflated prices we can walk. They have to be held accountable for the blatant and shameful practices they use on honest hardworking Canadians. The federal government must enact legislation to control price fixing within the gasoline industry.

These are the voices of 30 million Canadians I am raising in the House.

ORAL QUESTION PERIOD

[*Translation*]

DISTINCT SOCIETY

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, now there is no doubt about it. Editorial writers, political cartoonists, commentators, federalist and sovereignist politicians, everyone is totally opposed to the Liberal Party of Canada's new constitutional position.

While the Minister of Intergovernmental Affairs is currently on a big cross-country tour seeking a solution to Canada's constitutional impasse and finds that all of Quebec has joined forces within 24

hours to tell him no, does he intend to work toward getting the government to backtrack from this dead end path on which it has embarked?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, what is this backtracking the Leader of the Opposition is referring to? It is very clear that Quebec is a distinct society within Canada. It is very clear that the Government of Canada intends to recognize that reality by all necessary means.

The Government of Canada will make every effort to convince Canadians to reconcile, for there is indeed an element in this English speaking North America, in this bilingual Canada, that is called Quebec, an admirable society which is able to affirm itself as a great reality, a reality which Canadians wish to keep as part of their country.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, we are well aware of the Prime Minister of Canada's strategy, which has always involved dumping on Quebec to gain votes in the rest of Canada. At the time of the Liberal Party leadership convention, he trampled roughshod over the Meech Lake accord in order to gain votes in the rest of Canada. During the 1993 elections, he presented himself as the man who could put Quebec in its place, in order to gain votes in the rest of Canada.

Is the Minister of Intergovernmental Affairs not in the process of adopting his leader's strategy as his own, that is to say bringing together all of Canada against Quebec, with this proposition he is defending?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, to take more of an overview, for 30 years now Canada has been trying to survive the threat of secession. We are the only democracy that has been faced with this problem for 30 years, yet the same values are shared by Canadians in all provinces and in Quebec; they share a desire to live together. Those in Quebec do not want to have to choose between their Quebec identity and their Canadian identity. They want to remain both Quebecers and Canadians, and that is what they will do.

• (1420)

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, is the Minister of Intergovernmental Affairs not embarrassed to associate his name with a proposal that is already doomed to failure, and which is most certainly the biggest piece of meaningless nonsense concocted by a federal government in the past 30 years in the area of federal-provincial relations?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, what is this I hear? Acknowledging Quebec's difference would be meaningless? What the opposition fears is that we might manage to reconcile Quebecers and Canadians so that they

Oral Questions

may join together in the same country to face the formidable challenges of the 21st century.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, my question is for the Minister of Intergovernmental Affairs.

As reported by the media, it is obvious that the new intergovernmental affairs minister was not consulted before the Quebec wing of the Liberal Party of Canada passed its new resolution replacing the notion of distinct society with a narrower concept which only recognizes Quebec as the principal homeland of French language, culture and legal tradition in North America.

How can the Minister of Intergovernmental Affairs have any credibility during his Canada-wide tour, given that, at the first opportunity, the Prime Minister leaves him out of the discussions on the new constitutional resolution?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I have been wondering since yesterday whether or not the hon. member can read or hear. It is stated in the resolution—and I want to put it on the record, because the Prime Minister himself pointed it out yesterday—that the Liberal Party of Canada supports the enshrinement in the Constitution of the principles recognized in the parliamentary resolution passed in December 1995 defining the distinct society.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, the comment made by the minister applies to himself because he never answers the questions put to him, even though he is only starting his political career.

Does the minister realize that, by supporting the 1982 patriation of the Constitution and giving his unconditional support to this resolution, he is totally isolated in Quebec, since both the Quebec federalists and sovereignists are opposed to it?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, I have little to say on that, except perhaps that this is wishful thinking on the part of the hon. member.

* * *

[*English*]

SOMALIA INQUIRY

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, it is now reported that the Somalia inquiry has new memos that cast doubts on the military police investigation and the information commissioner's report on an attempted cover-up.

According to the commissioner, these investigations have not had all the relevant documents necessary to reach sound conclusions. The defence minister was very quick to trumpet the informa-

tion commissioner's report when it appeared to clear General Boyle of any direct involvement in the Somalia cover-up but now the information commissioner has expressed concern that all the facts were not on the table.

Can the defence minister categorically state that General Boyle played no role whatsoever in DND's efforts to cover up Somalia documents?

Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the hon. member does not need me to state that. The general stated it himself last week very clearly. I can assure the hon. member that what the general said last week was absolutely correct and absolutely true.

I was somewhat concerned yesterday with what the counsel for the commission said with respect to documents. It gives us some concern. However, I think we should keep this in perspective because the department has provided about a half million pages worth of documents. Further documents were requested and those have been turned over.

• (1425)

Last week the chief of defence staff initiated a search unparalleled in national defence history. It bore great fruit because many documents did surface and were given to the inquiry.

If by Thursday the inquiry is still dissatisfied with the question of documentation and what it has available then it is within its mandate and its power to get to the bottom of what happened to the rest of the documents.

I would ask that after the inquiry sees the results of the further search by the department that it continues with its hearings and get to the bottom of things because that is what Canadians want. They want the truth to come out and only the inquiry will get to the bottom of it.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the minister moved very quickly from the discussion of General Boyle on to other subjects and yet General Boyle is at the heart of this controversy.

The public affairs branch of DND hatched an elaborate scheme to rename, hide and even destroy Somalia documents. General Boyle was the head of public affairs. The Somalia Inquiry Liaison Team, SILT, is accused of deliberate foot dragging and misleading commissioners. General Boyle was involved in SILT. The military wants to court martial Colonel Geoff Haswell who says that top soldiers knew of the cover-up. General Boyle is part of that military justice system. The defence minister's hand-picked chief of defence is up to his eyeballs in the Somalia affair.

Given all of this, will the defence minister ask his appointee, General Boyle, to step aside until the inquiry determines his role in the Somalia affair?

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Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, what is at the heart of this matter is justice and fairness for everybody in the Canadian Armed Forces and the Department of National Defence.

Mr. Althouse: What about honesty?

Mr. Collenette: The leader of the Reform Party obviously does not know what justice and fairness means in Canada.

Justice and fairness means that everyone gets a chance to give his or her point of view in a setting that is impartial. The commission has decided to look at the documentation issue, including the public affairs issue, which will start next week.

Only then, after the chief of defence staff and everyone else has the ability to put the facts on the table, will Canadians be able to judge. We should not prejudge the matter on the floor of the House of Commons.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the minister talks a lot about justice and fairness and yet by siding with General Boyle he could very well be aiding and abetting a cover-up that prevents justice and fairness from being done. His hand-picked chief of defence is not an innocent bystander. He headed up public affairs at DND. He had a hand in the operations of SILT and he is the head of the military justice system. General Boyle cannot be impartial in a case in which he is both a witness and a suspect.

If the minister is committed to justice and impartiality, even the appearance of justice and impartiality, will he ask General Boyle, his hand-picked chief of defence staff, to step aside until the Somalia inquiry finishes its work?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, if I heard the hon. member correctly, he made a blatant accusation against me that I am a party to a cover-up. Does he have evidence of that fact? If he has evidence of that fact then he should submit it to the inquiry.

This is what is wrong with the Reform Party and the approach that it is taking. It is slandering and libelling people here in the House of Commons under parliamentary immunity and not allowing the commission process to get at the heart of the matter. That is not what Canadians expect.

[*Translation*]

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, I have a question for the Minister of National Defence.

We heard yesterday that, in spite of the search within the defence, department, 20 per cent of all documents relating to the Canadian mission in Somalia are still missing.

• (1430)

While records of daily activities of the first commando were allegedly too damaged by sea water, key records of the second and third commandos are still missing.

After the wide search which cost taxpayers several million dollars and where some 100,000 employees of the defence department were mobilized to go through all their files with a fine-tooth comb, can the minister tell us what he intends to do to locate the files that are still missing?

[*English*]

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I answered this question a little earlier. There has been an unprecedented search of DND files.

Half a million pages of documents have been sent to the commission. If, by Thursday, the commission is still dissatisfied, it is the commission's job and within its mandate to find out why the rest of those documents are not available.

The commission has to do its job. It has to analyse all the data and then come forward with recommendations, which the government will consider.

[*Translation*]

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, beyond the cover-up operation, which is becoming increasingly obvious, and regardless of all the muddle and the incompetence surrounding the management of the Somalia issue, how can the minister justify to the population that such important documents have disappeared and are still nowhere to be found? Are we to expect another search?

[*English*]

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the hon. member is basically repeating the earlier question. The commission will get to the bottom of the document issue. Let us wait to see what happens on Thursday. Let the commission do its job.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, my question is for the Minister of National Defence.

The minister has allowed cover-up to become a standard operating procedure at the Department of National Defence. Military police investigations have been compromised. Access to information documents have been consistently violated.

General Boyle, who is at the centre of the Somalia scandal, has been put in charge of the entire department. DND has been totally unco-operative with the inquiry.

Oral Questions

The media knew there was a cover-up in the minister's department. The inquiry knew there was a cover-up in the minister's department. The Canadian public knew there was a cover-up in the minister's department.

How is it that the minister was not aware of the cover-up in the Department of National Defence?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, Canadians want everyone in this Chamber to work together to find out the truth and not play partisan politics with this very difficult issue.

It is very difficult to take the member for Okanagan—Similkameen—Merritt seriously in his guise as the defence critic when he has been all over the map on this inquiry.

In October of last year he said that the commission is headed by top notch people and will come to conclusions. On April 2 he said that the inquiry should be shut down, that it had outlived its usefulness. This morning, he said that the commission is doing a fabulous job.

If the commission is doing a fabulous job, then let the commission ask all these questions of the relevant witnesses. Do not ask them every day in the House of Commons.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, the Somalia commission is fed up with the cover-up by this minister's officials. The minister is no better.

According to commission counsel, the minister knew last October that key evidence was missing. He did not inform the inquiry until just recently. The minister deemed it unnecessary to proceed with that information.

Will the minister of defence acknowledge his responsibility for this cover-up, do the honourable thing and resign?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I do not need the hon. member to tell me about my responsibilities.

Once again, the hon. member has blatantly distorted the facts from yesterday's submission by the counsel for the Somalia inquiry. This is a pattern that this member follows for his own partisan ends.

This morning on "Canada A.M." he said, contrary to the facts, that the commission had asked the RCMP to look at the computer disk. I said yesterday that it was the department that brought in the RCMP to look at the computer disk.

Do not believe me because he does not believe me. Believe commission counsel, Simon Noël. When he was asked yesterday about who requested the RCMP to come in, it was the military

police. This member is distorting the facts every day and that undermines the integrity of his questions.

• (1435)

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Somalia affair is turning into an endless saga. First, we learned that documents had been tampered with or destroyed. Then, there was the great cover-up, which may have been master-minded by the chief of the defence staff himself. And then the whole army was mobilized and sent scrambling for lost documents. It has been the army's version of a treasure hunt. Twenty per cent of the documents are still missing, though. Nothing could be more ludicrous.

The minister of defence says that even worse could be expected. Does the minister have information or documents he has not handed over to the inquiry commission, for him to be saying that the worst is still to come?

[*English*]

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, these are just variations of earlier questions. I do not want to take the time of the House to repeat the answer at any great length.

The department has handed over thousands of pages of evidence that were required by the commission and were further requested. I am very concerned that the commission has said it is still dissatisfied. The department has been requested to make a statement on Thursday. It will make the statement. If the commission is still dissatisfied then it has the full power to find out what actually happened.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, we are making some progress. We now know the minister has not found anything because he has not concealed anything.

Since the minister is telling us that he has not concealed anything from the commission, let me ask him once more how he can tell us that the worst is still to come? What could be worse than what is already known?

[*English*]

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, this is a difficult problem for all Canadians. It is difficult for the Canadian Armed Forces. It is creating a considerable pall over the operations of the forces, over men and women who are serving with distinction every single day, whether at home or abroad. Because of certain incidents which occurred three years ago everybody has been smeared and tarnished.

Oral Questions

To get at the truth, the government discharged the commitment made by my colleague the minister of fisheries when in opposition to put an inquiry in place.

I would ask in the spirit of fairness for the opposition to allow the commission to do its job.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, the pride and confidence of our military has been shaken, not only inside Canada but it is now being questioned internationally.

Colonel Geof Haswell has accused Canada's UN ambassador, among others, of instigating a cover-up, and I say a cover-up, in the Somali affair.

It is critical that those who were at the top in DND at the time these events occurred be brought back to Ottawa until these allegations are resolved.

Will the Minister of Foreign Affairs agree to recall Mr. Bob Fowler until all his testimony before the inquiry is complete and he has been cleared of these serious allegations?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, a few days ago I had the opportunity to be in Bosnia where our military is conducting, in a the most exemplary way, a security operation designed to help that country achieve a system of democracy and the protection of rights that we enjoy here in Canada.

One of those fundamental rights is the right to be presumed innocent until proven guilty. Therefore, I totally deny the suggestion of the hon. member that all of a sudden we charge the ambassador to the UN with some kind of allegation until the commission of inquiry has had a chance to look into those areas. That is what the military is defending in Bosnia and we will defend it here.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, we are not talking about charges. We are talking about questions that were asked two years ago before the appointment of this ambassador.

• (1440)

This systematic denial of reality is really where the whole problem started. Not only must there be a full investigation into these charges, but until it is complete it will be impossible for us to maintain our position in the UN with this tainted ambassador at the helm.

Why will the minister not spare Canada more embarrassment from future revelations of the Somalia inquiry and immediately reassign Mr. Fowler to Ottawa until all of the allegations against him are cleared?

Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.): Mr. Speaker, the only embarrassment this country is facing is the constant disregard for fundamental rights and liberties expressed daily by members of the Reform Party.

The Minister of National Defence has clearly pointed out that an inquiry was established to get at the truth of what happened in Somalia. The evidence has been presented. Mr. Fowler will appear under oath before the inquiry to give all the information he knows, as will others.

It seems to me that the hon. member is incapable of understanding the basic rights of decency and justice, that a person is not charged or tainted until they have had a chance to defend themselves.

* * *

[Translation]

RAW MILK CHEESES

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, my question is for the Minister of Health.

With their draft regulation on banning raw milk cheese, federal officials are interfering against everybody's wishes and threatening the future of a flourishing industry.

How can the minister accept that an official can refuse to make available studies on raw milk that were carried out by the health department at public expense and thus belong to the public and not the public service?

[English]

Hon. David Dingwall (Minister of Health, Lib.): Mr. Speaker, with respect to the official not making information available, I have instructed the deputy minister to make all information in the department, all of the scientific evidence, available. Of course there is information which cannot be released because of commercial confidentiality.

I want to share the words of my colleague in the province of Quebec, the minister responsible for agriculture and fisheries, who said that he believes it is essential to protect the health of consumers. Since there are some client sectors at risk, such as pregnant women, the committee he is going to strike in his province will have to make the necessary recommendations in order that the production, transformation and sale of milk products made from non-pasteurized milk will be monitored well. The Quebec health and social service ministry will sit on that committee. I welcome the support and the confidence of the minister in Quebec.

[Translation]

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, I invite you and the minister to come tomorrow to a raw milk cheese tasting right here in Parliament.

Some hon. members: Hear, hear.

Mrs. Picard: Does the minister not recognize that his department officials are threatening a growing industry which creates many jobs in Canada, mainly in Quebec?

*Oral Questions**[English]*

Hon. David Dingwall (Minister of Health, Lib.): Mr. Speaker, I have two responses to the question.

The first response is that I would be delighted to join with my colleague in having a taste of good cheese from the province of Quebec.

The House should understand very clearly that on May 30, 1995 individuals under the national liaison group of milk products quality reviewed this particular issue and found no difficulties with the proposal that was being made. The officials who formed that group were from Ontario, New Brunswick, Nova Scotia, the province of Quebec, and other representatives from the province of Quebec.

• (1445)

As of March 30 we have gazetted a regulation thereby giving everyone in Quebec and across the country the opportunity to make representations, to make sure that our regulation which may be out of date addresses the concerns of all Canadians and protects the health of all Canadians.

The hon. member does not have to believe me, she can believe the big cheese in the province of Quebec.

* * *

JUSTICE

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, my question is for the parliamentary secretary to the solicitor general.

Canadians want the various levels of government to simplify, co-ordinate and avoid overlap. In Windsor and Essex county we see through our American neighbours what violent crime can do to a society.

Is the government taking any steps to clear up jurisdictional overlaps in the criminal justice system to make it more efficient and to ensure that nobody falls through the cracks?

Mr. Nick Discepola (Parliamentary Secretary to Solicitor General of Canada, Lib.): Mr. Speaker, upon the initiative of the solicitor general's office as well as the office of the Minister of Justice, this Sunday and Monday a workshop was organized in Ottawa on the delivery of information on the justice system and the application of new technology. This workshop was attended by senior federal and provincial leaders. They are meeting in Ottawa to discuss the application of new technology which has been accepted by all jurisdictions as important to the delivery of the information system.

A concrete example of an initiative the solicitor general recently announced is the flagging of high risk offender systems. This is an initiative by the federal government as well as the provincial and

territorial leaders. It is being administered through the police information office.

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SOMALIA INQUIRY

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, with the inadequate answers which we have received today on the Somalia inquiry the government has raised the bigger issue of ministerial accountability.

We have a serious dereliction of duty with respect to the Canadian Armed Forces in the case of the cover-up of the Somalia affair. Instead of the senior minister accepting responsibility for that dereliction of duty, he tries to pass it on either to an inquiry or to senior officials who then pass it on to the lower ranks.

Will the minister explain to the House exactly what his concept of ministerial responsibility is? Does he accept responsibility in the case of the Somalia cover-up?

Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, this is not a political science class at a Canadian university. If the hon. leader of the Reform Party does not know what ministerial responsibility is, he obviously does not know much about the Canadian parliamentary system and far be it for me to educate him.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, in 1978 a Liberal Speaker of this House who is now an associate to the chief justice of the Federal Court of Appeal made a ruling on what ministerial responsibility is. I would like to read it to the minister: "It is the responsibility that when serious dereliction of duty by an official of a minister takes place, the minister is expected either to assume responsibility for that in the House or alternatively to advise the House of the appropriate disciplinary measures which have been taken".

Can the minister understand that? Does he assume responsibility for the Somalia cover-up, yes or no? If no, will he advise the House what disciplinary measures have been taken against those whom he does hold responsible?

Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, once a day the leader of the Reform Party has made accusations. He has not bothered to get the facts. He has drawn conclusions and he wants to mete out punishment.

• (1450)

We established an inquiry to look at this matter, to decide if there was wrongdoing. If wrongdoing is identified, the civilian or the military police authorities can take action and bring the discipline the hon. member wants.

I do not believe the hon. member after allegedly agreeing with the government that we did the right thing in establishing the inquiry really believes the inquiry can do its job. His very

questions show that he has no faith in the whole inquiry process and I think that is sad.

* * *

[Translation]

CANADA POST CORPORATION

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, my question is for the Minister of Public Works.

This morning, we learned that some postmen from Longueuil photocopied envelopes sent to clients by private courier services and sent those names and addresses to Canada Post, so that it could approach those very same clients.

Does the minister think it is acceptable for Canada Post to resort to photocopying names and addresses in order to gain unfair advantage over the competition?

Hon. Diane Marleau (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I think this is totally unacceptable. I have contacted Mr. Clermont, the president and chief executive officer of the Canada Post Corporation. I have asked him to look into this situation right away, to see that such practices stop immediately and to undertake investigations throughout Canada to ensure that these tactics are not used elsewhere.

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, can the minister assure the House that she will ask the president and chief executive officer of the Canada Post Corporation, her former colleague André Ouellet, not only to put a stop to this practice, but also to stop anything that can jeopardize the confidentiality of the mail?

Hon. Diane Marleau (Minister of Public Works and Government Services, Lib.): Mr. Speaker, I have taken note of the hon. member's request. Of course, we take the services provided by Canada Post throughout Canada very seriously. I have communicated with the president, Mr. Clermont, to ensure that he will do everything possible to protect the confidentiality of all mail items in Canada.

* * *

[English]

PENSIONS

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, the Canada pension plan is going bankrupt quickly. This government has a decision to make. In the seniors benefit it has guaranteed seniors the right to "continue in their retirement secure the change will not affect them; that is guaranteed". However, the government's own ministers have warned that changes must be made: "You have got to take a look both at premiums and at benefits".

Oral Questions

My question is for the Deputy Prime Minister. What is the government's position on protecting pensions to seniors?

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, the hon. member opposite is confusing two principal components of the pension system in this country.

With respect to the Canada pension plan, as the member well knows, consultations are under way across Canada and she is welcome to participate if she has any creative suggestions on how to improve that system. With respect to the seniors benefit she spoke about, today's seniors are protected. The new seniors benefit will be of great advantage to seniors in the future. We are taking steps to ensure the sustainability of both aspects of seniors benefits, the seniors benefit and the pension plan in the long term.

Mrs. Daphne Jennings (Mission—Coquitlam, Ref.): Mr. Speaker, the member appears to me to be waffling.

In essence we have been waiting now for almost three years for direction. Could he please be specific on just what is the government's position?

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Mr. Speaker, I first want to underscore the work that has been done by the member for Mission—Coquitlam in terms of her defence of seniors and her defence of grandparents, which is certainly very well known. It is unfortunate that her position is not reflected by that of her party.

She asked in her previous question about the status of the Canada pension plan. I can assure the hon. member that unlike the Reform Party which has a policy to abolish the Canada pension plan, it is the policy of the Liberal Government of Canada to protect the Canada pension plan for seniors and its viability in the long term.

* * *

● (1455)

SPORTS

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, my question is for the Minister of Canadian Heritage.

As the minister knows, Toronto and Collingwood will jointly host the 1997 Special Olympics World Winter Games. The games will be the largest multisport event in the world that year involving 2,000 mentally challenged athletes from over 80 countries.

How does the government intend to show support for this important world sporting event?

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Mr. Speaker, the hon. member and several colleagues have been working very hard to make sure that the 1997 Special Olympics World Winter Games, which will be staged in Collingwood and Toronto, will not only be celebrated by 2,000 participants, 3,000 volunteers and people from some 80

Oral Questions

countries, but that there will also be financial participation on behalf of the Government of Canada.

I can assure him that there will be specific financial participation. We have accepted his request that the funding from the federal government as suggested be \$500,000.

* * *

KREVER COMMISSION

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, the Krever inquiry into the tainted blood scandal in Canada is becoming even more bizarre. It has been reported that the Red Cross has paid \$150,000 to two of its senior officials to report to that inquiry.

Could the minister tell us how much the Liberal government is prepared to spend to defend its buddies, specifically former health ministers Monique Bégin and Jake Epp?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the question is a little unclear. I have to tell the hon. member that we are engaged as counsel for the Government of Canada before the commission of inquiry and we are going to be there as long as we can be of use to Mr. Justice Krever.

* * *

[Translation]

CENTRE FOR MAGNETIC FUSION IN VARENNES

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, my question is for the Minister of Natural Resources.

The minister said recently in the House that a readjustment of her priorities was behind the closure of the Canadian centre for magnetic fusion in Varennes, one of the rare federal investments in research in Quebec. At the same time, the minister maintained funding for the ambitious research project of the neutrino lab in Sudbury, Ontario.

Can the minister explain why the Ontario project found favour with her while the sole financial involvement of the federal government in a long term energy research program in Quebec was cut?

[English]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, let me assure the hon. member that the project to which he refers is not the only energy research project funded by my department or this government—

Mr. Bergeron: Long term.

Ms. McLellan: Nor long term, in the province of Quebec. In fact I would like to reassure the hon. member that approximately 25 per cent of the regional R and D spending in my department is spent in his province.

[Translation]

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, I would like to inform the minister that those are not long term research programs.

Will the minister admit that the new priorities of her department will mean nothing but minor spinoffs for Quebec, which has only one of the 28 Candu reactors and where no research is done in this sector?

[English]

Hon. Anne McLellan (Minister of Natural Resources, Lib.): No, Mr. Speaker, I would not admit that.

As I have indicated to the hon. member before, AECL has determined that its priority is the Candu reactor and the export sales of the Candu reactor.

Let me assure the hon. member when he talks of benefits to the province of Quebec, the sale of one Candu 6 represents potentially \$100 million worth of business in Quebec and 4,000 person years in work.

* * *

• (1500)

CANADIAN BROADCASTING CORPORATION

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the latest paperweight on the heritage minister's bookshelf is the Juneau report. She will recall that this report, which was originally due in September, then November and then January, had a cost that went from \$900,000 to \$1.6 million to \$2.57 million.

The real obscenity is the fact that the commissioners received \$300,000 split two ways. Who was it in her department who approved this obscene payment of \$150,000 to those commissioners for eight months of part time work?

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.): Mr. Speaker, I am disappointed but not surprised that with all of the challenging issues facing the CBC over the next number of months the member for the Reform Party can think of nothing else but to criticize the cost of the Juneau report.

In fact, the three members involved in the Juneau report included their travel and per diem costs which were in line with others that are paid by government. They passed all Treasury Board guidelines.

What I think is really sad is at a time when public broadcasting really needs the support of the Reform Party, I wish its members would get together with the government in support of long term stable funding for the CBC.

CAPE BRETON DEVELOPMENT CORPORATION

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, my question is for the Minister of Natural Resources.

The member for Cape Breton—East Richmond, the current Minister of Health, said on October 7, 1993: “If elected, the Liberals would want to increase coal production at Cape Breton Development Corporation. With an increase in production no downsizing would be executed”.

A delegation from Cape Breton has come to Ottawa to stop the Liberals from adopting a plan that would see DEVCO eliminate growing export markets and would result in DEVCO’s privatization and the loss of jobs and to adopt instead a plan that offers both jobs and profits.

Can the Minister of Natural Resources give her assurances that DEVCO’s management will work in close co-operation and partnership with the community and the union to fulfil the pledge by the Minister of Health of increased production and no loss of jobs?

Hon. Anne McLellan (Minister of Natural Resources, Lib.): Mr. Speaker, what I can assure the hon. member is that the management and the board of directors of DEVCO will work in partnership and consultation with the community and with the unions.

In fact, in a virtually unprecedented exercise of consultation, last week the board of directors and the management of DEVCO met with community representatives and with representatives of the union to talk about the long term future of DEVCO.

GOVERNMENT ORDERS

• (1505)

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

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

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, I will be splitting my time with the member for Calgary Centre.

I am pleased to have the opportunity to speak on the budget on behalf of my constituents in Comox—Alberni. Canadians have listened for years to promises to bring spending under control and they are fed up with governments who are more concerned with

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re-elections than with the fiscal health and economic well-being of the country.

The last federal budget surplus was in 1970 when the government took in \$139 million more than it spent. That was 1970. Since then, former Prime Minister Trudeau increased Canada’s debt and it has been spiralling out of control ever since. It is not surprising that our present Prime Minister was finance minister during that period.

The deficit for this fiscal year was down to \$33 billion and the Liberals have been doing a smart job in dropping the deficit down, but it has not been going down fast enough. That is only part of the problem. With a national debt of \$580 billion and growing every second, Canada is in serious financial trouble. There is little in this budget to deal with this problem.

By not aggressively attacking the debt, the government is giving billions of dollars to the banks instead of spending it on Canadians in need. It is true that the Liberals have made modest cuts in programs, however, by not aggressively attacking the debt, any savings in spending are simply eaten up by payment on the debt.

Canadians are now paying 35 cents of every dollar simply to service the debt. Twenty years ago this figure was 11 cents. It has shot up by a factor of three times. Rather than serving Canadians, this government chooses to send that money off to the big banks.

In addition, this budget not only fails to make the necessary changes required to balance the budget, it makes its cuts by offloading the debt on to the backs of the provinces. For example, 73 per cent of Ottawa’s spending cuts in the next year are in federal transfer payments for health, education and social programs.

Last year transfers were cut by \$2.5 billion for the next fiscal year and by \$4.5 billion for the 1997 fiscal year. This budget cuts transfer payments by another \$1.4 billion over and above the \$6.8 billion announced last year.

On April 1, provinces will be dealing with \$8 billion in reduced transfer payments. By 1998 total transfers to provinces will be reduced by 24 per cent from 1994 levels, a 24 per cent drop in four years.

In terms of attacking the deficit, most provinces are well ahead of Ottawa in deficit reduction. Rather than following the lead of the provinces, this government is taking advantage of their political resolve and is down loading the federal debt on to the provinces.

Without a doubt this government’s cuts to federal transfer payments is a feeble attempt to simply make the provinces, which already have balanced budgets, pay the federal debt. At the same time, and this is what infuriates Canadians, this government continues to make very little effort to cut back on government waste.

For example, despite the fact that civil service jobs are being cut, the budget for executive training has been increased by \$6 million.

The Budget

Statistics Canada's budget increased by 47 per cent and Treasury Board had a 12 per cent increase. The list goes on.

While the provinces are being hit hard with transfer payment cuts, this government is still on a spending spree. Provinces such as British Columbia have had it up to here, especially when they are being unfairly targeted by this and previous governments.

British Columbians are forced to cough up more than their fair share of funding and in return what do they get? Less and less. To illustrate, the level of funding under the Canada assistance plan to British Columbia, not to mention Alberta and Ontario, has been frozen since 1990. The Liberals promised to lift this cap, but like many of their promises, they have broken this one as well.

British Columbia, like Alberta and Ontario, continues to be a cash cow for the rest of Canada. In return British Columbians are being deliberately overlooked by this government which is more interested in serving the needs of central Canadians than the so-called rest of Canada.

• (1510)

British Columbia has received less than its fair share of transfer payments for years. For example, B.C. receives 30 cents on the dollar for its social assistance funding from Ottawa, while most other provinces receive 50 cents on the dollar toward their social assistance programs. Does that sound fair? Well, it is not.

There is another glaring inequity. This coming fiscal year Quebec will receive \$11 billion in transfer payments. Ontario will receive \$10 billion in transfer payments. What does B.C. receive? Three billion dollars in transfer payments. That is unequal and it is obscene.

Federal cuts to social program funding since 1990 have already cost B.C. taxpayers \$1.7 billion. Over the next two years B.C. loses an additional \$1.2 billion in federal funds for health, social services and post-secondary education. With all the cuts in transfer payments, British Columbians are fed up watching their taxpayers' dollars go to Ottawa with very little coming back the other way.

The level of cash transfers to the provinces is rapidly approaching the point at which Ottawa will lose any influence in setting health care and welfare standards. If this situation continues, why should B.C. be forced to follow Ottawa's standards for welfare when it is simply not coming through with the transfers? The answer is very simple. Ottawa will cease to be a player.

Over the past 30 years, federal spending in B.C. has been significantly lower than any other province or region in Canada. For example, B.C. receives a measly 5 per cent of major crown projects valued at over \$100 million despite being the third most populated province in Canada. This is discrimination of major proportions.

The government has not only failed to represent B.C.'s interests in Canada, but it has also failed to represent B.C.'s interests on the

international front. For example, the United States is challenging Canada's sovereignty over the inside passage between Vancouver Island and the mainland and is demanding the return of \$300,000 in fees collected from U.S. fishermen in 1994.

Last November the American Congress passed a bill declaring the right of free passage to U.S. vessels through B.C.'s inside passage. Clearly this American bill undermines B.C.'s and Canada's sovereignty over its internal waters guaranteed under the Oregon Treaty of 1846. B.C.'s sovereignty over its own territory must be protected, yet the foreign affairs minister views this situation, and I quote his words, "as an annoyance". It is no wonder that British Columbians are worried about their federal representation regarding this issue and other issues such as the ongoing dispute regarding softwood lumber and the treaty regarding salmon.

I am forced to ask the question: Who in this government is looking out for B.C.? The answer: There is not one member of Parliament in the entire Liberal caucus, let alone in cabinet, who is willing to stand up for British Columbia. It is long overdue for this government to recognize the west and its vital contribution to Canada.

British Columbia expects more from the federal government. B.C. expects federal representation and recognition that B.C. makes a major contribution to the country. It is long past time for the Liberals to recognize that B.C. is more than a cash cow for Canada.

British Columbians are not prepared to sit in the back seat any longer. British Columbians are asking themselves what value they are getting for their dollar. When the net costs seem to far outweigh any benefits, it begs the question: Why should B.C. remain in the game?

In conclusion, British Columbians will simply not tolerate these injustices any longer. They are demanding equal treatment and it is becoming very apparent that only a change in government will bring that about. Come the next election, British Columbians will vote for change. They will turf out the Liberals in B.C. who are not representing their interests and will send a complete slate of 32 Reformers to clean up the mess created by the old line parties.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I listened with interest and incredulity. I cannot believe some of the things I heard from the member.

Sometimes when I think about what happens in this place, I wonder if members forget the old cliché that if you are not part of the solution, you must be part of the problem.

• (1515)

I want to remind the member of comments made recently by Premier Mike Harris of Ontario after his election and after looking at the finances. He publicly announced, after knowing for two years

The Budget

exactly what the adjustments in transfer payments to the provinces would be, that 95 per cent of the fiscal problems of the provincial government had nothing to do with the federal government. They were problems in the financial management of the province.

I spent a number of years working on a volunteer basis on the board of the Mississauga hospital. Over those nine years there were tremendous changes in the health care system. There was a significant change in the average length of stay from approximately 7.2 days to approximately 4.9 days. There was a tremendous shift in technology. There was a tremendous shift in medical knowledge and chemistry. There were significant savings. That hospital reduced from 600 beds to 500 beds and served more patients because of the improvement in technology.

Of all of the savings that were achieved by the Mississauga hospital and by every other hospital across Canada, not one penny was transferred back to the federal government. The federal government has continued to fund at the same level and has received no credit for health care improvements over the decades.

Does the member not believe that we have to look for ways to improve the productivity of all operations, including health care, that we have to look for ways to ensure funding is satisfactory for the provision of good service, not the same level of dollar service, but improved productivity and a better value for the dollar being spent?

Changes are being made. The federal government is only getting its share of the savings. It is simply one example which shows this member has not carefully thought out the reasons the federal government should share in the savings that have been achieved across Canada.

Mr. Gilmour: Mr. Speaker, the member clearly illustrates what I have just been saying. Instead of commenting on the problems or solutions in British Columbia, he tells us what is going on in Ontario. That has been the problem for the last 30 years. We have been hearing about central Canada to the exclusion of British Columbia.

The member also misses the point that Canadians clearly want to see the best uses made of their tax dollars which in many cases are wasted by government. The government is in areas where it should not be and it should get out. That is where the government should cut. It should not cut transfer payments to the provinces in health, welfare and education. The government wants to cut \$4.5 billion which is obscene.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise today to address the budget of the federal government. I will do a couple of things. First, I intend to compare a good budget with this Liberal government's bad budget. I want to make a few points before I start.

The job of a finance minister and the purpose of a budget is to represent fairly and accurately the balance sheet of a nation. Let us examine the record.

On page five of the budget speech the minister of myth—sorry the Minister of Finance—claims, brags and asserts: “In this budget 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”. All the backbenchers rose and applauded. All those good members of Parliament rose to applaud.

However, on Table 3, at page 19 of the “Budget in Brief” entitled “Summary of tax measures,” we clearly see that he has raised taxes this year by \$100 million. Next year he projects to raise taxes by \$245 million and the year after that by \$390 million. Is that a deliberate misrepresentation or was it simply an oversight on his part when he chose to use such inflammatory rhetoric?

• (1520)

The finance minister—sorry, the minister of myth—also brags and claims that he has broken the back of the deficit, as if that was the problem. He has identified the wrong problem. The problem is the debt and the interest cost to service that debt.

He tells us half of the equation. In algebra we all know that two sides of an equation must balance or there is something wrong with the equation. All he talks about is one side. He talks about cutting the deficit and getting it down to five or six. He always starts at six. I forgot about the part where he inflated the Conservative government's miscalculations: six, five, four, three, two, but he never tells us when we get to zero. At the same time, he does not tell us the other side of the equation.

The real problem is that while the deficit is going down it is not going down fast enough. He was too chicken and too slow to make the cuts in the first year of his operation when he should have. He waited over two years. The debt is going up. It is rising by \$40 billion, \$30 billion, \$25 billion, \$30 billion. He came in at \$508 billion. He is going to exit at \$608 billion by his own projections. He does not talk about that. All he talks about is half of the story.

We also know the GST is a great contributor to the underground economy. He promised in opposition to get rid of it and/or replace it which has not been done. Now the finance minister, the minister of myth, is saying that harmonization is the answer. He is saying this is how it will be replaced.

However, in opposition that man stood here in defiance of the finance minister at the time and said: “Harmonization is no answer. If you harmonize with the provinces and their provincial sales taxes all you accomplish is that you never get rid of the GST. We would get rid of it. We would not harmonize”. That was basically what he said.

The Budget

Now that he is the finance minister he is harmonizing the GST which will increase costs for the provinces. He has a non-starter there and he knows it. He is trying to bribe the Atlantic region. That is how he is trying to solve his problems.

This budget is targeted at the financial markets. He did a good job there. He was smart. It helps monetary policy and helps to bring stability at a time when we are very concerned about the poor job the Conservatives did. I will give him credit for that, it did help. He set a target for a deficit and he met it. He kept setting targets which he met.

However, those targets were so soft that it was like saying let me on the ice, coach. I will skate up and down that ice once without falling. Do you think you could do that, Mr. Speaker? I think so. I think most Canadians could do that even if they were out of shape like I am.

My point is this budget has appealed to the analysts because of what the finance minister has done, which is what one generally does. A person sets a target and if his corporation meets it he is looked on favourably. However, this budget should be about people, the taxpayers, our children and our grandchildren, the shareholders in this country. He has let them down tremendously.

Every baby who is born in this country has the obligation of a \$20,000 debt right off the bat. That is the baby's share in helping to pay off and service Canada's debt and deficit. Every taxpayer owes about \$40,000, federally speaking only. This budget is not for our children and grandchildren. They will pay dearly for this ever increasing debt.

By making the four points as I have made them and by pointing out from the start that the finance minister's obligation is to present a budget that fairly and accurately represents the finances of the country, do you, Mr. Speaker, feel that he has represented the financial picture fairly and accurately? Regardless of your opinion, Mr. Speaker, I submit that he has not. However, we both know that the ultimate decision on this budget will be made by the taxpayers of this country.

I would like to get to the comparison of a good budget and a bad budget. The good budget I refer to has been put together by the minister of finance of the province of Manitoba. This budget has a number of tremendous features which this finance minister could learn from and could actually adopt.

The Manitoba government has introduced an act, the balanced budget, debt repayment and taxpayer protection legislation for which it has received nothing but compliments and praise from all groups across the country, both business and taxpayers. This budget clearly shows it has a surplus. There is an operating budget of \$385 million and a surplus of \$48 million. Does the federal government have that kind of a budget? No.

• (1525)

The provincial government can offer an increase of \$70 million to local governments because it has a surplus budget. Rather than offering more to the provinces, the federal government has to offer less. It makes its spending cuts on the backs of the provinces by transferring \$7 billion of the Canada health and social transfer to the provinces. It is a wonder rocks are not thrown at the House of Commons but instead are thrown at buildings like Queen's Park.

The Manitoba budget has a tax rate reduction. There is tax relief for the provincial taxpayers of Manitoba. Does the federal government have a tax reduction for the Canadian taxpayer? No.

The major difference between the budgets of the Manitoba government and the federal government is in the definition of an operating balance. The Government of Manitoba takes its revenues and expenses and then under expenditures it includes the public debt costs. It shows operating revenue which is made up of expenses and the interest costs to service its debt. That is what it calls operating revenue.

In the federal government's presentation of operating revenue or balance, the government takes its revenues, subtracts program spending and defines operating balance to create the illusion, the misconception, that it has an operating surplus. Then it subtracts the interest costs to service the debt.

It is an accounting difference of opinion. Both are legal and both are acceptable but one is deceiving. One view tries to show the federal government is doing a better job than it is. Saying that it has an operating surplus without including the interest costs to service the debt does not fairly and accurately represent the financial status of the federal government.

It is a small difference in accounting procedure but it is a huge difference in the psychology and perception of the Canadian taxpayer. We have to stop this game of smoke and mirrors. I do not want to call the finance minister the minister of myth. I want to give the finance minister a compliment for recognizing the needs and the problems of this country.

Half the solution to a problem is identifying the problem. The problem, I will repeat, is the debt. The Liberals can brag all they want about how the deficit is coming down, but tell me why the debt is going up. They can brag all they want about the spending cuts they are making, which they never promised to do but thanks to us they are. However, why is the interest cost going up? The cuts are equal to the increase in costs. Where are we? We are treading water. The time bomb is ticking and might burst one day.

We all talked a few years ago about hitting the wall. That wall is when nobody who gets elected to this Chamber has the courage to do what is right. To do what is right is to be fiscally responsible, to present a balanced budget and to have a social conscience, to properly define legitimate government programs, not the give-

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aways the government continues to support. It is not to reduce transfers to provinces and transfer the problem.

We have to reduce transfers to individuals because some are too generous. A lot of them are too generous. But no, this government will not do that. It wants to continue the game of getting elected the old way.

This is what the province of Manitoba thinks about the great social values of this wonderful Liberal government. This year, the Liberal government reduced federal funding to health, education and family services by \$24 million. Next year it will reduce it by \$147 million and the year after by \$220 million. The province has to handle it.

The finance minister from Manitoba said: "We had hoped that in setting its priorities the federal government would recognize the importance Canadians attach to health, education and family services. The federal budget proves little evidence of any priority emphasis on these vital services".

Our zero in three budget cuts to these three programs of health care, education and welfare were only \$3.3 billion. The government's cuts were \$6.6 billion while ours were \$3.3 billion less. Talk about slash and burn.

• (1530)

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 hon. member has been comparing the federal budget to the Manitoba budget and for some reason overlooks the Reform Party's budgets.

The Reform Party budget makes certain suggestions for cuts, for example, cuts to seniors' benefits, 15 per cent; unemployment insurance, 22 per cent; aboriginal peoples, 24 per cent; post-secondary education, 9 per cent; health, 11 per cent; the Canada assistance plan, 34 per cent; equalization, 35 per cent; other transfers that are not caught in that web by another 6 per cent; total cash transfers over and above all of that by another cut of 24 per cent to provinces; other social spending that is not caught by this, another 15 per cent; a total cut on average of 20 per cent in social spending.

Is the hon. in favour of these types of cuts in light of the speech he has made?

An hon. member: He has you there.

Mr. Silye: Mr. Speaker, I hear another comment in the hinterland of backbenchers whose voice sometimes sounds like a trained seal.

However, we are not supposed to really answer questions in the Chamber. We are supposed to avoid them. I will do the unusual. I will answer this gentleman's question.

Mr. Speaker, you bet in our zero in three budget we had cuts and you bet we had the cuts he is talking about. To talk percentages is one thing. To talk numbers is another.

We proposed \$25 billion worth of cuts over a three year period, an average of \$8 billion a year. We would have found that area where we are wasting the most money.

I find it ridiculous and ludicrous that we have an initiative called eliminate child poverty by the year 2000, while a million children are starving in this country and we spend through our taxation system currently \$9 billion through five different programs. Why can we not take the first billion dollars we take in and find those million children and give them the money they need so they do not have to be put up for adoption, so they have food, shelter and clothing? That is the waste that we are talking about. That is the kind of program we would like to see.

Another difference is, unlike the politically sensitive and politically nervous Liberals who are afraid, who do not have the political courage to do what needs to be done, we would have made the cuts in the first year. We would have started the cuts and in the first year the cuts would have been in the neighbourhood of \$8 billion, or \$9 billion, or \$10 billion. The government has now made \$7 billion in cuts two years later.

The difference is that by the end of this mandate the government will exit adding over \$100 billion to the debt, whereas our program if adopted would have added only \$50 billion. What this is all about is having the political will to do what is right for the Canadian taxpayer.

By not acting when they should have the Liberals have just deferred the problem, delayed the problem, run up the costs. The politicians who will follow this bunch, who will follow us, will have a greater problem because the interest costs are rising.

We had a balanced budget and that is what the government should have done. If a government is ever elected that has the political will to present a balanced budget and to do it and create a surplus budget like Manitoba, it should follow that model. That model is good. It should get some advice from people who finally can create surpluses. That is what we need.

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, it is a pleasure to rise in this debate on the budget. I will address one small aspect but one which is very important to me.

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During his budget speech the finance minister suggested there would be increased opportunities for Canadians to donate to charities and he proposed raising the annual limit on charitable donations from 20 per cent to 50 per cent and that the limit would be increased to 100 per cent for gifts willed to charities.

The rationale behind this, as it emerged from the minister's remarks, was that as government gets more and more out of services to Canadians it is hoped charities in Canada will take up the slack, as it were.

• (1535)

I applaud the minister's intention in giving greater opportunities for charities to have a larger role in bringing services to Canadians and giving Canadians, in turn, an opportunity to donate more effectively to charities.

In one sense the finance minister's move is premature. Unfortunately the charitable industry in Canada, which consists of some 73,000 charities with about \$86 billion in revenue, is an industry which is essentially unregulated.

It is controlled almost solely by certain amendments to the Income Tax Act, 1976, which pertain basically to a few rules about how charities should spend their money and provide for an annual information return that charities have to fill out.

Beyond that there is little regulation of this huge industry. This is exceptional. In Britain, the United States and in France the charitable is very closely controlled under a great number of regulations.

The problem is that with the lack of government regulation comes lack of accountability. Over the past two months I have undertaken a rather elaborate study of charities by looking at their T3010 forms. This is an annual financial reporting instrument they have to fill out. This form is very inadequate for getting a grip on what they are doing but it is the only tool the public has.

In reviewing these forms and in examining quite a spectrum of charities, perhaps 500, all kinds of problems come to the surface. There are charities engaged in actual political activity, supporting or opposing political candidates. There are companies giving funds to foundations and then borrowing back the money, which is not something we want to see. We see excessively disproportionate fundraising costs versus the amount of funds raised.

There are marketing firms that actually set up charities in order to give themselves an income. There are charities that do not fit definitions of charities. The definition of charity is so loose that virtually anyone can apply to set up a charity and be successful and get the tax breaks associated with it.

Some charities are engaged in all manner of special interest group campaigns that have little or nothing to do with helping the

general public. It goes on and on. There are offshore charities that raise money in Canada that are controlled entirely offshore. There is no accountability even there.

Perhaps the most salient point, there are charities that have huge finance and management costs quite disproportionate to the amount of money they spend on the charitable activities.

When the finance minister proposes getting the charitable sector more actively involved in serving Canadians, we have to consider whether the charitable sector is at present able to fulfil the function adequately and effectively.

The ultimate problem is that for years Revenue Canada has resisted suggestions, including suggestions coming from the auditor general, that charities be subject to penalty when they fail to comply with existing rules and regulations.

Unfortunately there is no penalty to discipline charities that are abusing their responsibility other than revocation of charitable status. This is a lengthy and difficult process which usually does not occur except in very small numbers.

We have the fundamental problem associated. Where it has enormous meaning to what the finance minister has proposed with respect to encouraging Canadians to participate in charities is something called the 80 per cent rule.

In 1976 an amendment to the Income Tax Act required that charities spend 80 per cent of their tax receiptable donations on charitable services. That left 20 per cent for management, administration and salaries.

Unfortunately the authors of that amendment confined it purely to tax receiptable donations when charitable income is mainly and ultimately, believe it or not, from government. Most governments at every level support charities which may be universities, hospitals or CIDA charities associated with foreign affairs or charities associated with Heritage Canada or Health Canada.

• (1540)

Unfortunately because the 80 per cent rule applies only to tax receiptable donations, it does not apply to grants from government or funds raised by other means, for instance, bingos. It does not apply to bequests left by people in their wills. If we examine a couple of hundred T3010 forms we would find that the vast majority of charities are nowhere near the 80 per cent rule with regard to their total revenues.

Charities are by a large not very well managed. Some charities are spending perhaps 30, 40 or 50 per cent of their total revenue on actual charitable activities. This is quite an enormous inefficiency which Canadians would be very concerned about when they put up their charitable dollars.

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The problem is we have no way of controlling that with charities as the legislation now stands. The revenue minister cannot dictate to a charity to improve its management. There is the possibility of an audit of a charity but an audit looks only at fraudulent use or improprieties by a charity. It does not look at the ethics of spending by a charity. Consequently a charity could be very small and could choose to pay \$180,000 to its executive director or, as was recently in the news, the case of the Red Cross deciding to pay \$1,000 a day to a former principal officer so he could testify before the Krever commission.

There are all kinds of ethical problems within charities because there is no mechanism for an ethical audit. One reason there is no mechanism is that there is not the level of disclosure or regulation existing either within the law or any other means which pertain to charities. We have no decent control on how well charities do their business. Therefore the finance minister proposes involving charities more and more with helping Canadians and taking over where government leaves off in providing services to Canadians.

We are sure the level of management of these charities is actually below that of our own bureaucracy. We must ask ourselves if the finance minister's move is wise. The finance minister is aiming in the right direction. Before we can involve charities in the way proposed in the budget speech we must have legislation which will set the house of charities in order.

We need new legislation similar to what has been put forward in the United Kingdom where charities have been completely overhauled. We need to do this in Canada and then the finance minister's proposal to tap the generosity of Canadians to support charities, bring new services to people and to encourage the very good charities and get rid of the ones that are poorly managed. Then it will be a very fine move.

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, it was interesting to listen to the remarks the hon. member made with regard to charities.

It reminds me of the illustration of somebody trying to pick a tiny sliver out of somebody else's eye but cannot do it because of the log in his own eye.

He says charities are not well managed. Before he criticizes charities for not being well managed or having high administration costs, why does he not look at his own government? If he is to correct something and complain about high administration costs, why not first of all look in his own back yard and see the huge bureaucracy which has been created here in Ottawa?

If we are to create another bureaucracy to regulate charities, it will not solve the problem. It will only compound it. On his

statement that charities are not well managed, I suspect that a lot of them are a lot better managed than the government is.

• (1545)

He also said charities are allowed to lobby government. The government funds special interest groups that turn around and lobby the government for more money. If he sees a problem with charities' being concerned about some of the moves of government, those charities have values and they would like to see the government translate some of those values.

The problem I have with that approach is how can we complain about charities when we have special interest groups receiving huge sums of money directly from the government to lobby the government? If that is not unconscionable, if that is not a huge problem, I do not know what is. We must look in our own back yards before we start trying to find more ways to collect tax.

A typical Liberal Party move is when it does not have enough money it tries to figure out another way of collecting the money without giving the impression it is actually increasing taxes. It does this all the time and now it will go after charities.

There may be a need to tighten it up but we must first of all fix the big problems in the country. We must reduce government spending. The Liberals should look at the bureaucracy they have created before they start going after charities.

The hon. member is trying to find fault in areas in which I think there may be some small problems. However, let us fix the big things instead of picking away at some of these little things.

How can we get involved in the regulation of charities if we do not share their goals? Government typically gets involved in all of these things and tells others how to do it when it will destroy a lot of the things these charities are aiming to do in society. Charities play an important role in our society. If the government is to start undermining what they do I have grave concerns about that.

Mr. Bryden: Mr. Speaker, I am mystified by the member's challenge about the simple premise that charities be more accountable. There is a major revenue issue here in the sense that there is \$86 billion in revenue going through charities without proper monitoring or decent monitoring by Revenue Canada. Therefore if we have only 10 per cent abuse in that sector we have \$8.6 billion that has been lost to the economy.

As to the issue of special interest groups, many of the special interest groups funded by government are charities, which is precisely the problem. I do not believe they should be charities. I do not believe they should have charitable status, particularly if they are advocacy groups.

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This is an area in which I am merely calling for legislation to bring a greater degree of accountability to public organizations. The member does surprise me by finding this unacceptable.

Mrs. Marlene Cowling (Parliamentary Secretary to Minister of Natural Resources, Lib.): Mr. Speaker, I am pleased to participate in the budget debate, bringing a rural Manitoba perspective to the discussions.

The budget brought forward by the finance minister is yet another reason why the approval rating of the government by the Canadian people continues at unprecedented heights. We are providing the kind of government Canadians want. We are tackling the deficit while protecting social programs. We are governing with integrity. We are listening to what Canadians are saying and responding.

This is definitely a good news budget. It is good news for rural Canada. It is good news for the resource sectors, agriculture, mining, forestry and energy. It is good news for our greatest resource, our people. It is good news for jobs and economic growth. It is good news for all Canadians.

There is more optimism in the agriculture sector than I have seen in all of my years as a farmer. Farmers are receiving their WGTA payments right now. They are using this money to diversify their operations and bring in new efficiencies. Farmers are at the cutting edge and must be to compete in today's competitive world market.

The elimination of the WGTA is encouraging a boom of value added processing in Manitoba. This is crucial for job creation and economic growth. Increasingly we are adding value to the commodities we produce in our home communities instead of sending these raw resources east, west or south.

• (1550)

Since the 1995 budget the following projects have been announced in rural Manitoba: a \$55 million investment in a canola crushing plant in Ste. Agathe; a \$40 million hog processing plant announced by Schneiders meats; a \$200 million expansion of the Simplot fertilizer company in Brandon; a \$5 million pasta processing plant in Altona; an \$8.9 million investment by Canamera Foods in its Altona canola crushing plant; an \$18 million investment by Carnation Foods in Carberry's potato processing plant; an expansion of the Canoat plant in Portage.

In my riding of Dauphin—Swan River a very industrious group from Russell is putting together an ethanol and cattle finishing plant that will be a windfall for many surrounding local communities. We also have a group of farmers wanting to set up an inland terminal in the area. If this is not a demonstration of optimism in the future of farming, I do not know what is.

All of these examples clearly show the confidence farmers and agri-food companies have in the future of agriculture and in the future of rural Manitoba. It shows the confidence they have in the Liberal government.

It is because the Liberal government and the Minister of Finance are creating a climate of opportunity that these crucial projects are a reality. These are the types of projects which will continue to encourage job creation in rural Canada.

Dollars are tight. We all realize that. The challenge becomes setting priorities and doing what is best for the agriculture sector in the long term.

What are we doing to keep farmers on the land and to create jobs for our children so they can remain in their home communities? We are investing our limited financial resources in infrastructure, in research, in adaptation measures and in international trade to help the agriculture and agri-food industries expand for the food production sector.

We are already well on our way to exceeding our goal of \$20 billion in agriculture exports by the year 2000. Our exports have risen by about 30 per cent over the last two years alone.

This is good news for the farmers in my riding of Dauphin—Swan River. It means strong, long term markets which will keep and help farmers. It will also keep the prices up as well as the demand.

A good example of how we are responding to the farm community is the decision to accelerate the payment of the \$300 million adjustment fund to compensate for changes to the pooling of the seaway costs. Instead of spreading the payments over six years, the money will flow within three years, putting money in farmers' pockets faster and making improvements to local infrastructure.

The Canadian agriculture and agri-food sector has a proven record of successfully adapting to the constant changes facing the industry. In the years to come new trade agreements, new markets and new technologies must and will be met with the same determination.

Similarly, the measures we have taken in the area of natural resources also further the government's commitment to rural Canada and to sustainable development and to jobs and growth in the forestry, mining, energy and earth science sectors.

Our focus on renewable energy and energy efficiency will contribute to growth and jobs at home and abroad. The renewable energy sector offers significant potential to help Canada move toward our international climate change and the commitment to stabilize greenhouse gas emissions at 1990 levels by the year 2000.

Through changes to legislation and regulations we are creating an environment that encourages growth in the energy and mining sectors to create jobs and fuel the economy.

Our financial constraints have meant that we have had to make some tough decisions.

We are streamlining our involvement in nuclear energy and we are working with AECL to find alternative sources of funding and other agreements.

These efforts are progressing very well and the Minister of Natural Resources is to be commended for her commitment in this regard. I also commend the minister for her commitment to building partnerships with stakeholders in the natural resources sectors. She has worked tirelessly with industry and the provinces to ensure that Canada will continue to reap the economic benefits the resource sectors bring.

The minister is following through on the Liberal government's commitment to work with Canadians for the good of Canada.

• (1555)

There was a great deal of rejoicing in Dauphin—Swan River that the budget contained no new taxes and no tax increases. Canadians told us to tackle the deficit through spending cuts rather than tax increases. We are listening to Canadians. We are surpassing our deficit targets without raising taxes. Deficit cutting is very important but most important are our people, the greatest resource Canada has.

Liberal governments in Canada have a long history of helping people at home and abroad. I am proud to be part of this government, which is continuing this proud tradition. In the budget we have provided the balance Canadians want between the economy and social programs. We are meeting our tough deficit targets while making strong financial commitments to medicare and pensions. This is good for Canada and good for Dauphin—Swan River.

We are establishing a stable, secure and growing financial commitment to medicare, post-secondary education and social assistance. After a two year levelling off period we will be increasing transfers to the provinces in each of the next three years. It will be up to the provinces to spend those dollars smarter, to ensure the people of Canada continue to have access to quality health care and education. We are continuing our commitment to older Canadians.

While other parties want to let seniors fend for themselves the Liberal government recognizes the contribution seniors have made and will continue to make to Canadian society. The budget announced a new seniors benefit designed to help those who need

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financial assistance the most. The new program will protect current seniors, improve benefits for low income seniors and guarantee that future generations will be able to count on benefits when they retire.

Although we have cut our federal spending significantly we recognize that in today's economy we need to better target resources to benefit families. We are helping families through changes to child care expense deductions and increases in the working income supplement and through improving the employment insurance program for low income parents.

Like all budgets, this is a budget for the present and for the future. It is providing Canadians with a growing economy while reducing the deficit and it makes a strong commitment to the well-being of our greatest resource, our people.

I applaud the Minister of Finance for this budget and his commitment to all Canadians.

[Translation]

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, I listened very carefully to the remarks made by the Parliamentary Secretary to the Minister of Natural Resources, and there is something I do not understand in her remarks. She seems not to be telling the whole truth.

For example, she said this was an extraordinary budget for the agricultural sector. She may be right if she is talking about the agricultural sector in western Canada, but she forgot to say that the agricultural sector in Quebec is really penalized by the rules put in place by the present federal government. Here is an example. The transportation of wheat used to be subsidized, which allowed all Canadians and people all over the world to buy wheat at a lower price. It also allowed Quebec producers to buy wheat for the production of poultry, pork, eggs and so on.

So what did the government do? It decided to subsidize western wheat producers directly and, at the same time, to eliminate the dairy subsidy that was paid to Quebec dairy producers. Is it not gross injustice? Maybe the member should say that clearly to this House and to the people of Quebec who are watching.

I remember working very hard to prevent subsidies from being paid directly to wheat producers. It was a lot more equitable to all Canadian producers when the government subsidized the transportation of wheat instead of subsidizing wheat producers, and I say it again, to the detriment of Quebec and Ontario agricultural producers.

I would like the member to give me a clear explanation and to tell us the whole truth on that subject.

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• (1600)

[English]

Mrs. Cowling: Mr. Speaker, I am pleased the member asked that question. It allows me on behalf of the government to set the record straight. Quebec does get its fair share from this Liberal government.

When we talk about subsidizing and tariffication I know there is fairness. I am a farmer myself. The minister of agriculture has worked very hard with groups within Quebec to ensure Quebec continues to get its fair share.

The Acting Speaker (Mr. Kilger): There are approximately two minutes remaining. I would like to split it evenly between the question and the answer.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I see we are going in the right direction by stressing the importance of value added industries.

Would the hon. member for Dauphin—Swan River comment on why we have lost value added industries like milling plants, pasta plants and slaughtering plants? Why has it come to the point where we are more or less exporting our raw resources instead of adding value to them?

Mrs. Cowling: Mr. Speaker, clearly the member of the third party is out of touch with what is happening. I mentioned in my speech that the government is bringing forward opportunities for diversification and value added enterprises.

I gave examples that happened in the hon. member's home province of Manitoba. There is more optimism in the agri-food and agriculture sector than I can ever remember. The government is doing very good things for the agriculture sector and for farmers right across the country.

[Translation]

Mr. Maurice Bernier (Mégantic—Compton—Stanstead, BQ): Mr. Speaker, I am pleased to take part to this debate, following the speech on the budget. I would like to take a few minutes to talk about the comments made by the member for Dauphin—Swan River and Parliamentary Secretary to the Minister of Natural Resources. As a matter of fact, the speech she has just given was somewhat out of touch with reality, to say the least, in terms of the repercussions that the budget already has and will continue to have on Canadians.

She talked in particular about agriculture. As my colleague from Longueuil has so well explained, Quebec farmers will lose a good part of the advantages that federal subsidies gave them. In order to show how reality is completely different—otherwise the hon. member must be living in an environment totally different from ours—she said that the budgetary decisions made by the Liberal government have made farmers in her area very happy indeed, that

everyone is happy, that every farmer she meets is smiling since the government decided to do away with the grain transportation subsidies.

I can understand why farmers in the West are smiling. If I were one of them I would be grinning from ear to ear. Over two billion dollars in subsidies were given last year, in the 1995-96 budget, to compensate for the reduction of grain transportation subsidies.

The non taxable part of the support was assessed. Western farmers received cash outs to compensate for the decrease in the value of their properties and they were given direct subsidies to facilitate the transition to other types of agriculture. The subsidies given to western farmers to compensate, as I said, for the loss of wheat transportation subsidies, are estimated at \$3 billion.

• (1605)

Meanwhile, what is happening in the east? As my hon. colleague indicated, our farmers are required to pay more for their grain but when the time comes to apply similar measures to them—I am referring to milk subsidies cuts—there is a double standard.

Last year, the government reduced milk subsidies paid to producers by 15 per cent. This year, producers are told that the subsidies will be completely eliminated over a five-year period, without any form of compensation. And the hon. member is telling us that all is well and everyone is happy with the decisions made by the federal government?

Our colleague, the Secretary of State for Agriculture and Agri-Food and for Fisheries and Oceans, and member for Beauséjour also stated, in response to a question from our critic for agriculture, and repeated in this House that, following the decision made last year to cut the subsidies paid to producers, consultations—to which both the Secretary of State and the Minister of Agriculture participated—would be carried out to sound out the opinion of the industry. Now the Secretary of State rises in his place and formally declares in this House: “We have the support of milk producer associations to use this approach”. He said so and repeated it with a straight face, without flinching.

As the Secretary of State for Agriculture and Agri-Food and for Fisheries and Oceans, and member for Beauséjour was making this statement about milk producer representatives being in agreement, I was reading, in my hometown newspaper, *La Tribune*, what the president of the milk producers association had said. This is not a member of the Bloc Québécois. Perhaps he is a separatist at heart, but it is not obvious from the article.

What does he have to say this dairy producer representing his union in our region, in the Eastern Townships? “Ottawa is on the backs of the farmers”. He criticizes the elimination of the subsidy over a five-year period. He proves beyond a doubt that the federal government acted unilaterally. So if the minister and the Secretary of State did in fact consult anyone, it certainly was not these

people. Representatives of the UPA in the Eastern Townships and throughout Quebec never at any time agreed to such a measure.

The head of the UPA in the Eastern Townships, Jacques Dion, added that other demonstrations will be needed. It is time to bring out the tractors. This is the only way, it appears, the government understands.

I do not think my colleague for Dauphin—Swan River met with the same representations, needless to say, and I understand. I have just explained that the decisions affecting the west do not have the same scope as those affecting the east—and it is not just Quebec, we are talking about Ontario too. So, to say that the agricultural measures in the government's budget were positive is, to say the least, going too far.

I would also like to talk about cuts in the area of unemployment insurance. In fact, the main measures, the primary effects of the budget we are seeing this year are not to be found in the 1996-97 budget, but in the 1995-96 one, since the cuts to transfers to the provinces announced last year took effect last year and this year. As far as unemployment insurance is concerned, it is the same thing. The Minister of Finance added to his revenues to reduce the federal government's deficit. He dipped into the unemployment insurance fund and took nearly \$5 billion.

• (1610)

The cuts that will result from the changes made to the UI legislation will make the surplus in the UI fund grow bigger, which means that the government will be able to draw even more money from the fund to reduce its deficit at the expense of the unemployed. Everyone in Canada knows that, because of federal government policies, the unemployment rate in Quebec is much higher than the Canadian average.

In that sense, Quebec can be said to be principal homeland of unemployment in Canada. The motion passed by the Liberal Party on the weekend could have said, in addition, that Quebec is not only predominantly French speaking, but also one of the places where the unemployment rate is the highest. As I said, we have the federal government's long-standing policies to thank for that.

Let me give you just one example. The oil refining industry in Montreal has completely disappeared as a result of decisions made by the federal government. There is a long list of this kind of decisions.

I will conclude on this because you are signalling that I have only one minute left. We have the feeling of living in two completely different worlds when we meet in this House. When I hear government members praise this budget, I catch myself thinking about the poor, the unemployed and the people on welfare who are listening to such remarks. They must be telling them-

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selves: "What country is this? Is this the right place? Perhaps I should have my head examined. My perception of reality must be skewed, because that sure is not how things are for me. I keep growing poorer and poorer, while being given less and less opportunities to break out of poverty".

That is the reality. That is the kind of effect the budget before us is having on people.

[English]

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I was very interested in the member's comments about his constituency in the area of the eastern townships. I had the pleasure of having him visit my constituency of Kootenay East about a year and a half ago when we were doing some work on the European Union meeting. He will be familiar with my constituency which is probably not too dissimilar to his.

I would like to advise him that it is not just a case of British Columbia, Quebec, Prince Edward Island or Manitoba. There is no selection on the part of the central government to bring in hostile action or activity toward Quebec.

I would suggest that he consider what he learned while he was in my constituency about the kinds of primary activities many businesses in my riding are in, which he has indicated are common to his constituency. Many practices of the central government that are construed as being aimed at or against Quebec are not aimed at or against Quebec. They come from an ignorance based on the central myopic, closed mindedness which exists in Ottawa and is exhibited by the Liberal government time and time again.

It is not a question of picking on Quebec. We only need to take a look at the way the Liberal government of another time brought forward the national energy plan which created a full depression in the province of Alberta. It is just ignorance on the part of people at the centre. It is not aimed at the people of Quebec.

While I recognize the hon. member is here as a member of Bloc Quebecois with the objective that Quebec should become a sovereign nation, he nonetheless should open his mind to this fact: more often than not the problem has absolutely nothing to do with the central government trying to persecute his province or any other area. The persecution is just out of straight ignorance on the government's part.

• (1615)

[Translation]

Mr. Bernier (Mégantic—Compton—Stanstead): Mr. Speaker, I had indeed the opportunity in the past to visit the riding of my colleague from Kootenay East at his invitation. It was a very rewarding experience for me, and it was greatly appreciated. I met

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some very nice people, and I would like to publicly thank my colleague for his invitation.

That said, when he accuses me of being ignorant or of misinterpreting the facts by suggesting that the federal government is discriminating against Quebec compared to western Canada, I simply want to remind him that, in my remarks regarding agriculture, I insisted that this would affect milk producers in both Quebec and Ontario, where this industry is concentrated. I never said that Quebec was being singled out.

I said and I continue to say—my colleague can interpret this as an argument in favour of our sovereignty objective, but the facts are there—that the federal government's decisions concerning Quebec's economic development have had a disastrous impact in several sectors, including oil refining. This is a fact, and I invite my colleague to come and visit Montreal's east end. Some of my colleagues will be pleased to show him the disastrous impact of these policies. He will see that this is not an opinion, but a very concrete reality.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am pleased to take part in the debate on the budget, which is now coming to an end. For years we have been told about the need to control the federal debt, about the fact that this huge debt would require a decentralizing process, about the fact that while federal politicians did not have the political will to do it they would have no choice because of budget constraints. Yet, this is not happening.

Why? First, because the federal government has found another scheme to continue to get involved in fields of provincial jurisdiction and to spend like it did before. I am referring to the UI fund. The government has made hostages of employers and workers. First, it makes them contribute to the fund and then it uses the UI surplus to continue to get involved in manpower training and to set up programs in various social areas which come under provincial jurisdiction.

In a way, this is a variation of what the Trudeau government did for years, when it borrowed on foreign markets to preserve its artificial Canadian dream. Now that it can no longer rely on international lenders because our indebtedness has reached an unacceptable level, the government has found another way of doing the same thing by using the UI fund.

The current situation is highly unusual in that there is a big surplus in the UI fund, but the government will still target seasonal workers, those who rely on UI benefits every year, not because they are bad workers, but simply because they work in industries which cannot operate throughout the year and because there are no other jobs available for them during the winter months. These people are like hostages. Moreover, they are low and middle-income workers

who will still have to do more to help reduce the deficit, since the government decided to lower the level of UI contributions of high-income earners.

This is very surprising on the part of a Liberal government. It seems as though the Liberals have given up their social democratic principles of the seventies in favour of the ideas of the Conservatives and the Reformers, something they should not be proud of.

• (1620)

There are also some fairly amazing examples of federal intervention. While claiming there is no money the government created a health research fund with tens of millions of dollars available in a sector that comes under provincial jurisdiction. That is set out clearly in the Constitution. The provinces have developed expertise in this field, and the federal government takes it upon itself to create a health research fund, after having created the national forum on health, which will be providing us with findings that are out of step with the every day reality, with what is experienced every week by the bodies responsible for health services in each of the provinces, where concrete front line solutions must be found.

When all is said and done, it is always the same taxpayer who will pay for the national forum on health, who will pay for the health research fund, the same one who will pay for health services in Quebec and in the other provinces. The taxpayer may well ask why duplicate administrations are necessary. Can we still afford such a thing?

Another example is the desire to create a federal securities commission. Here again, there are provincial securities commissions in place. They have proven themselves and all that is needed is for them to be linked up, but a superstructure such as the federal government wishes to put into place is not necessary on top of that. It just means more administrative costs.

The government would have shown good will if it had said "In this area at least we have not been involved in the past, so we will not go putting our big feet into it, adding to the debt and the tax burden of Quebecers and Canadians".

In this budget, there is no desire on the part of the federal government to cut back on its lifestyle. The key point I feel must be made is that this budget contains no initiative for solving the main problem of Quebec and Canada. If you survey people today and ask what the main problem in our economy is, they will answer "employment".

Employment, and the fact that the full potential of our people, in Quebec and in Canada, their potential and abilities, are not being made use of. We have to keep doing so. Fantastic technologies have been put in place, which cast aside people who had the skills and the ability to do things.

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There are people who were working in forest management, who, in the past, would cut timber. What are we doing with them? Are we casting them aside? With the increased productivity machinery affords us, we decided to forget about these people all over the place and not make proper use of them.

This is what is happening with young people as well. The budget contains rather distressing measures, such as the reduction in the amount people can contribute to labour sponsored venture capital corporations or to the new CSN fund. These programs were put in place a few years ago, a decade ago. They created jobs; they maintained some; they allowed unions to put money into businesses, to better understand how the business worked and therefore to more easily help with management and avoid confrontational labour relations.

The government has decided to reduce the amount people can contribute to these funds. At the same time the surplus in the unemployment insurance fund is being increased. In other words, money is being taken from productive funds and put into more bureaucratic funds, which are not very effective. There is still time for the government to act to avoid such a mistake, which will have a disastrous effect on employment.

The budget contains another disappointment in the area of employment and that is, as regards a review of taxation, the only thing this government has chosen to do is set up a technical committee. They decided to put off by at least one year the decisions that will have to be made, when it has been already two years since they came to power and when people from all levels of society have clearly expressed their concerns in this regard. We must find ways to use the human potential available to us.

We have nothing against businesses making big profits, but we must ensure that the productivity gain serves not only to accumulate money but also to use people's potential. The government must ensure that, when compared to other societies in North America, in Europe or elsewhere in the world, Quebec and Canada are seen as really using the potential of their people. We did not only give a chance to the stronger ones to make money and to succeed. We managed to put everyone's potential to good use.

• (1625)

The handicapped must be able to maximize their capacity to work. Young people entering the labour force for the first time must have had a chance to maximize their potential, in order to avoid the present situation, where a lot of people with technical and professional training and even people with university degrees just waste their potential over years. At some point, it is as if they were no longer in the labour force. Then, it is much harder to have them re-enter the labour force.

I think the government should have made a special effort on that front, but it did not do so.

We are often told that the opposition does not suggest any solutions. On that matter, there were some. The government ought to have mentioned a specific goal in the speech from the throne or in the budget. Just like it did in matters of deficit control, it should have set a job creation goal by stating: "The goal is such and such a level. In one year or two we will have reached that goal and, thanks to our political commitment, we will have chosen to really develop people's potential".

It could be done also through specific tax measures that would benefit employment. A business cutting jobs because of new technologies should not only reap advantages in terms of tax exemptions but should also be made to bear some costs because it is sending to the unemployment lines employees who previously had a job. We must find ways to do that. These are not things that will come about by the interactions of various market forces. The government has a regulatory role to play, and I think it resides in actions of this type.

We could also have implemented an action plan for all departments. Imagine if the Prime Minister had said: "For 1996-97, the goal is to reduce the unemployment rate. Each department will have its own objective in that area and will have to report on its performance one year from now, just as we did for the deficit". The public would have been happier at the end of the year. We would have put to good use the potential of a whole generation and kindled hope in young people who would have been encouraged to start a family, have children and perpetuate our society.

The 1996 budget could have been the means to such an end. But that is not the case and that is why we will vote against it.

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, I would like to thank my colleague. He has put his finger right on the problem, and it is an even larger problem in rural areas and in the regions.

This budget affects farmers. We talked about that earlier. My colleague opposite seemed to say that everything is going as it should, while in the east things are desperate.

For the unemployed this budget is a disaster. In my area, in Amqui, a small town of 6,000 inhabitants, 4,500 to 5,000 people demonstrated to protest against the employment insurance plan, and they did not do so for the fun of it.

I remember very well that 20 years ago the same people or their fathers or mothers demonstrated in the streets because unemployment was at an unacceptable level. This year, their children have taken to the street, because the unemployment rate in my region is even higher.

This means that this budget is not a source of hope but of hopelessness.

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Another thing I have just found out is that, as in the case of the royal military college in Saint-Jean, the Maurice-Lamontagne Institute, a research and development centre in my riding, that is wellknown at the local, national and international levels, because its researchers come from all over the world, is facing drastic budget cuts that will force several of its staff to go find work elsewhere.

When I asked the Minister if this was true, he told me about the need to streamline, that it was Mr. Martin's fault. In my region, it is very difficult to accept. They are going to cut funding to Quebec's only fisheries research and development school. What tells me that the amounts will not be increased in Ontario or elsewhere?

• (1630)

This is really very hard to take in Quebec. I referred earlier to the Collège militaire royal in Saint-Jean, where our officers used to receive superb training in French. That is gone. Now funding for the Lamontagne institute will gradually dry up. This was a venture with a future, with plans to increase the number of researchers over the next five or ten years, until drastic cuts were announced.

If that is what my hon. friends opposite call a good budget, I suggest that they go and tell that to the regions. As far as producers from my region are concerned, the president of the Dairy Farmers of Canada lives in my riding, I could almost say in my parish. He told me: "René, it will have a terrible effect". It is terrible, although most producers in our region get by. In terms of climate, when I travel to Gatineau, I notice that farmers there can sow one month sooner. In our region, farmers have to wait one month, sometimes six weeks more before they can do so. Such are the laws of nature and there is nothing we can do about it. As a result, farmers in the east are penalized. And so are fishermen, with their quotas being cut.

My hon. colleague from Kamouraska—Rivière-du-Loup has painted a very accurate picture of the situation. I have a simple question for him. What future will our young people have after this budget is implemented? Will there be incentives to remain in the region longer? The university is 120 kilometres away. Up til last year, the only cégep was located in Matane, and there was none in the Matapedia Valley. This meant that, just to attend college upon graduating from high school, our young people had to go to Rimouski, Matane or Quebec City. That is totally unacceptable.

I will put my question again to my hon. colleague: Does he foresee a better future for our young people? Will they be able to remain in our regions longer?

Mr. Crête: Mr. Speaker, to respond briefly, I would say that hope must be kept alive. It is not true that there can be no future; we must take the future into our own hands and do something with it.

I think that if the government was really serious about developing the regions of Quebec and Canada while reforming unemployment insurance, it would have implemented economic diversification policies so that we do not end up in the same situation as the Institut Maurice-Lamontagne in Sainte-Flavie, which is cutting jobs in research and development as UI standards are being tightened. This is an unacceptable contradiction. This is a message of hopelessness for young people.

A message of hope would be to tell everyone they are committed, to share their hopes for the future with their political representatives, and to elect governments that will make choices and give priority to job creation so that they can be proud of their future professional achievements.

[English]

Mr. Charles Hubbard (Miramichi, Lib.): Mr. Speaker, I will share my time with the hon. member for Carleton—Charlotte.

The budget debate over the last several days clearly indicates the dilemma the people of this country must perceive as they watch it on television. The Bloc criticizes the government for reducing spending and cutting back on programs. Reform, although somewhat inconsistent in its dissertations, generally condemns the government for not balancing the budget by reducing expenditures and eliminating programs.

As the only national party in the House, we the Liberals must reflect the concerns of all Canadians. We must have a program and a plan to direct our economy and create a climate that will stimulate growth, encourage investment, enhance consumer confidence and create jobs for the Canadian people.

• (1635)

The budget as presented by the Minister of Finance on March 6 has been well received across the country. It is the continuation of a long term plan with specific short term objectives. The finance department, like the Department of National Defence, has always been a very difficult portfolio for Canadian politicians. The tenure of many of them has been very short. The minister has done an excellent job. His vision, determination and perseverance are appreciated by most Canadians.

Canada's debt was and is a major problem. Nine years of Conservative mismanagement saw our national debt increase from approximately \$168 billion to more than \$500 billion during that period. Annual deficits were often in excess of \$40 billion. With interest rates of nearly 8 per cent to 10 per cent, 25 per cent of government revenues are and have been directed toward interest payments to lenders both in Canada and abroad.

It is not easy to bring our financial house into order. Abruptly reducing spending within a budgetary framework where interest payments and legislated spending accounted for approximately

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75 per cent of revenues would have created hardships for many Canadians and possibly bring havoc to the Canadian economy.

The prescribed cutbacks in the three budgets in 1994, 1995 and 1996 are a determined effort to gradually reduce government spending. The annual deficit as a percentage of gross domestic product will move from 6 per cent to 3 per cent to 2 per cent, and hopefully by the turn of the century we will have a balanced budget.

The 1996 budget proposes some very reassuring commitments to Canadians. Seniors, through benefits for those of age 60 and older, will have a definite plan for their retirement.

The Canada health and social transfer program will be guaranteed a five year commitment which will encourage the provinces to do their own budgeting.

There is a program of jobs and growth, especially for our youth, with emphasis on education, technology and international trade; a school network program for more than 1,000 rural communities; a partnership with provinces for food inspection and other government agencies; a concern for child support and programs to assist families with educational credits, child care expenses, credits for infirm dependents and a doubling of the working income supplement; all of these without any increase in taxation.

It is surprising that as I listen to the opposition we are not hearing a great number of positive comments and suggestions that could be brought to future budgets. The budget, for example, encourages the Department of Revenue to attack the underground economy. We also must continue to be concerned with loopholes and policies. They are unfair to many Canadians as they approach the taxation system.

We might ask, for example, if we can continue to permit large corporations that are concerned only with maximizing profits to avoid what might be a fair amount of taxation.

Can we look at bank machines that have replaced tellers, closed rural banks and eliminated thousands of jobs? Can we watch big companies such as General Motors lay off employees through outsourcing of work while making profits of more than \$1 billion? Can we watch these large corporations pay their executives more than 50 times the salary of some of their yearly workers? Can we continue to permit those earning \$1 million a year to pay the same tax rate as those who have taxable incomes of \$60,000? These are some of the questions the opposition might be asking.

This to me is a good budget in terms of the financial problems the country has faced. We must not forget we have nearly a 10 per cent unemployment problem. It is especially a problem for our youth. All of us in the House must strive to make Canada a better

place for young people as they seek to find gainful and meaningful work.

We must insist that employers be fair, compassionate and considerate. Business has a role to play. We are hopeful it will participate in programs that will assist our youth, our greatest resource, in promoting the future of the country.

• (1640)

The budget outlines the government's plans for revenues and spending. Its success depends to a large extent on the ability and willingness of our people and businesses to pay their fair share for the support of government programs.

I call today for all civil servants to watch their spending, to avoid spending if it is only to consume the allocations for their department, for their agency. Canadians must be assured of true value for their hard earned tax dollars. They have always been supportive and generous. We as politicians must encourage strong controls and insist that specific spending be justified.

We must not overlook the fact that many Canadians are hurting. Too many cutbacks by both business and government attack those in our society who are least able to defend themselves. We must ensure that downsizing of governments does not place the entire burden on those of low income or who are in difficult economic circumstances.

Atlantic Canada and many areas of other provinces are concerned with UI reforms and the concentration of activities in larger centres. As parliamentarians we must work to ensure compassion, fairness and understanding. In our committee work and in reviewing estimates especially we must be very diligent.

The budget reflects our Liberal principles and I am happy to support it.

[*Translation*]

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, I heard the hon. member talk about a reassuring budget. I would rather call it distressing.

For example, the Budget in Brief provides that the shortfall between the government revenues in 1996-1997 and its program and service spending will be \$26 billion, which means that Canadians will pay \$26 billion more than they will receive. In my opinion, this is very distressing.

We are going bankrupt, there are no two ways about it. In 1997-98, the government will provide \$35 billion less for programs and services than its tax revenues. These figures are distressing.

It is also distressing to think about the national SchoolNet program mentioned by the hon. member, given that education

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comes under the exclusive jurisdiction of the provinces, particularly Quebec. Indeed, it is distressing to hear that as well.

It is distressing to hear that the federal government will look after families, since social welfare also comes under the jurisdiction of the provinces. It is distressing to hear that from the government in office.

It is distressing to see that next year the debt service will amount to 50 per cent of all the money that taxpayers will give to the government.

It is distressing to hear that the unemployment rate is only 10 per cent, given that the government has reduced the number of weeks during which UI benefits can be collected, even though that rate is not really going down. By contrast, the number of welfare recipients is increasing, particularly in Quebec.

This is a simple case of transfer. People go from unemployment insurance to welfare. Moreover, the federal government is forcing the Quebec government, among others, to pick up the slack since it reduced the number of weeks during which UI benefits can be collected.

All this is truly distressing. And we are told that this is a reassuring budget. I realize that the hon. member represents the government, but still. Maybe he can explain all this to me. I doubt he can, but I will listen.

The little chart here refers to the financial needs of central organizations, expressed as a percentage of the gross domestic product. It puts Canada in first place. However, that does not take into account the deficit of the provinces. We are told that the public debt represents 74.8 per cent of the GDP. However, if you include the deficits of the provinces, the ratio is 105 per cent. We are the nation in the worst financial shape among all industrialized countries. I would appreciate it if the hon. member could make all this more clear to me.

• (1645)

[*English*]

Mr. Hubbard: Mr. Speaker, all Canadians realize that we have to have a balance. We cannot continue to spend just because we have a certain figure today. The message which Canadians gave us in the last election, which they are still giving us on the streets today, is that somehow we have to bring our financial house in order. If we continue, as the hon. member says, to build programs and to spend more money, I do not think that is what Canada wants.

In reply of his comments on the UI program, the House of Commons committee has been reviewing the proposals. The minister, who comes from my province, will work with that committee to ensure that Canadians who are most in need will have programs which will enable them to continue to live in an economically healthy family unit.

I certainly appreciated his comments. I also appreciated the comments which were made by the hon. member from Rivière-du-Loup. However, we have to appreciate the fact that there are Canadians who are in need and as a government, we will continue to help those Canadians who are most in need.

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, I am delighted to have the opportunity to speak during this portion of the 1996 budget debate.

I would like to begin with a brief overview of where the nation stands financially, where it has been and what the goals are as Canadians for a common future.

When assuming office in the late fall of 1993 this government was soon to comprehend the realities associated with an immense \$42 billion deficit for the 1993-94 year, a \$500 billion plus debt, a \$6 billion deficit in the unemployment insurance fund, and overall what had progressively become an uncontrollable financial catastrophe which was headed for disaster.

Should the government have been a business at that time, the creditors would have been looking to place the locks on the doors.

Canadians from across the nation voiced their concern and their demand for change to be focused on deficit reduction and debt control. Canadians demanded that the government begin a process which would initiate the stabilization of our economy.

The proud citizens of this great nation grew tired of the threatened economy. Canadians desired financial stability so they could hold their heads high in the face of world economies, proud and united under a strong financial force, a country that could very efficiently manage its finances.

Canadian citizens deserve the assurance of knowing that our children and our grandchildren will have future opportunities. That can only result from a well-managed country.

The Liberal government accepted the challenge, fully aware of the difficulties and the obstructions which might lie ahead. It began a process known as program review, which would review every line of expenditure of every department, not excluding government operations, in order to ensure that the necessary expenditure reductions would be established.

Establishing goals that were challenging and far-reaching, the government has now begun to see the gradual reduction of the deficit, while at the same time protecting and supporting the valued Canadian social programs.

Not only did it meet its established goal of reducing the deficit to \$39.7 billion, it exceeded that goal by an additional \$2.2 billion, for an overall reduction to \$37.5 billion in 1994-95. The goal for the 1995-96 fiscal year, which just ended this past March, was to reach a further reduction to the \$32.7 billion mark. I am optimistic that

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once the auditors complete their work we will once again exceed the established goal.

• (1650)

The new fiscal year of 1996-97 which began April 1 calls for the government to meet a further reduction goal toward a new deficit level of \$24.3 billion or 3 per cent of gross domestic product.

What could this figure mean to Canadians other than it is a yardstick or a metre stick used by many countries as a measurement of sound economic management? This measurement represents the future success and prosperity of Canada and the probability of job creation and economic stability both for our generation and generations to come in the future.

Many Canadians ask: "What has the Minister of Finance done in the 1996 budget to further meet his original goals and obligations?" The Minister of Finance has introduced another new goal, another new challenge for the 1997-98 fiscal year. That challenge is to continue the downward trend to a new and lower level of deficit, to 2 per cent of gross domestic product or approximately \$17 billion.

Interestingly enough, the goals we have accomplished and continue to accomplish are somewhat similar to the goals that were brought forward by the previous administration. However, the goals set previously were never met in whole or even in part. This government will not follow the example of the previous administration. It will continue to meet and exceed our goals for deficit reduction and our commitment to Canadians to balance our budget.

I believe these thoughts are best summarized by the remarks made in the 1996 budget by the Minister of Finance: "In the budget we are keeping the course, we are maintaining our pace, we are not letting up. Indeed, this government will never let up. The attack on the deficit is irrevocable and irreversible. Let there be no doubt about that. We will balance the books".

Such a statement, sincere and based on facts, demonstrate that our recent success in reaching our goals is quite irrefutable. Mr. Speaker, would you not agree?

What could be the result of the minister's actions? Confidence. Confidence in the Canadian economy. Confidence that has allowed financial institutions to lower interests. Mortgage rates are lower today than they were when I bought my house some 28 years ago. Interest rates in Canada are lower by 2 to 3 per cent than they are in the United States. When was the last time that happened? Certainly not in more recent years.

Although many accomplishments have been achieved, there is still a lot of work to be done. This work will be continued in the same balanced fashion to ensure that spending reductions do not come at the expense of the poor. The 1996 budget actually targeted

increased resources to youth, to low income seniors and to the working poor. All of the government's accomplishments have been made in light of other priorities, namely economic growth and job creation.

Canadians have voiced their demand. Citizens want increased employment opportunities. In order to satisfy this objective indirectly, in the long term, the government continues to support economic growth through deficit reduction strategies. More directly, government is pleased to announce the creation of over 500,000 new full time jobs since assuming power. Canadians have asked for more economic growth and additional jobs. The government is responding each day by creating more new jobs and promoting economic growth. The task at hand is a difficult one, particularly since we have partly alleviated decades of deficit and debt in a few short months.

• (1655)

This past Friday I had the opportunity to be part of the announcement of a new plant that when completed this fall will create 25 new jobs. This number does not include the spin-off jobs in transportation or in construction of the plant. Once again, congratulations to CANUSA Foods Limited, of Centreville, New Brunswick.

Further expansion and job creation in Carleton—Charlotte was recently announced by McCain Foods a few weeks ago, detailing the upcoming expansion of their data processing centre. The facility will double in size, creating 30 or more new jobs in Florenceville, New Brunswick.

Sabian Cymbals has recently moved to its newly constructed larger and more modern facility in Meductic, New Brunswick with the expansion encompassing an additional 12 to 15 persons.

In York Mills, Briggs & Little Woollen Mills have recently constructed a new facility after surviving a severe fire in the fall of 1994. It will soon be reopening with employment once again available for many area residents.

In addition to the many industries in Carleton—Charlotte that are expanding, congratulations are also extended to the many industries that continue to maintain numerous stable, full time jobs. Our sincere congratulations are extended to all those industries. I am delighted to support the 1996 budget. I am very proud of its accomplishments today and for the future.

[Translation]

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, my hon. colleague talked about job creation. He said that jobs are created every day. He said that 500,000 jobs have been created since his government came into office. However, how many jobs have been lost during the same time?

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Of course, we are all morally responsible. Those who should bear the most responsibility are those who have created the deficit, the debt. When Mr. Trudeau came into office in 1970, he began to get the country deep into debt. And this went on. When the Conservatives came to power, they did not do any better.

It is true that we have a responsibility, and I think that everybody here has benefited from that in some way. Some a lot, some less. However, those who benefited the least are the poor, and more particularly maybe the people living in rural areas like mine and in isolated areas. Now, today, we are asked to show restraint, to tighten our belts, and very often those who have benefited the most are asking those who have benefited the least to suffer the consequences. That is unfair.

Yes, I recognize that we all have some responsibility. Yes, I recognize that I myself have benefited somewhat from it. But at least let us not ask those who hardly benefited at all from it to tighten their belts even more today.

Someone said earlier that we have to find money somewhere. The question is where do we look for that money. We proposed and we are still asking that we look for it in the family trusts and the banks, because they definitely benefited a lot from it. Therefore, they should at least pay a fair share of the bill. I have here a long list of duplications that everybody can see. The Minister of Finance has seen it himself.

• (1700)

I will repeat just part of what he said. Just about every small business has had a federal tax auditor drop in, followed by a federal sales tax auditor, a provincial corporate tax auditor, and a provincial retail sales tax auditor. All these people wanted to get the same figures. And they all came at about the same time and on the same day.

The government has just realized that, but we have been pointing out this problem for years. I could give many more examples of duplication, but my question for my colleague is this: Instead of targeting those who did not gain any advantage from this collective debt build-up, should we not be going after those who did mightily, and have them foot part of the bill?

[English]

Mr. Culbert: Madam Speaker, I thank my hon. colleague for the question. I too represent a riding that is very rural. It is over 200 miles long and has varied economies including agriculture, forestry, fisheries, manufacturing and processing. We try to be very diversified.

There is no doubt that we are part of a changing global economy. If we are going to keep up we have to progressively move forward to ensure that our people have the best training possible. The government is attempting to put in place tools that will allow our communities and our citizens to take advantage of opportunities.

I agree with the member that there is hurt. I am sure there is hurt in each and every constituency across Canada. We must offer a helping hand. Controlling the deficit, getting it on a downward trend as this budget has accomplished, certainly promotes confidence. It sets the tone which allows us to continue to help.

Mr. Monte Solberg (Medicine Hat, Ref.): Madam Speaker, I will be splitting my time with the hon. member for Elk Island.

It is a pleasure to address the House on the budget once again. I will start by putting things in context. Many speakers have stood up today and pointed to the size of the debt. It is critical that we put this whole debate back in context.

We have huge debt in this country. It is unparalleled in the world for the size of the country. Our debt today stands at \$578 billion. We are paying somewhere in the range of \$47 billion a year in interest payments on that debt which will rise to almost \$50 billion before the end of the government's mandate. The issue is important considering the context.

The GST was not in the budget but the Liberals have frequently promised to discuss it, even as late as last summer. During the election campaign hon. members across the way campaigned door to door saying that the GST would be history if the Liberals were elected. I do not have to tell Canadians that is not the case today. The GST is still with us despite what the Deputy Prime Minister said on national television 10 days before the last election. She said: "I will resign if the GST is not abolished."

The Prime Minister and the finance minister said similar things. They said that it would be gone, that it would be scrapped. "I hate it. I will kill it." Those are the sorts of things that they said during the election campaign.

Mr. Harvard: Find something original.

Mr. Solberg: I see the hon. member from Winnipeg. He was out campaigning against the GST. Now he is mouthing off across the way but all those words do not eliminate the GST. It is still there.

We hear that the Liberals are working to harmonize the GST. Why are they working so hard to put another form of the GST in place? Why do they not do what we have recommended? Why do they not balance the budget and get rid of the GST? Why not eliminate it in stages? Surely, after putting up with all this fiscal restraint, Canadians deserve a reward. Why not grant them that reward in the form of a GST that ultimately disappears? That would

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be a wonderful reward. People do not need that tax burden. They have paid a heavy price over the years and it is time they were given that reward.

• (1705)

I will talk about the government's approach to deficit reduction. The finance minister in his budget speech talked about the importance of being fair. I could not agree more. One of the fairest approaches is to make the cuts in a timely fashion. If spending reductions are made in a timely fashion that means we do not pay the price of delay. Canadians really are paying the cost of delay in spades because the government has delayed so in long making its cuts.

In the 1994-95 budget the government cut virtually nothing. It had a golden opportunity to put in place spending reductions that would have put us further ahead than we are today. During the election campaign my party campaigned on a zero in three deficit elimination plan. If that plan had been implemented when the government came to power, today we would be debating what to do with the surpluses. We would not be talking about another \$24 billion deficit which is what we are facing.

Over the course of the government's mandate it is going to add \$117 billion to the overall debt. That is unbelievable. The Liberals are crowing about the good job they have done. However, let us remember Canadians are paying a heavy burden.

The finance minister talked about fairness which I will also talk about. Is it fair to take \$8 billion out of social programs and give it to money traders around the world? I do not think it is. In effect that is what the government has done by waiting as long as it has and by being so timid in the cuts it has made over the course of the last couple of years. It has waited that long. The interest has built up and money is going out of the country never to be seen again.

Who pays the price? The most vulnerable in society pay the price. That is why the Reform Party advocated cuts right away. We also advocated setting priorities and getting those priorities right. We said let us cut at the top. Let us cut MP pensions, for crying out loud. What did the government do? It made sure it welded them into place so members would have their pensions, while it talked about cutting benefits for everybody else. That is bizarre and ridiculous. That should not happen but that is exactly what happened under this government.

We say let us get rid of all of the perks. Let us get rid of all the extra expense around this place. Let us make some economies at the very top. If we do that then we can talk with some authority about the cuts that need to be made throughout government. Unfortunately, they do have to be made throughout government.

In anticipation of questions from hon. members across the way, they are going to make reference to the approach of the Reform

Party. We presented a very extensive budget preceding last year's budget which laid out all kinds of initiatives for the government to follow. What did the government members do? They sat there and mocked us. They have said they want to see it again this year. Well we have laid it out for them. The approach is there.

For instance in the area of health care we would have cut about \$800 million. What did the government say? It said that was too deep, that we should not cut that deeply. What did the government do? It cut \$3.2 billion in health care. It closed more hospital beds across this country than any provincial government, probably more than all of them combined. I think it is time Canadians knew about that.

We would have cut \$200 million out of higher education. What did the government do? It cut \$1.2 billion out of higher education. That is the cost of delay. What did the government do when we said we would cut \$200 million? It said we were slash and burn. The government is cutting \$1.2 billion which is unbelievable. Again, this is the cost of delay.

The deficit is not all due to the cost of delay. The Liberals also decided they were going to continue to fund their friends in big business which is why we have all kinds of money going to all kinds of unbelievable places in Canada today. Why do the Sears department stores have to get money from the federal government? Why does Eaton's need to get money from the federal government? Why does American Express get \$17,000 from the Canadian government?

• (1710)

There is also \$121,000 going to Abitibi-Price. Mark's Work Warehouse gets \$99,000, the Hudson's Bay Company gets \$5,000; on and on it goes.

Here is an interesting case which I would like my friend across the way to justify. Why are we sending \$105,000 to the Canadian Bankers Association? Banks earned \$5 billion in profits last year and the Canadian government is giving the bankers association \$105,000. That is unbelievable. It says here that the grant was from the Department of Human Resources Development for training, which is unbelievable.

Members across the way should be ashamed. They should stand in their places and chastise their government. I hope they have the intestinal fortitude to stand at the budget vote tonight, as the hon. member for York South—Weston says he will do, and vote against the government for that kind of hypocritical spending. It is absolutely ridiculous.

I encourage Canadians who are watching the debate to take everything the government has said with respect to the progress it has made with a grain of salt. I ask them to look at where it is cutting.

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This is not the beginning of the end of the deficit problem in the country, it is the end of the beginning. The government has barely scratched the surface. Let us hope that it sets its priorities in a way that is mindful of the needs of ordinary Canadians.

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Madam Speaker, I listened to what my colleague had to say. I will make a few comments and perhaps raise a few questions.

He indicated that his party did not advocate any perks. I have been told—I believe he has read the same documentation—that there are some members of his party who fly executive class. Perhaps he would like to comment on that.

At one time it was said that members of the Reform Party would not go to the parliamentary restaurant and some do not; some Liberals do not either. That is supposedly a perk yet he has said no perks.

It was not long ago that the leader of his party returned a used vehicle he was entitled to after which he received many photo ops. It was discovered shortly thereafter that on the side he was getting approximately \$30,000 from his party in order to help buy his suits, shirts, ties and whatever else he needed. I am told he did not pay taxes on it either. It may have been for some other purpose, but it was over \$30,000. I do not get it. I would not take it. I am surprised with his kind of rhetoric that he would have.

I have been told about something which I find to be a perk. During the election someone on a disability pension ran for political office. Well, I do not know if that is contradictory or not.

I recall during the MP pension debate there was some discussion which made all the national news. A very prominent Reform member indicated that the salaries of MPs should be doubled. If we add up the costs I can assure the House it would cost a lot more than what is in place right now. I know I am telling the truth because I can see their blood pressures rising. One member is about to fall out of his chair.

With respect to the budget that was touted before, I recall the Reform Party numbers did not add up. I looked through all the newspapers in Canada to see if one single, influential, credible person would say anything positive about that budget. I did not see one single line, not one single word.

If we look at the polls today, of course they change. They go up and down.

Mr. Epp: Do you know what dogs do to poles?

Mr. Duhamel: Yes and I know what the Reform Party members do to polls. They look at them very carefully. It is an indication of what kind of credibility the party has.

Look at the polls since the 1993 election. They are at about 12 per cent across the country which is roughly what the Bloc Quebecois gets in Quebec only.

• (1715)

All that is being said today I understand and some of the people have said it with a great deal of passion. Some may even believe it, although some say it and do not believe it. Clearly there is no evidence that message is catching on. Why is it not catching on? It is exaggerated. It has no credibility. It has no basis. It does not make sense. It is just not hitting the target.

Mr. Solberg: Madam Speaker, I smell the distinct odour of Liberal arrogance across the way when the hon. member mentions polls.

I remind the hon. member to look at the recent byelections where we had his own party running scared in places where we had not even run candidates before. Let us get the record straight. That is truly the poll that really matters.

I want to touch on the issue of perks. The hon. member has touched on a bunch of trivial issues but I want to point out one thing. His pension alone would pay for all of those trips to the parliamentary dining room where four, five or six of our members may go from time to time to get a subsidized meal for a couple of dollars off. His pension would pay for any first class air fare that our members take. His pension alone would pay for any of the perks he referred to 10 times over.

I remind the member to put this into context. It is very important that Canadians understand to what lengths the government members went to protect themselves from all the cuts they were to make to everybody else well ahead of the day the budget came down. That is absolutely unbelievable but they did it and they will pay a price for it.

Mr. Ken Epp (Elk Island, Ref.): Madam Speaker, I have a considerable challenge to change the minds of hon. members in the House who have the real power in this place.

I am very annoyed on behalf of my constituents and on behalf of all Canadians that we do not in this boardroom on behalf of the country have the mechanism to defeat a budget which is bad. This is even before I am talking about this particular budget.

Let us say a party brought in a really bad budget. We will not say the Liberals did that this time, that is self-evident. Let us say it was some hypothetical party some time in the future. The thing that is wrong with this place is there is no mechanism which permits the members of Parliament as representatives of their constituents back home to actually defeat that budget.

I believe that is deplorable. It is deplorable that the member for Saskatoon—Dundurn cannot stand up here and vote against this budget if he felt he should without the fear of being disciplined and without the fear of losing that treasured privilege of being able to run a second term in order to get his high priced pension plan.

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A lot of people are aware of this MP pension plan. They are also aware that the Liberals have only tinkered with it. They did nothing tangible really. Changing the age to 55 is commendable. For most Canadians there is no pension until they are 65. Furthermore, they do this at a time when they are talking about reducing the number of years ordinary Canadians can pay into their RRSPs. They are talking about it at the same time they are talking about increasing the age when Canadians will become eligible for the Canada pension plan. Yet for themselves they bring it down to age 55.

We have this new member from the Bloc here who is now 22 years old. Theoretically before this little change he could have picked up his pension at age 28 for the rest of his life. The wonderful Liberals said: "You cannot have that. You now have to wait until you are 55", while other Canadians have to wait until they are 65.

Canadians ought to know one important fact. There is a much greater price to pay for that MP pension plan than what is evident. As members probably know, I am a mathematician of sorts, although not a very high powered one. I taught high school math for four years and I taught at a technical institute for 27 years teaching mathematics and computing.

• (1720)

I know a little math of finance. I did some calculations. If I wanted to provide for myself the same pension I would be eligible for if I were in the MP pension plan, and I am proud to say I opted out, the cost to me at my age would be around \$4,000 per month.

I am already over 55. I would be eligible right now if I had six years of service here. That is incredible, approximately \$4,000 to provide me with a lifetime pension if I live to be the same age as my grandfather did. He had the same shape I do and he lived to be almost 90. Obviously I am taking that into account.

That is incredible. It means the members here who say how terrible of our member from Calgary who said we should increase the salary of the MPs are the same Liberal members who are taking the money. They are taking that money but they want to keep it a secret from the Canadian people. That is—I cannot use bad words. I do not want to get into any unparliamentary language, therefore I will stop there.

There is a lot of resistance on the governing side to actually fix the budget and to reduce government spending. It does not have to be done in social programs only. Certainly there are areas in our social spending that should be done more efficiently. There are many areas of government spending where we waste an incredible amount of money. We use around \$5 billion a year to subsidize business. That is obscene when there are hundreds of people struggling to make ends meet and to pay their annual tax bills.

The government is eager to get re-elected. It is doing that by making sure the people of Canada do not have the bare facts on what it is actually doing.

I will give members opposite a little insight into what it means when one allows the debt to grow. I preface this by saying I would like to commend the Liberals. They will take this out of context. They will say the member for Elk Island said he wanted to commend the Liberals. Please listen to the end of the sentence. I want to commend them for borrowing less than probably the Conservatives would have done if we would have left them in. It is really incredible since the people chose Reform and put a lot of influence through Reform, through their own members to cut spending somewhat.

This has been done. Canadians ought to know that in the last three years of the government there has been a reduction of government spending on operations. In 1993 when we came here it cost around \$120 billion a year to operate the government. That was reduced the next year to about \$119 billion and the next year to about \$116 billion.

We have a reduction. With the projected budget in 1996-97 there is a reduction in government spending of around \$8.8 billion. If we are spending \$8.8 billion less, we would expect that either we are paying down our debt because we are spending less or there should be a tax cut.

Has there been a tax cut? No. We hear a lot about no changes in tax rates. That is not entirely true. We experienced last year the increase in gas prices. There have been other changes as well.

While government operations have decreased by about 7 per cent, interest payments have gone up in that same period by almost 30 per cent. That is something Canadians ought to know. Members on the government side ought to know that.

When they see that, there should be a greater sense of urgency on balancing the budget and getting the deficit not to 3 per cent or 2 per cent of gross domestic product, not continuously adding to the debt, but getting the deficit to zero, getting the Government of Canada to spend no more in total than it is taking in. The reason is that interest is eating this up because in the same time interval total government revenues have increased by approximately 17 per cent. That means the government has taken that money out of the economy and spent 7 per cent less, but interest has increased by approximately 30 per cent.

• (1725)

Those are the facts. I have taken them right out of the budget book which the minister presented in the House. I have done a bit of work with my calculator on those numbers.

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That should cause these members to ask whether they are really representing their constituents, their children, their grandchildren and future generations by loading on to them an additional debt.

As I approach the end of my time I would like to talk a bit about amortization. Again I have made a few computations based on paying off a mortgage.

Canada has a huge mortgage. In 1993 when the Liberals took over the mortgage was around \$508 billion. If at that time we had had a balanced budget what kind of a surplus would we have needed to pay off the debt in 25 years? We would have needed an annual surplus of some \$48 billion if we ever hoped to pay off the debt.

Some people say it does not matter if we pay it off. I am sorry, but every individual who has bought Canada savings bonds, government T-bills or any of the other items wants to get their money back. That debt has to be paid, whether it is to foreign lenders or to Canadians. We have to pay it back. Every year we delay the price goes up.

After we reach \$603 billion, which will happen after this budget year, the annual budget surplus required to pay off the debt in 25 years will have grown to \$56.5 billion annually, an increase of some \$8.8 billion per year for 25 years. All we have done is waited for three years.

I am with these members. I look at the people of Canada who have needs. We are a country rich in resources. We are friendly and compassionate. No one in Canada will starve to death, not if I can help it. However, I am not sure the way to arrange our affairs is to sink our children into an enormous debt. Anyone who knows anything about the magic of compound interest will realize we are getting into an increasingly difficult debt hole.

I am not content to be in a Parliament which, in this term of office, has increased the debt of Canadians by approximately \$8 billion annually. That is not acceptable; \$100 billion dollars more debt.

Mr. Morris Bodnar (Parliamentary Secretary to Minister of Industry, Minister for the Atlantic Canada Opportunities Agency and Minister of Western Economic Diversification, Lib.): Madam Speaker, I heard the figures being thrown around by a person who professes to have some knowledge of mathematics. I am surprised by the document the Reform Party put out, the taxpayers budget.

I simply refer to the last page of that document, the summary. It shows total program spending cuts of \$25 billion. With a deficit of \$42 billion created by the Conservative government, Reform would cut \$25 billion over a three year period, \$8 billion per year. Cuts of \$8 billion per year would put it in a worse position than the present targets of the finance minister.

This is nothing but a document of deception put out by the Reform Party. Twenty-five billion over three years is \$8 billion per year. Eight billion from forty-two means it would be running a deficit of \$34 billion a year and it would be happy with it. It is not happy with what the government is doing but it is happy with \$34 billion a year.

Reform is critical of what the finance minister is doing. Perhaps it should get a calculator that works. It should be a Liberal calculator because it is obvious the Reform calculator does not have any batteries.

• (1730)

Mr. Epp: Madam Speaker, this reminds me of a number of occasions in my professional career when I was asked to help explain math and finance to lawyers. It would not be the first time in my life that I have done that.

We are talking about three different things here. There is the rate of reduction in expenditures per year. For the Reform Party budget we were talking of a total reduction in costs or in government overspending, in other words a reduction of government expenditures over a three year period. Just as the Liberals projected, so did we project a—and I hesitate to use the word—conservative growth rate in the economy.

Our plan did in fact work over a three year period. It does not work if we compare the three year number with the one year number which we are talking about when we deal with the budget every year here. The member and I will have to get together afterward to look at the actual numbers.

The fact is when we did that budget originally when we did our planning during the campaign, the assumptions then were that the deficit was around \$35 billion. It only came in over \$40 billion after the accounting was in from the previous government. Obviously in our budget plan last year we took the new figure which I think was around \$37 billion. If we take that number away, add the amount of economic growth, in fact in three years we did have a plan for a balanced budget. There is just no other way of saying it. I do not know how to explain it without the use of an overhead projector which I am accustomed to using.

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.): Madam Speaker, since being elected to the House of Commons in 1993 I have never forgotten that a nation is not made up of mere facts and figures but of real people, both young and old. So it follows that one key to a healthy country is to create opportunities for a group like Canada's youth. In fact, in terms of jobs and growth, the government's budget appears focused on youth.

It was announced for instance that federal funding for student summer jobs would be doubled and that the new Canada technology partnerships program would boost key sectors. It was also announced that jobs for youth would be a high priority and aimed

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at doubling the number of federal summer jobs for students. Furthermore the government challenged other levels of government and the private sector to do likewise. As well, it was announced that this government will work with the provinces and the private sector to enhance youth job opportunities and help create new approaches for first jobs.

My own recognition of the need to create lasting jobs for young Canadians as opposed to only so-called "Mc jobs" can be seen by a petition I have sponsored in support of better working conditions for temporary workers.

It goes without saying that all job seekers are looking for employment that offers an income sufficient to live in a dignified fashion. Unfortunately many of them have grown discouraged by the shortage of jobs currently posted in Canada employment centres and are turning to temporary employment agencies for short term contract work.

Obviously these temporary help agencies are providing a much needed service by supplying employers with workers, but such so-called private temporary help services do not come cheap. By insisting on a portion of each worker's hourly wage and demanding compensation from employers as well, these agencies illustrate the need for government to encourage the growth of more enduring jobs.

That is why I hope to encourage a growing number of employers, including the various levels of government, to post their job openings, be they temporary or permanent, free of cost in Canada employment centres. I am inviting all businesses in my riding to let me know why some of them currently prefer to satisfy their manpower needs through costly private temporary help agencies as opposed to Canada employment centres.

• (1735)

If our current centres are failing to satisfy the requirements of employers, then it stands to reason they will prove unable to meet the needs of our unemployed. If so, let us learn to offer the kind of services both require. Unless we do, we might just as well close down all federal centres and turn the entire industry over to the private sector.

The throne speech also recognized that young Canadians should have the opportunity to fulfil their potential. To help them cope with the rising cost of post-secondary education, the government announced it would increase education credits for tax purposes and raise limits on the transfers to parents for education and tuition credits.

On top of current funding for programs such as youth internship Canada and youth services Canada, the Liberal government announced it would reallocate \$315 million to create new jobs for

youth. Of this funding, \$120 million is slated to go toward student summer jobs in 1996-97, doubling last year's federal contribution. Some of the \$315 million will go to help find work for youth who have left school.

For my part, this spring I followed the lead of the government and devoted a full page of my latest householder to promoting the student summer job action program. A key ingredient of this innovative program is the many Canada employment centres for students located on various academic campuses across the country.

These offices help thousands of Canadian employers each spring to hire students talented in every type of job imaginable. Whether your business or home needs full time, part time or odd help, Canada employment centres for students are the place to turn to. Anyone interested in using the student summer job action program can call the new youth action line at 1-800-935-5555.

What about the young people for whom these programs are designed to help, the real people behind the facts and figures? As they shield their eyes with Ray-Ban sun-glasses and their ears with Sony walkmen, many youth across Canada are busy working as bicycle messengers, pizza drivers, yard workers, Wal-Mart employees and Mc-jobbers in today's low wage, low benefit service economy. They are the wandering nomads of the temporary employment world. In school they are a group of staggering diversity, not just in ethnicity but also in attitude, performance and rewards. After graduation they dream of graduating into jobs and moving out of their parents' house.

Many youths realize that some members of their generation may be the first to do less well than their parents. Fortunately they are also better equipped than my generation was to deal with the kinds of rapid change society is now facing. After all, from the 1950s to the 1990s, Canada's children went from a family culture of "My Three Sons" to one of "My Two Dads". Yet we often see these same young men and women at the mall buying groceries for busy moms and dads. If anything, they are survivors.

I myself am the father of two fine young people, a 20-year old son and a 15-year old daughter. It is on behalf of them and their generation that I dedicate this government's efforts at debt reduction and job creation. In last month's budget this government has shown its unwavering commitment to securing Canada's future by creating opportunities for a group that at times has felt disenfranchised: our youth.

• (1740)

Mr. John Maloney (Erie, Lib.): Madam Speaker, I am honoured today to have the opportunity to address the government's 1996 federal budget which when combined with the initiatives of our previous budgets continues to move this country forward.

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There are many wonderful, well considered and effective features of this legislation. Unfortunately time does not permit me to comment on them all. I would however like to comment in a little more detail on several points which are of significant importance to my constituents in Erie riding.

The seniors benefit is one of these. One legislative foundation of the Liberal government in Canada was the introduction of a national program of retirement support for seniors. With this budget our government is adding a vital new page to that history. We are taking the action necessary to safeguard the public pension system for all Canadians, in particular the young.

This is an issue that has concerned my Erie riding constituents for some time. The system faces a real challenge from the aging of our population. Canadians are living longer, healthier lives and as a result pension benefits are now paid out over a much longer time.

The post-war baby boom is having an even bigger impact. This generation will start to retire in large numbers around 2011. Over the next 30 years the number of seniors will more than double. The difficulty is that there will be fewer working Canadians to support the escalating pension bill. Over the next decade we will see a ratio of about five working age Canadians to help support each person over 65, but by 2030 there will only be three working Canadians for every Canadian of retirement age.

Finally we must take into account that growth in wage and productivity levels has been lower than anticipated when the foundations of the public pension were put in place in the 1960s. This pressure will force the capacity of working age Canadians to finance growing public pension costs. Taken together, these factors will increase the cost of our public pension programs faster than our capacity to pay for them unless we act.

This government is acting. Our government in partnership with the provinces and territories has already launched a major public consultation program on changes needed to the Canada pension plan. With this budget we are taking action on the second pillar of the retirement income system, the old age security and guaranteed income supplement.

It is startling when we consider that these programs by themselves account for one-fifth of federal program spending. This share is projected to grow rapidly over the next 35 years putting further strain on the system itself. It is time we put public concerns about the future of OAS and GIS to rest.

The new seniors benefit to take effect in 2001 helps fulfil our commitment to Canadians to ensure that they have a secure and sustainable pension system into the future. The Prime Minister and this government made a commitment that the OAS and GIS payments for today's seniors will be fully protected and this promise has been kept.

The pension of every Canadian who is 60 and over as of December 31, 1995 and their spouses regardless of age will be fully protected. When the new benefit is implemented in the year 2001, these seniors may choose whichever system is most advantageous to them, either moving to the new seniors benefit or maintaining the OAS-GIS payments.

I would like to review the seniors benefit in a little more detail. As I indicated it will replace the old age security and guaranteed income supplement. The new benefits will be completely tax free and will incorporate the existing age and pension income tax credits. Under the new approach, benefits will be delivered in a single monthly payment.

The seniors benefit will treat couples equally. Payments to couples will be made in separate and equal cheques to each spouse. For couples the amount of the payment will be determined on the basis of the combined income of the spouses as it is now and always has been in the case of GIS. We feel that since the income of low income couples are currently combined to calculate eligibility for additional help, it is appropriate to combine the incomes of wealthier couples to determine their level of government assistance.

The seniors benefit will be fully indexed to inflation. That includes both the benefit levels and the threshold at which benefits begin to be reduced. Seniors will only have to apply for the benefit once, when they turn 65. The level of benefits will be automatically recalculated each year based on the previous year's return.

Because the seniors benefit will begin in the year 2001, everyone under the age of 60 today will have at least five years to prepare. The new seniors benefit will help those who need it most. Recipients of GIS will get \$120 more per year. The majority of seniors will be better off. Fully 75 per cent of single seniors and couples will receive the same or higher benefits and 9 out of 10 single senior women will be better off.

• (1745)

The very highest income seniors who already have secure pensions and other incomes will receive no government assistance. For single seniors with incomes over \$52,000 and couples with incomes above \$78,000 benefits will be eliminated.

It should be emphasized that the savings will come from slowing the rate of growth in program costs, not at the expense of those in need. While the savings at first will be small, they will build year by year to about 11 per cent of the program by 2030.

The seniors benefit is a positive initiative which meets key public goals. That is reducing the long term cost. It will make the public pension system more sustainable. Targeting help to those who need it most is the fairest way to reduce costs. More important, with the new seniors benefit all Canadians, particularly the young,

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can be assured that the public pension system will be there for them now and in the future.

I now wish to address the child support reforms of this legislation. The 1996 budget is about the future, about securing a prosperous future for all Canadians. If any group represents the future it is our young people. That is why the government's commitment to fair, sustainable and secure social programs would be incomplete if it did not include action to assist children. That is why a new strategy has been introduced to strengthen protection for children buffeted by separation or divorce and who are often the most vulnerable and in the greatest need.

As the Minister of Finance told Parliament: "The current child support system has added to the uncertainty and anxiety many Canadians feel. Our view is that children should be first in line. Child support is the first obligation of parents. It is not discretionary".

The budget acted on this principle. It announced a child support reform which takes wide ranging action to ensure that the system is based on what is best for children. To start, the government is changing the way child support payments are taxed. Until now these payments have been tax deductible for the paying parent and taxable income for the parent receiving the payments.

The budget proposes moving to a system known as a no deduction, no inclusion. That means custodial parents would not be required to include child support payments in their taxable income and support paying parents would not deduct these payments from their taxable income.

These new tax rules will apply to court orders or agreements made on or after May 1, 1997. Child support paid under a court order made before May 1, 1997 will continue to be deductible by the payer and included as taxable income by the recipient until one of these eventualities happen. This could happen if a support payment is changed by a court ruling or the parties add a clause to their agreement providing that the new tax system will apply, or the payer and recipient will file a joint election with Revenue Canada.

As a second major child support reform, the government is introducing child support guidelines to make support awards fairer and more consistent and to reduce the degree of conflict between separating parents. These guidelines will be used across Canada by the courts, lawyers and parents to establish appropriate support payments. They include payment schedule tables that show the basic amount of support to be paid according to the number of children and the income of the supporting parent.

Next, the schedule amounts can be adjusted to recognize individual family circumstances. Special expenses for the child are health care, education or extra curricular activities and can be added to the schedule amount, provided that these expenses are reasonable and

necessary in light of the needs of the children and the means of the parents.

Last, the guidelines will allow the court to alter the award in exceptional circumstances that would cause undue hardship to either parent or the child.

The third aspect of the child support reform strategy will be the enhancement of federal and provincial enforcement initiatives to ensure that benefit from fairer child support awards are paid in full and on time.

We must remember that child support is mainly a provincial and territorial responsibility. Consequently the measures being proposed complement the enforcement efforts and strategies at that level. It should be emphasized that we are targeting parents who are persistent defaulters on their support payments. These strategies include a national public awareness campaign aimed at changing public attitudes toward support obligations.

Provincial enforcement programs will be provided with a new enforcement mechanism. Legislation will be enacted that will authorize the suspension of federal licences, privileges and certificates, such as passports, when someone has demonstrated persistent default.

The federal government will provide up to \$13.7 million over five years to help the provinces expand their use of more aggressive enforcement measures and streamline the collection of out of province orders. Improvements to the federal tracing service will allow the release of certain information from designated federal information banks to help locate defaulting debtors.

This will include adding Revenue Canada to the list of departments whose data bases can be searched at the request of provincial enforcement agencies.

• (1750)

We will improve federal pension diversions to ensure that this measure can be applied to persistent defaulters. This can be done even if the defaulter refuses to apply for pension benefits, ensuring that the maximum amount of benefits go to the child.

Finally, improvements to computer systems will allow for the on-line computer access between federal-provincial and territorial enforcement services. This will enhance the efficiency of the garnishment and tracing service and greatly facilitate the exchange of information.

When a persistent defaulter realizes that this is concrete and substantial action, that they can run but cannot hide, they will have no alternative but to comply. The winner will be the children.

In conclusion, good government today must be fiscally responsible as well as socially responsible. We must create the conditions for job creation and economic growth. We must secure the future of our social programs. We must invest in the future, provide new

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opportunities for Canada and for Canadians. The creativity of this budget propels us forward to meet these objectives.

[Translation]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Madam Speaker, I listened carefully to the speech my hon. colleague just made. He concluded by saying:

[English]

Our government must be fiscally responsible—

[Translation]

I would just like to ask my hon. colleague a question. We know that the government has planned everything needed to undertake, during the summer or at the end of it, a review of the Canadian tax system. And to do so, the government has designated the best tax experts in Canada. These people will have to review tax havens, among other things. We have clearly demonstrated in this House that these tax experts are the biggest users of tax havens in Canada. They are the ones who advise corporations on how to use tax havens and to take tax avoidance to extremes.

Our hon. colleague says:

[English]

Our government must be fiscally responsible—

[Translation]

Can he tell us why the people who benefit the most from our tax system are asked to review the whole system? And what does he have to say about the members of this House being excluded from this review?

[English]

Mr. Maloney: Madam Speaker, there is an old adage that it takes a thief to catch a thief. Certainly the accountants have a job to do. They are familiar with the tax system. It is their right and obligation on behalf of their clients to see where a creative approach to the tax laws can provide a benefit to their clients.

Consequently, the same accountants can know where these loopholes are and can plug them. It is a good step to use them. I would agree with my friend that having members of Parliament also on the review is certainly an issue that should be addressed and would be beneficial.

Mr. Monte Solberg (Medicine Hat, Ref.): Madam Speaker, the hon. member spoke a lot about old age security and the need to sustain different types of benefits for seniors. That is laudable.

What does he have to say about the government spending all kinds of money in areas that actually jeopardize that kind of funding for seniors. I referred in my speech a few moments ago to

a \$105,000 subsidy that was sent to the Canadian Bankers Association.

The one I did not mention, and my hon. friend opposite will appreciate this, is that for some reason the Canadian Bar Association received \$277,000 from the Canadian government as a subsidy.

What does my friend opposite think of those subsidies? Will he be encouraging the government to start cutting back in those areas so that we can preserve social spending for seniors?

Mr. Maloney: Madam Speaker, there is no question that my friend makes some startling revelations with those figures. I would be interested to know what those amounts were used for, and whether in fact they were subsidies. If they were, I would agree with him that unless expenditures of that nature can be justified, they should be cut out.

There is no question that there are certain priorities in our spending situations that we have to look at very carefully and address. We have to set our priorities straight and follow them. Certainly seniors are a priority for this government and for this member.

• (1755)

Mr. Tom Wappel (Scarborough West, Lib.): Madam Speaker, it is a privilege for me to have an opportunity to say a few words about the 1996 budget. The hour is late and we will soon be voting on the budget. Being the last speaker or very likely close to the last speaker, pretty well everything that could be said about this budget, pro and con, has likely been said.

What I want to do is concentrate on four areas which I feel are of some note. I also want to speak to my constituents about some of the concerns I heard in some of the public forums which I convened in my riding concerning the budget.

If I have a little more time I will talk about a couple of other things, but the four items I want to talk about now are: no new taxes in this budget; reducing the deficit; the goods and services tax and what is going to be done about it; and the excellent credibility of the Minister of Finance.

The first thing I want to point out, as no doubt many others have, is that this is a budget which has no new taxes. It has no personal tax increases, no corporate tax increases and no excise tax increases. This is the third budget in a row in which there have been no personal tax increases.

What that means to me as a taxpayer is very simple. If I spend more money than I earn and put it on credit cards, get a loan, borrow from Peter to pay Paul, et cetera, there are only two ways that I can end up paying back the money that I owe. Hopefully I can either get an increase in pay from my employer and assign that increase to paying off the money that I owe, or I can cut back on my expenditures, or I can do both if I am lucky enough to get an

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increase in the salary that I earn from my employer and I can cut back on expenditures.

What the budget states is very simple. There is going to be no increase in my pay because the only way that the government can increase my pay is to increase taxes. Therefore, if there is no increase in my pay and I sit down and look at my family budget and see that I am spending more than I earn and I owe more than I have the capability of paying based on my salary, then I have to tell myself to cut back on something. I have to stop spending some of that money because I am not going to be earning any more money. That is what this budget has stated. The government is not increasing any taxes, therefore it is like not getting a raise in pay.

Consequently, if we are going to reduce the deficit, which we must do of course, then we have to do it in another way. The other way is cutting back on expenditures, spending wisely. This is very important because it dovetails into the second point I want to talk about which is reducing the deficit.

When people spend more than they collect they run a deficit. Debt itself is not a bad thing. For example, very few people in this country would ever be able to own a home if they were not able to go into debt to the bank for a mortgage. Just because they have a mortgage does not make it bad that they have debt, otherwise they would not be able to own a home.

The problem is when one's debt load becomes greater than one's ability to pay back the interest and hopefully some payment of principal on a monthly basis.

What has happened with the Government of Canada over a protracted period of time is that more money has been spent than is coming in for a host of reasons. When the present government took over in 1993, by almost all accounts it took over a deficit of \$42 billion or something to that effect. When we talk in that magnitude of numbers it is almost impossible to comprehend what we are talking about in terms of billions of dollars. Whether it is \$40 billion or \$42 billion, it is still an awful lot of money to owe.

• (1800)

What did we say we were going to do to deal with that problem? I have the red book here and I have read it carefully. I have read it again. I have listened to some of the speeches from the members opposite. A lot of people say they have read this book. A lot of people say they have read it again but I do not believe them. They may have read a press account of what the press says is in the book, but I do not think they have read the book.

For those people, let me quote from page 20: "Any responsible government—and this is any responsible government be it Liberal, Conservative, NDP or Reform—"must have as a goal the elimination of the deficit". That is obvious. That is our goal. This was the

Liberal Party speaking when we were running for election as the government of this country. Our goal is the elimination of the deficit. Let there be no doubt about it, it was plainly stated. Of course there are many ways to get to the same goal.

I am absolutely delighted that as we approach the end of this debate there is some activity on the benches opposite. I can actually hear some people listening. It means somebody is listening to what I am saying.

Mr. Epp: I tell you, there hasn't been very much on that side, Tom.

Mr. McClelland: We listen to everything you have to say.

Mr. Wappel: Now that I have the attention of my hon. friends, perhaps they can listen to this lecture. I am quoting again from the red book:

Given the current state of the economy, a realistic interim target for a Liberal government is to seek to reduce the federal deficit to 3 per cent of gross domestic product by the end of its third year in office.

That is the goal we set ourselves. We said this is what we would do. Let us put that into some kind of a context. Let us put that into the context of my home.

Let us say that I am running a debt and I am running a deficit with my credit cards. I can say to my family: "Look. We owe a few thousand dollars. We are going to have to cut back a little bit so you will not be able to take all of the lessons you want to take. I will not be able to go out as often as I want. Even though I might like to go to the concert, I will not be able to pay \$100 for a Julio Iglesias ticket because we cannot afford it. Yes, we will be able to go to something else. Maybe we will be able to go to a free concert offered by somebody on July 1". I will cut back here and there. I will still buy groceries of course. I will still buy clothing. I will still put gas in the car. I will still have a car that I can drive so I can take the children to and from their various activities. I will still do those things but I will cut back.

What will this mean? Yes it will be a little tough but over a period of time, over two or three years, we will pay off that \$2,000 or \$3,000. Once we have that \$2,000 or \$3,000 paid off then I will be able to handle the debt load.

That is one approach and it is the approach I think the Liberal Party is taking. It is the reasoned responsible approach to reducing the deficit.

There are others who might approach their family and say: "Listen. We are \$2,000 in debt so we are not going to buy any groceries this week. We are not going to go anywhere. We are not going to go to any lessons. We are going to get rid of the car, we are going to get rid of the house, we are going to get rid of everything. By golly we are going to pay that \$2,000 back". I am not going to have a family left if I take that approach.

The Budget

That is not the Liberal approach. The Liberal approach is a reasoned, carefully considered slow approach to deficit reduction, to running a deficit of zero. Once we get to zero then we get to positive numbers and we can start paying off some of that debt, remembering that not all debt is bad. Otherwise we cannot have some of the things that all of us have taken for granted.

What target did the Liberals set? We set ourselves a realistic target for three years. Guess what? We are going to meet that target. Not only are we going to meet that target, we are going to drop from over \$40 billion to about \$17 billion in 1997-98.

• (1805)

Compare that to the bombast and the sad predictions made by the Conservative government over a period of nine years. That government also came into office promising that it would get rid of the horrendous debt which the Liberals had run up in the profligacy of their time. They had run up a debt. There is no question. Over the whole course of Confederation from 1867 until 1984, a debt of approximately \$250 billion had been run up. Remember, it took our entire history to get to that point and in nine years the Conservative government doubled it. That was from a government which promised to reduce the debt.

What have we done? We have kept our promises. We have reduced the deficit from the \$42.5 billion when we took office and we will keep our promise by bringing it down to \$17 billion. What does that mean? It means it is decreasing. In the next mandate we will still be decreasing the deficit and we will reach zero on a rolling target basis, as our finance minister says.

The proof is in the pudding. The deficit has decreased. Hon. members opposite can heckle all they want but the deficit is decreasing. That is a fact and they cannot argue with fact. They can be rhetorical, they can make all kinds of comments, but one thing is certain: the deficit is going down. It is going down under a Liberal government. It was going up under the previous Conservative government. It will continue to go down under this government. That is the key promise of this budget. It is one of the reasons I support it.

Now I will turn to the GST. What did the red book that everybody professes to have read say? It is interesting. It is right in there.

I remember when I was campaigning. My campaign office was open to everyone. There were copies of the red book. There were copies of summaries of the red book. I had campaign literature which I distributed to the people in the riding. In fact, I told the people in the riding what we were going to do before the election was called. Nobody in Scarborough West can say they did not know what our promise was. What was our promise? It is on page 22:

In the first session of a new Parliament, a Liberal government will give the all-party Finance Committee of the House of Commons a 12-month mandate to consult fully with Canadians and provincial governments and to report on ways to achieve tax fairness, simplicity, and harmonization.

Did I see the word harmonization? There it is, right in the red book.

Did we deliver on that? Yes, we did. That is exactly what the House of Commons committee did. It continued: "In particular the committee will be mandated to report on all options for alternatives to the current GST", and it did. It continued: "A Liberal government will replace the GST"—there is the word replace—"with a system that generates equivalent revenues, is fairer to consumers and to small business, minimizes disruption to small business, and promotes federal-provincial fiscal co-operation and harmonization". There is the word again, twice in the same paragraph, in advance of anybody casting a vote.

In 1993 prior to the election, I issued a communique to the people of my riding. It was four pages long and it talked about the goods and services tax, what was wrong with it and why there were problems with it. Among other things this is what I said: "If we are given the privilege of governing, a Liberal government will, as a first priority, mandate an all-party Commons finance committee to consult Canadians and various levels of government on options to the current GST. Our objective will be to replace the GST with a system that, while generating the same revenues, will be fairer to consumers, easier to administer and will promote federal-provincial co-operation rather than tax competition".

• (1810)

That sounds very similar to what is in the red book, but it was issued before the red book. Why? Because it had been widely discussed and it was known when we were criticizing the Conservative government that this was going to be our approach. So even if somebody says that they did not see the red book, if they had been following the debate since the introduction of the GST, they would know that this was not some rabbit being plucked out of a hat, it was a longstanding policy of the Liberal Party. I say longstanding in the context of when the GST was brought in.

I want to talk a bit about the history of the GST because it is important to recognize the context. The Conservative government brought in the GST as a replacement for the manufacturers sales tax. It was not supposed to get the government more money. It was supposed to be revenue neutral. This was the big promise.

When the government found out it was going to collect billions upon billions of dollars more than expected, it decided to come up with the GST rebate. That is why people get cheques today for the GST. That is why they apply for GST credits on their tax returns. It is because the tax takes in more money than was expected when it replaced the manufacturers sales tax. People forget that because

The Budget

now they get their nice GST rebate cheques and they want to continue receiving them.

The point of the tax was not to pay down the deficit and the debt. The point of the tax was to collect the same amount as the manufacturers sales tax but in a fairer and more open way because the manufacturers sales tax was a hidden tax. That was the whole point of the GST and it failed miserably. That was one reason we opposed it. It was not going to do the job and it was going to cost too much to administer.

That is why we are continuing to do what we can to meet our promise. We have until the end of our mandate to meet the promise. We on this side of the House are going to do the best we can to meet that promise. We have done that with the rest of the promises we set forth in the red book. I do not want people to forget the historical context of that.

Finally, I want to talk about the credibility of the finance minister. In my view, his credibility is impeccable. I was in the last Parliament and those who were here will remember that year after year Michael Wilson stood and delivered his budget address and made predictions. Year after year we could bet the mortgages on our homes that his predictions would fail, and they did.

When he moved over to international trade and Don Mazankowski became finance minister, he made predictions that failed. The finance minister was never right. For the opposition it was like shooting fish in a barrel. All the finance minister had to do was predict something would happen and we knew right away it would not happen based on his track record. We had ample time to set up our artillery and take our shots at him. It was not even a challenge for us.

We now have a finance minister who has laid out certain goals and has met them. He did not go off on some tangent and promise the undeliverable. He has said: "Here is what we are going to do in the first two years. Here is what we will do in the next two years". And guess what? He did it. Who can argue with that? It is almost inconceivable.

One can see the frustration of the opposition parties. How can they argue with success? How can they argue with a finance minister who says he will do something and then he does it? They cannot argue with that. But oh, no. The opposition parties have to say that he did not promise enough and that they wanted more promises.

Well, our finance minister is a man of cool head and reflection. He knows how to bring the deficit down to zero. The way to do that is by rolling targets, exactly as he has said.

In my view there is no question of the credibility of the finance minister, of his judgment, of his commitment to the principles in the red book. There is no question at all we will meet the commitments we made. There is no question at all that the government and the people on this side will keep their promises.

That is why today at 6.30 p.m. I will be voting in favour of the budget.

The Acting Speaker (Mrs. Ringuette-Maltais): It being 6.30 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of Ways and Means Motion No. 1.

Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Ringuette-Maltais): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Ringuette-Maltais): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Ringuette-Maltais): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mrs. Ringuette-Maltais): Call in the members.

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 37)

YEAS

Members

Alcock	Allmand
Arseneault	Assad
Assadourian	Augustine
Axworthy (Winnipeg South Centre/Sud-Centre)	Bakopanos
Barnes	Bélair
Bélanger	Bertrand
Bethel	Bevilacqua
Blondin-Andrew	Bodnar
Bonin	Boudria
Brushett	Bryden
Byrne	Calder
Campbell	Cannis
Catterall	Cauchon
Chamberlain	Chan
Cohen	Collenette
Collins	Comuzzi
Copps	Cowling
Culbert	Cullen
DeVillers	Dhaliwal
Dion	Discepola
Dromisky	Duhamel
Easter	Eggleton
English	Fewchuk
Finlay	Flis
Fontana	Fry
Gagliano	Galloway
Gerrard	Godfrey
Graham	Grose
Guarnieri	Harper (Churchill)
Harvard	Hickey
Hopkins	Hubbard
Ianno	Irwin
Jackson	Jordan
Keyes	Kilger (Stormont—Dundas)
Kirkby	Knutson

The Budget

Kraft Sloan
Lavigne (Verdun—Saint-Paul)
Lee
MacAulay
Malhi
Marchi
McCormick
McKinnon
McTeague
Mifflin
Minna
Murphy
Nault
O'Brien (London—Middlesex)
Pagtakhan
Parrish
Payne
Pettigrew
Pillitteri
Reed
Richardson
Rock
Sheridan
Skoke
St. Denis
Stewart (Brant)
Szabo
Thalheimer
Ur
Vanclief
Volpe
Wells
Wood
Zed—137

Lastewka
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Loney
MacLellan (Cape/Cap-Breton—The Sydneys)
Maloney
Marleau
McGuire
McLellan (Edmonton Northwest/Nord-Ouest)
McWhinney
Milliken
Mitchell
Murray
O'Brien (Labrador)
O'Reilly
Paradis
Patry
Peterson
Pickard (Essex—Kent)
Proud
Regan
Robichaud
Scott (Fredericton—York—Sunbury)
Simmons
Speller
Steckle
Stewart (Northumberland)
Telegdi
Torsney
Valeri
Verran
Wappel
Whelan
Young

Ramsay
Ringma
Rocheleau
Schmidt
Silye
Solomon
Stinson
Taylor
Tremblay (Rimouski—Témiscouata)
Wayne

Riis
Robinson
Sauvageau
Scott (Skeena)
Solberg
St-Laurent
Strahl
Tremblay (Lac-Saint-Jean)
Tremblay (Rosemont)
Williams—88

PAIRED MEMBERS

Adams	Bélisle
Bellemare	Brien
Caron	Chrétien (Frontenac)
Crawford	Daviault
Dubé	Dumas
Dupuy	Finestone
Gaffney	Gagnon (Bonaventure—Îles-de-la-Madeleine)
Gauthier	Godin
Leblanc (Longueuil)	Leroux (Shefford)
Loubier	Peric
Peters	Phinney
Rideout	Robillard
Venne	Walker

● (1840)

NAYS

Members

Abbott
Althouse
Bellehumeur
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Breitkreuz (Yellowhead)
Bridgman
Canuel
Dalphond-Guiral
Debien
Duceppe
Fillion
Frazer
Gilmour
Grey (Beaver River)
Guay
Hanger
Hayes
Hill (Macleod)
Hoepfner
Jennings
Kerpan
Landry
Laurin
Lebel
Leroux (Richmond—Wolfe)
Marchand
McClelland (Edmonton Southwest/Sud-Ouest)
Ménard
Meredith
Morrison
Nunziata
Penson
Plamondon

Ablonczy
Asselin
Benoit
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Brown (Calgary Southeast/Sud-Est)
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Deshaies
Epp
Forseth
Gagnon (Québec)
Gouk
Grubel
Guimond
Hart
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Jacob
Johnston
Lalonde
Langlois
Lavigne (Beauharnois—Salaberry)
Lefebvre
Manning
Mayfield
McLaughlin
Mercier
Mills (Red Deer)
Nunez
Paré
Picard (Drummond)
Pomerleau

The Acting Speaker (Mrs. Ringuette-Maltais): I declare the motion carried.

Mr. Stinson: Madam Speaker, on a point of order, I noticed the member for Edmonton East came in late and her vote was still counted. I would like to know why.

The Acting Speaker (Mrs. Ringuette-Maltais): The member was present for the reading of the motion and therefore the vote counts.

Mr. Silye: Madam Speaker, on a point of order, I would like to know the purpose of the whips walking through and all of us being in our seats before they walk by if you can get to your seat after they walk by. What is the purpose of that?

The Acting Speaker (Mrs. Ringuette-Maltais): It being 6.47 p.m., the House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 24(1).

(The House adjourned at 6.45 p.m.)

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