



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Thursday, December 11, 1997**

**Speaker: The Honourable Gilbert Parent**

## CONTENTS

(Table of Contents appears at back of this issue.)

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# HOUSE OF COMMONS

Thursday, December 11, 1997

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

• (1000)

[*English*]

### BOARD OF INTERNAL ECONOMY

**The Speaker:** I have the honour to inform the House that the following member has been appointed member of the board of internal economy for the purposes and under the provisions of an act to amend the Parliament of Canada Act, Chapter 32, Statutes of Canada, 1997: the hon. member for Kingston and the Islands.

\* \* \*

[*Translation*]

### CANADIAN MILITARY EXPORTS

**Hon. Lloyd Axworthy (Minister of Foreign Affairs, Lib.):** Mr. Speaker, I have the honour to table, in both official languages, the annual report on Canadian military exports for the year 1996.

[*English*]

It is important to point out that in the interests of providing more meaningful information and greater transparency we have considerably expanded the amount of information about the nature of the goods exported.

I think members of Parliament will find now that it is a much more complete examination of the military exports of Canada.

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### CANADIAN TOURISM COMMISSION

**Mr. Walt Lastewka (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, in accordance with Standing Order 32(2), I have the honour to table, in both official languages, the

Canadian Tourism Commission's annual report for 1996-97 entitled "Industry Led, Market Driven".

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### GOVERNMENT RESPONSE TO PETITIONS

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

\* \* \*

• (1005)

### INTERPARLIAMENTARY DELEGATIONS

**Ms. Carolyn Parrish (Mississauga Centre, Lib.):** Mr. Speaker, pursuant to Standing Order 34(1), I have the honour to present to the House, in both official languages, the second report of the Canadian-NATO Parliamentary Association which represented Canada at the 43rd annual session of the North Atlantic Assembly of NATO Parliamentarians held in Bucharest, Romania October 9 to 13, 1997.

**Mr. Bryon Wilfert (Oak Ridges, Lib.):** Mr. Speaker, pursuant to Standing Order 34, I have the honour to present, in both official languages, the report of the eighth annual meeting between the Canada-Japan interparliamentary group and the Japan-Canada parliamentarians friendship league.

The meeting and visit took place between November 8 and 16, 1997. The Canadian delegation was honoured to receive the largest number of Diet members to have ever attended bilateral talks.

Japan is undergoing changes to its economy, institution and society which will be felt worldwide. We must not neglect the fact that Japan is our second largest trading partner next to the United States. Meetings and visits such as these allow parliamentarians from both countries to keep abreast of such developments.

I wish to thank my colleagues on the delegation for the exceptional bilateral talks and a very productive visit. I would also like to note the professionalism and dedication of our Canadian embassy officials.

*Routine Proceedings*

[Translation]

**COMMITTEES OF THE HOUSE**

## PUBLIC ACCOUNTS

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I have the honour to present the third report of the Standing Committee on Public Accounts.

[English]

It deals with Human Resources Development Canada, "A Critical Transition Toward Result Based Management", including the committee's recommendations to improve the same.

[Translation]

Pursuant to Standing Order 109, the committee is asking the government to table a comprehensive response to the report.

Mr. Speaker, I also have the honour to present the fourth report of the Standing Committee on Public Accounts.

[English]

It deals with Transport Canada, the commercialization of the air navigation system and the problems that the committee investigated regarding the privatization of NavCan and its recommendations thereon.

[Translation]

Pursuant to Standing Order 109, the committee is asking the government to table a comprehensive response to the report.

[English]

## HUMAN RESOURCES DEVELOPMENT AND THE STATUS OF PERSONS WITH DISABILITIES

**Mr. Reg Alcock (Winnipeg South, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the first report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities, a report entitled "Ensuring Access—Assistance for Post-Secondary Students".

[Translation]

## ABORIGINAL AFFAIRS

**Mr. Guy St-Julien (Abitibi, Lib.):** Mr. Speaker, I have the honour to table, in both official languages, the second report of the Standing Committee on Aboriginal Affairs and Northern Development.

The committee has considered Bill C-6, an Act to provide for an integrated system of land and water management in the Mackenzie Valley, to establish certain boards for that purpose and to make consequential amendments to other Acts, and has agreed to report it with amendments.

In closing, it is an honour for me to express my thanks to all those witnesses who came here to Ottawa, as well as all those who travelled to Yellowknife or Inuvik to take part in the videoconferences. I also wish to thank all the committee members for their work, as well as our excellent clerk, Ms. Fisher, our researchers and the support team.

[English]

## SUBCOMMITTEE ON INTERNATIONAL TRADE, TRADE DISPUTES AND INVESTMENT

**Mr. Bob Speller (Haldimand—Norfolk—Brant, Lib.):** Mr. Speaker, I am pleased to present to the House today the report of the Subcommittee on International Trade, Trade Disputes and Investment entitled "A Study of the Multilateral Agreement on Investment".

The government, knowing how important this agreement is to Canadians, asked our committee to hold hearings and to bring Canadians from across the country to Ottawa to hear their points of view on the MAI.

• (1010)

Our committee endeavoured to do this. A number of experts and spokespersons of national organizations came before the committee and let the committee know their views on this very important international agreement.

Our committee was informed about the advantages and the disadvantages of an MAI. We were presented with a wide range of views, as members can imagine, on these.

I hope all Canadians will read this report and learn of the issues involved in the MAI. We have provided a number of recommendations for our government to take into consideration for when negotiations begin again in January. I have great confidence that they will listen to the views of the subcommittee on international trade.

\* \* \*

**EXPROPRIATION ACT**

**Mr. Mauril Bélanger (Ottawa—Vanier, Lib.)** moved for leave to introduce Bill C-303, an act to amend the Expropriation Act (disposal of expropriated lands).

He said: Mr. Speaker, this bill essentially is quite simple. It would have, for effect, that whenever the crown has acquired land through expropriation and it then proceeds to resell this land, this act, if enacted, would demand that the crown give to the original owner a right of first refusal to match the best offer received by the crown. This is common practice in many provinces.

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

*Routine Proceedings***AN ACT FOR THE RECOGNITION AND PROTECTION OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS**

• (1015)

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.)** moved for leave to introduce Bill C-304, an act to amend an act for the recognition and protection of human rights and fundamental freedoms and to amend the Constitution Act, 1867.

He said: Mr. Speaker, I would like to thank the hon. member for Lethbridge for seconding my bill which would guarantee everyone's right to the enjoyment of property in all federal law.

I would like to thank my independent legislative counsel for her hard work, dedication and expert legal advice in drafting such an important piece of legislation for consideration in this House.

My property rights bill amends the Canadian bill of rights and adds two new sections to the Constitution Act of 1867, thereby strengthening property rights in federal law.

If passed, my bill would specifically guarantee that every person has, first, the right to the enjoyment of their property; second, the right not to be deprived of their property unless they are given a fair hearing, paid fair, timely and impartially fixed compensation; third, the right to appeal to the courts if their property rights have been infringed upon or denied, and every person's property rights would be guaranteed in every law in Canada, unless it is expressly declared that the act shall operate notwithstanding the Canadian bill of rights and adoption of a declaration of notwithstanding would require the votes of at least two-thirds of the members of the House of Commons.

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

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**VICTIMS BILL OF RIGHTS**

**Mr. Randy White (Langley—Abbotsford, Ref.)**: Mr. Speaker, I rise to seek unanimous consent to introduce the following motion:

That, in the opinion of this House, the government should renew its commitment to draft a victims bill of rights and initiate consultations with the provinces in areas of provincial concern aimed at arriving at a national standard for a victims bill of rights.

**The Deputy Speaker**: Is there unanimous consent to present this motion?

**Some hon. members**: No.

**The Deputy Speaker**: There is not unanimous consent.

**FAMOUS FIVE**

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.)**: Mr. Speaker, I am asking for unanimous consent for a motion. I move:

That, in the opinion of this House, the government should consider the request of the Famous Five Foundation to honour the memory of Emily Murphy, Nellie McClung, Irene Parlby, Louise McKinney, Henrietta Muir Edwards, known as the Famous Five, by allowing a statue commemorating them to be placed on Parliament Hill.

**The Deputy Speaker**: Does the hon. member have the unanimous consent of the House to propose the motion?

**Some hon. members**: No.

**The Deputy Speaker**: There is not unanimous consent.

**Mr. John Nunziata (York South—Weston, Ind.)**: Mr. Speaker, on a point of order.

While the motion presented by the hon. member would appear to have considerable merit, it seems to me that the motion is deserving of some debate and discussion in the House.

**The Deputy Speaker**: That does not sound like a point of order to me. The motion may be one which is deserving of debate in the House and, if so, there are avenues where the hon. member could move the motion. However, there is not unanimous consent at this time to put the motion and accordingly there is no possibility at this stage for debate.

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)**: Mr. Speaker, my understanding is that the motion can only be debated if it is put. In fact, the member has declined to give consent for the motion to be put, so it cannot—

**The Deputy Speaker**: The member is stating what I think I just stated. There is no consent to put the motion, therefore, there can be no debate.

\* \* \*

**BRITISH PENSIONERS**

**Mr. Svend J. Robinson (Burnaby—Douglas, NDP)**: Mr. Speaker, following consultation on all sides of the House, I would seek the unanimous consent of the House to put the following motion with the support of members of the Liberal Party, the Reform Party, the Bloc Quebecois and the Conservative Party. I move:

That, in the opinion of this House, the government should renew its commitment to British pensioners living in Canada and vigorously pursue an agreement with the Government of the United Kingdom to provide them with pensions fully indexed to the cost of living.

*Routine Proceedings*

**The Deputy Speaker:** The hon. member has asked for the unanimous consent of the House to put this motion. Is there unanimous consent?

**Some hon. members:** No.

**The Deputy Speaker:** There is not unanimous consent.

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, on a point of order.

There is an established procedure in the House to deal with Private Members' Business. All private members have to adhere to a procedure which is established by the House. Now, this particular motion appears to have considerable merit and is deserving of discussion and debate in the House. I would like to know why this motion should take precedence over all other Private Members' Business?

**The Deputy Speaker:** The Chair is having trouble. There is no point of order here. This motion did not get precedence over any other. The member sought consent to move it and it was denied. That is the end of the matter.

I hope this is a different point from the hon. Parliamentary Secretary to the Government House Leader.

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, we are following established procedure which is that even if one member objects, there is not unanimous consent.

In both of these cases, one member only did object.

**The Deputy Speaker:** The Chair does not pretend to hear how many yeas or nays may come out in the House. I do not think the hon. member is raising a legitimate point of order. The question that was asked by the Chair is the correct one, was there unanimous consent. There clearly was not consent and in the circumstances we are unable to proceed with the motions.

\* \* \*

**PETITIONS**

## THE FAMILY

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, pursuant to Standing Order 36, I am pleased to present a petition to the House signed by a number of Canadians, including some from my riding of Mississauga South.

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

The petitioners also agree with the National Forum on Health report which points out the importance of investing in children and

specifically to pursue tax initiatives to assist families who provide direct parental care in the home.

The petitioners, therefore, pray and call upon Parliament to pursue initiatives to change the Income Tax Act to assist families who provide direct parental care to preschool children.

• (1020)

## RETIREMENT SYSTEM

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, pursuant to Standing Order 36, I am pleased and honoured to be able to present petitions on behalf of constituents in Winnipeg North Centre and other Manitobans who are deeply concerned about the future of Canada's retirement system. They express concern about the changes to the Canada pension plan that were forced through this Parliament. They are very concerned about the changes to the seniors benefit. They petition this House for a national review of the retirement income system in Canada to ensure the adequacy of Canada's retirement system today and tomorrow.

[Translation]

## RAIL TRANSPORTATION

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, I have the honour to present to this House a petition signed by 712 people.

It reads "We want VIA Rail to continue to use the intermodal terminal in Lévis and the Montmagny subdivision section between Harlaka and Saint-Romuald to allow the *Chaleur* and the *Ocean* trains to run".

This petition is presented in conjunction with the petition bearing 550 other signatures presented by my colleague the member for Lévis yesterday, December 10. Other similar petitions are being prepared in cities in Quebec, New Brunswick and Ontario. To date, we have 1,263 signatures in support of saving the Lévis and Charny stations in the Montmagny subdivision in the province of Quebec.

The Coalition pour le maintien et l'utilisation accrue du rail, région du Québec et de ses environs will conclude this petition early in 1998 and will send petitions to the clerk to be certified pursuant to Standing Order 36.

[English]

## NATIONAL UNITY

**Mr. David Chatters (Athabasca, Ref.):** Mr. Speaker, I present two petitions today. The first petition is from citizens of Pointe-Claire and Dorval in Quebec and Oakville, Ontario. The petitioners ask Parliament to declare and confirm immediately that Canada is indivisible and that the boundaries of Canada and its provinces, territories and territorial waters may be modified only by a free

vote of all Canadian citizens as guaranteed by the Canadian Charter of Rights and Freedoms and through the amending formula as stipulated in Canada's constitution.

## CRIMES OF VIOLENCE

**Mr. David Chatters (Athabasca, Ref.):** Mr. Speaker, the second petition is from citizens in the greater Ottawa area. They ask Parliament to recognize that crimes of violence against persons are serious and abhorrent to society and to amend the Criminal Code of Canada, the Bail Reform Act of 1972 and the Parole Act to better reflect societal attitudes.

## PAY EQUITY

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, I rise pursuant to Standing Order 36 to present a petition that was presented to me by the public service workers in my riding of Saint John, New Brunswick. They are eagerly awaiting a decision on the pay equity dispute. The petitioners call upon this Parliament to urge the President of the Treasury Board to authorize an interim payment to all employees affected based upon what is now agreed upon as being owed to these employees.

## RURAL CANADA

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I have a petition from numerous citizens of the Peterborough riding. They point out that rural Canada contributes substantially to the national economy and that agriculture and agri-food are the third largest employers in Canada, that rural Canada is full of people with innovative ideas and plenty of energy to carry them out but they often have difficulty getting the financing to bring those ideas to fruition. These petitioners call upon Parliament to work toward ensuring that the needs and concerns of rural Canada are addressed, that the access of rural Canadians to federal programs and services be improved and that rural Canada be supplied with the tools to not only survive but to thrive in today's global marketplace.

## CRIMINAL CODE

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, it is a pleasure to present a petition today on behalf of another 486 people who have signed petitions that asking that Parliament amend the Criminal Code of Canada to raise the age of consent for sexual activity between a young person and an adult from 14 to 16 years of age. These people are echoing the concerns brought forward by the attorney general of our province, Ujjal Dosanjh, who at the last meeting of federal-provincial ministers attempted to raise this issue because of the concern not only in British Columbia but across the land that people as young as 14 years old are being taken advantage of by predatory adults. It is a pleasure to support this petition.

[Translation]

## RAIL TRANSPORTATION

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, I would like to present a petition signed by 564 persons from the Quebec City region, who want VIA Rail to continue to use the intermodal

## Routine Proceedings

terminal in Lévis and the Montmagny subdivision section between Harlaka and Saint-Romuald to allow the *Chaleur* and the *Ocean* trains to run.

This is the third petition presented in the House. Up to now, 1,827 individuals have signed similar petitions.

• (1025)

[English]

## RIGHTS OF THE CHILD

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, I have the pleasure to present three petitions, signed mainly by people from Ontario.

The petitioners are concerned that by ratifying and implementing the United Nations convention on the rights of the child that government bureaucrats and the courts will be legally entitled to determine what is in "the best interest of the child" rather than the parents. They fear that the Government of Canada is creating a bureaucracy to police parents and enforce the guidelines of a UN charter which has never been approved. They are concerned that it will create greater incentives for families to abdicate their parental responsibilities to the state. They are concerned that parental responsibilities will be undermined by the UN convention.

They want Parliament to support my private member's motion, M-33, which would add the protection of parental rights and responsibilities to the charter of rights and freedoms.

## CRIMINAL CODE

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, the second group of petitions which I would like to present also comes from Ontario.

The petitioners support the retention of section 43 of the Criminal Code, which states:

Every schoolteacher, parent or person standing in the place of a parent is justified in using force by way of correction toward a pupil or child, who is under his care, if the force does not exceed what is reasonable under the circumstances.

The petitioners believe that the removal of section 43 would strengthen the role of bureaucrats, while weakening the role of parents in determining what is in the best interest of the child. They feel that this would be a major, unjustified intrusion of the state into the realm of parental rights and responsibilities.

The petitioners request Parliament to affirm the duty of parents to responsibly raise their children according to their own conscience. They request that section 43 be retained in the Criminal Code of Canada as it is currently worded.

*Government Orders*

[Translation]

**QUESTIONS ON THE ORDER PAPER**

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I move that all questions be allowed to stand.

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

**Some hon. members:** Agreed.

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**GOVERNMENT ORDERS**

[Translation]

**COMMITTEES OF THE HOUSE**

## FINANCE

The House resumed from December 10 consideration of the motion.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, I am pleased to take part in this very important debate today, prior to the presentation of the federal budget. The purpose is to see how we can promote and bring about the dreams, aspirations and objectives of Canadians.

[English]

That is really what a prebudget debate is. It is an opportunity to talk about how we should order our priorities as Canadians and how we should order our priorities for Canada's future.

In the final analysis a budget is about what the real priorities of the government are; not the soothing assurances, not the empty rhetoric and not the promises which have no substance. It is about where the government will put its money, where it will allocate its resources and, therefore, what its real priorities are.

Let me make it very clear at the outset, on behalf of my colleagues in the New Democratic Party, that it is our absolute belief that the top economic priority for the 1998 budget is to set targets to reduce unemployment by at least 1%. At an absolute minimum unemployment should be reduced by 1%. We must develop specific strategies to attain that objective.

It is hard to get your answers right when you keep focusing on the wrong problem. That is exactly what this government has done over the last four years. It has focused on the wrong problem.

• (1030)

It is focused exclusively on inflation, failing to set targets for jobs. In the process the government is simply writing off literally hundreds of thousands of jobs, writing off an additional 500,000 jobs that are desperately needed by Canadians. Over a five year period an additional 100,000 jobs a year could push our unemployment rate to 5%.

I know there will be some naysayers who will say "We couldn't possibly bring the unemployment level in Canada to 5%. Who has an unemployment level among industrial countries of 5%?" Let's remind ourselves, in the process of trying to stiffen our resolve to tackle this problem, that the United States of America has an unemployment level today below 5%. I think it is 4.7% at the current time. The United Kingdom has an unemployment level below 5%.

The government has to ask itself and all Canadians are asking themselves the following question. How is it less of a priority for the Government of Canada and for the people of Canada to reduce the unemployment level to 5% than it is for the people of the United States or the people of the United Kingdom?

It is the number one priority for Canadians and it remains the number one priority for Canadians. It is a priority that is absolutely attainable if the government would finally recognize it and take up the challenge. Unfortunately, instead of a commitment to generate jobs and reduce unemployment, the Liberal policy has been designed to ensure that jobless rates do not sink too far, a perversity, surely, when we look at the numbers of people who are suffering.

The biggest threat to the future is the likelihood the government will refuse to allow growth to continue and instead will choke off any real recovery in its infancy by jacking up interest rates yet again by strangling the process of economic growth that is finally beginning to glimmer on the horizon.

Canadians know that when the Minister of Finance really means business, when he makes up his mind about something, when he accepts that something is indeed a priority, he sets targets and timetables for achieving them. That is exactly what we have seen the Minister of Finance do with the deficit over the last four years. It is what he does with inflation. He makes it clear that he is serious and he sets timetables and targets. It is what he proposes now to do with the debt.

Canadians know that targets mean commitment and timetables mean results. Over the last four years the Liberal government has been absolutely single minded in its approach to deficit reduction: massive program cuts, the largest layoffs in Canadian history, the sell-off of some of the nation's most valuable assets, and the elimination of many of the programs that provide support to Canadians in need, in fact many of the programs that define our very sense of being Canadian.

The government's persistent lying throughout has been: "There is really no alternative". It has come to be understood as the TINA

*Government Orders*

syndrome: there is no alternative. The tragic irony is that there was and still is an alternative which would have allowed the government to reach its original target for deficit reduction without the painful disastrous cuts that were the supposed centrepiece of this strategy.

Testimony before the finance committee indicated that 60% of the improvement in government finances between 1995 and 1997 came from a growing economy stimulated by low interest rates. Dr. Jim Stanford's analysis presented before the finance committee showed that if the government had merely frozen spending at its 1995 levels, allowed economic growth and maintained lower interest rates, the Minister of Finance could have beaten his very own deficit reduction timetable. He could have met his targets and still have reduced Canada's deficit to the lowest level among G-7 countries.

• (1035)

The study also demonstrates that pursuing a sustained 4% growth strategy simply by maintaining interest rates at the early 1997 level would add an additional \$70 billion to federal balance sheets over the next five years to be spent on the important programs that Canadians depend upon, that our seniors deserve, that our children desperately need and that our young people require to enter the new millennium with some sense of hope and promise. In addition it would mean sufficient resources to allow for reasonable tax cuts targeted to where they would matter most and get on with debt repayment at the same time.

On the other hand, if real growth is stalled by the central bank's obsessively low inflation policy, the fiscal dividend may disappear altogether. That would be a tragedy.

Canadians need to consider this question. Are we willing to spend \$70 billion over the next five years to keep inflation at a zero level, to keep wringing jobs out of the economy, to keep eliminating important social programs, in order to battle an imaginary mythical phantom of high inflation? Or, do we have other priorities like fighting unemployment, rebuilding our health care system, and ensuring our young people access to education and decent jobs?

The Liberals have been positioning themselves as a party of balance on economic issues. The title of the finance committee's report "Keeping the Balance" is another attempt to embellish that image. The point is that it bears no relationship or resemblance to what the Liberal government has actually been doing. The reality is that Canada has eliminated its fiscal deficit by creating a massive social deficit for which Canadians will be paying for a very long time to come.

Canada's real wealth is declining as we supposedly grow richer. The stock market is soaring. The GDP is climbing. However somehow there is not enough money to pull our kids out of poverty, to give young people the education they need to get decent jobs, to pay working men and women a living wage, or to maintain one of

the best health care systems in the world in which Canadians have invested and which has become the envy of the world.

For the government it has been an official policy of forget about jobs, toss in the towel on jobs. We are told repeatedly that governments cannot create jobs and why should they really try. The essence of the Liberal solution is to make its problem someone else's problem by downloading debt and offloading responsibility to the provinces, municipalities, ordinary people, the charitable sector, the non-governmental sector and, most callously and most unforgivably, the backs of the poor. As a result the federal books may be in balance but the economy is very much out of kilter.

The headline in the local newspaper in my riding said it all the day that the finance minister appeared on the west coast before the finance committee. The headline read "Federal books doing well but the question is are Canadians doing well?" For far too many Canadians the answer to that question is no, they are not doing well at all.

• (1040)

Internationally we may be the first to balance the budget. This is something the federal finance minister constantly crows about, constantly congratulates himself about. While citizens in other industrialized nations saw their GDP per capita grow at an average rate of 9.1%, Canada alone saw its standard of living decline. That is not something about which the government should be congratulating itself.

As a result we now have the second highest incidence of child poverty among major industrialized countries, the second highest inequality index and the second highest incident of low pay for full time workers in the industrialized world. The finance minister may claim that Canada is leading the G-7 and is on the verge of a new economic era, but social and economic indicators reveal that Canada is marching backward into the millennium.

Since 1989 average family incomes have fallen by roughly 5%. In this country 538,000 more children are living in poverty. The number of food banks has tripled as the proportion of the population forced to rely on food banks has more than doubled. The number of Canadians filing for personal bankruptcy has gone through the roof. This does not point to a balanced economy or to a leading edge economy but to an economy that is running in reverse.

The real test of a balanced economy surely is not whether the government can balance its books at the expense of its citizens but rather whether it can provide the economic environment in which Canadians and families can balance their own books. We have been losing ground in that regard.

A stronger economy is key to the long term health of federal balance sheets. Our approach would be to build a high employment, growing economy which could generate a significant fiscal dividend and could provide an ongoing revenue stream to address the growing social deficit. Social investment that creates jobs and

*Government Orders*

addresses the needs of children, youth and families must surely come first.

Let me be very clear about what the NDP priorities are for the coming year. We will be pushing for those priorities to be expressed in the forthcoming federal budget.

The first is to make full employment the primary goal of government with targets to cut rates by a minimum of 1% per year. The Bank of Canada should be instructed that employment growth is the central priority.

The second is to set targets for the elimination of child poverty and a timetable for implementation of that commitment.

In 1989 the country set for itself a millennium project. The House of Commons resolved unanimously an all-party resolution to ensure that we eliminated child poverty by the year 2000. Before we go looking for a lot of new millennium projects, let us follow through on the commitment adopted by the House, by all members on all sides of the House in 1989, and make the real millennium project the elimination of poverty.

What could have a greater long lasting benefit? What could be more enduring? What could more captivate the people of a nation than pulling together and working together to eliminate poverty so that we make a real investment in the future of all Canadians and the future of the nation?

The third priority we will be insisting upon is to make strategic investments to rebuild our failing public infrastructure. Our health care system, education and training systems and networks, environmental and cultural industries, social housing, child care and elder care, highway and other important transportation links that make this a real nation.

• (1045)

Fourth is to maintain a balanced budget over the next five years aiming for continuing GDP growth of 4% per year and some easing of the inflation target band. When this country continues to be totally obsessed with inflation, it absolutely fails to recognize that countries, including the United States to our south and the U.K., have recognized that yes inflation is a problem and yes inflation has to be kept in check, but they have understood that we have to be prepared to make jobs and economic growth our real priorities. That requires easing up a little bit on the inflation target band.

They have allowed inflation to go up in the 3% range. As long as Canada continues to insist on wringing inflation absolutely out of the economy, reducing it to the 1% range, then we are going to continue to choke off those 500,000 jobs that we desperately need.

Fifth, our priority is going to be maintaining overall tax levels in the short term but rebalancing the system to achieve greater

fairness and to advance broader social policy goals such as the elimination of poverty, a fairer share of the tax burden and assistance for students and the disabled.

Wrapping up, my final priority that I want to advance as we head into this budgetary process is direct tax relief measures to the neediest through refundable tax credits such as the GST and exempting essentials from the federal sales tax rather than enriching subsidies for those earning over \$75,000 a year. If circumstances permit, we want to reduce the overall GST rate by two points to promote job creation and give hard pressed consumers a break.

These are the measures that NDP members will be advancing. Already to date in this fall parliamentary session, if the proposals the NDP had been putting forward, the concrete and specific proposals for job creation, had been implemented by this government, we would have created over 175,000 jobs. This would have reduced unemployment to 7.9%.

We look forward to participating in the continuing debate in the run up to the budget. Most importantly, we look forward to seeing this government finally get its priorities right and invest in a real future for Canada.

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**BUSINESS OF THE HOUSE**

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise on a point of order. I wish to seek unanimous consent to put the following motion without debate. I move:

That the House shall not sit on December 12, 1997, provided that, for the purposes of Standing Order 28, it shall be deemed to have sat and adjourned on that day.

**The Deputy Speaker:** Does the hon. government House leader have the unanimous consent of the House to propose the motion?

**Some hon. members:** Agreed.

**The Deputy Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

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**COMMITTEES OF THE HOUSE**

## FINANCE

The House resumed consideration of the motion.

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, I listened with great interest to my colleague from the NDP while she was speaking about having a full employment strategy. The first thing that came to my mind is that government in general does not really

create jobs. It in itself does not go out and hire everyone to work on the government payrolls. However the government creates a proper environment for job creation because the real engine of job creation is the private sector.

• (1050)

Frankly my head somehow was boiling and spinning at the same time. The member wants the government to stop fighting the mythical phantom of high inflation and to stop being obsessed with inflation. She thought that the government should have a full employment policy.

Suppose that inflation went above 3% or 4% and there was a downturn in the economy in two or three years and we begin to have the same problems we had in the 1980s of a high deficit, high debt loads, high inflation and high interest rates, is the member proposing that the government should hire all those people and put them on the public payroll?

I also want to say to my colleague that it is extremely important to put things into perspective. All of the economic indicators she is talking about are fair game. However, there are certain indicators that I as a member of Parliament totally disagree with.

For example, here in Canada we had a deficit. I want to congratulate the government for winning the war on the deficit. We used criteria that are very much different from the criteria being used by OECD members around the world.

When we talk about assets in Canada and somebody from the auditor general's office says that we have \$50 billion in assets, in my view, Canadian assets are really in excess of \$150 billion taking into consideration crown corporations and everything else the government owns in Canada.

We have to put things into perspective when we talk about shrinking wealth and economic indicators when comparing them with other countries around the world.

If the private sector does not really create the jobs she is asking for and the private sector is not meeting the target she is setting, is the member proposing that the government hire all those people who were not hired by the private sector?

**Ms. Alexa McDonough:** Mr. Speaker, I have to say in all honesty, and I intend no disrespect to the member opposite, but that is an absurd suggestion and a distortion of the position the New Democratic Party has put forward today in specific, concrete terms. It makes it impossible to even engage in a reasonable, sensible debate about fiscal policy, inflation, interest rates and setting targets and timetables for jobs.

I do not need a lecture from the member opposite on how important the private sector is in the creation of jobs. I will be going back to my office to meet with representatives from the chamber of commerce. They have come to Ottawa today because

### *Government Orders*

they understand what an important partnership there must be between government and the private sector.

Those representatives from the chamber of commerce want to talk to me and my colleagues from Nova Scotia about the completely irresponsible withdrawal of the federal government from providing and ensuring that the kind of infrastructure is in place which would allow the private sector to do its job to generate jobs and grow the economy.

The private sector is understandably concerned about the fact that the Government of Canada has gone pell-mell into the privatization of our ports without understanding that there must be a commitment from the government in the investment of the ports and make sure the infrastructure is there.

It is very concerned that the government will not make a commitment to ensure that our Halifax regional airport which serves as an international airport and is a very important part of our infrastructure, is in good shape. The government has been pulling back from its investment with the result that the entire business community in Nova Scotia is very concerned that our Halifax international airport is not getting the kind of support from government that it needs, deserves and absolutely requires if the private sector is going to be able to do its part to contribute to the generation of jobs.

• (1055)

In response to the question, if it was the view of the government that the federal government cannot do anything about jobs, then why in the name of heaven did the Liberal Party of Canada not tell the Canadian people the truth? It told Canadians that it intended to make jobs the number one priority, but that is not what the government did.

It is such a ridiculous question. That is exactly what engenders disrespect for government, engenders disrespect for Parliament. It is just a completely absurd notion. The member knows that when he stands on his feet and says, "Would you let inflation go up 3% or 4%", he clearly was not listening when I said that allowing inflation to rise to 3% does not seem to be such a disastrous policy when that is what the United States has done and unemployment is below 5%. That is what the U.K. has done and their unemployment is 5%. Canadians deserve no less.

It is a very good illustration of why this government will not put its money where its mouth is and actually commit itself to making jobs the number one priority, and it went to the Canadian people instead in 1993 and again in 1997.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, briefly I want to commend the leader of the NDP for spending so much time on the subject of child poverty. It is certainly a subject matter on which all hon. members share her concern.

In my view child poverty is a political term which is intended to evoke sympathy. The real issue here is family poverty. The

*Government Orders*

member articulated her reasons why she felt there were economic factors which contributed to this serious problem.

I would ask the member whether or not she would concede or maybe recognize that 42% of all children living in poverty come from lone parent families and that the rising level of breakdown of the Canadian family is a very significant contributing factor. Would the member care to comment on her party's position with regard to issues of strengthening the family outside of economic considerations?

**Ms. Alexa McDonough:** Mr. Speaker, what the issue of poverty is all about is the failure of government to put in place policies that will strengthen the family.

Nothing weakens a family more, whether there is one child or five children, whether there is one parent or two parents, than having a parent who simply cannot put food on the table, who cannot ensure that their kids get the best possible start in life.

To repeat, I think that should be our millennium project. It is the project that would matter the most to the future of this nation, to make sure that our kids do get a start in life.

It requires a comprehensive, co-ordinated strategy, an all out assault on the problem of poverty which has many faces. I completely agree and I commend the member for making the point that the issue is poverty, period. It is not child poverty as if it is completely separate and apart.

Let us be clear about where this decision came from, the one to somehow segment off child poverty as if it is not part of the failed economic system. That essentially has been this government's decision, to not face up to the fact that at the root of poverty are the kind of economic policies that have been pursued for a decade and a half by right wing governments, both federal and provincial.

• (1100)

**Mr. Jim Jones (Markham, PC):** Mr. Speaker, it is an honour to speak on this very important topic. Over the next two or three months there will be much debate. The directions we take will likely be debated frequently over the next couple of years.

The results of the finance committee hearings show this Titanic government has decided to chart a course that steers every Canadian right into the iceberg. The short sighting of the tip of the iceberg that resembles the deficit completely misses the massive danger of the submerged problem of the debt that is just waiting to sink the economy. As history sometimes ends up repeating itself, everyone will go down with the sinking ship. What is worse is that shuffling the chairs on the deck will not buy Canadians any more time.

This government does not understand that high taxes kill jobs. This government does not understand that "high taxes equal high

revenue" is just recycled money that is borrowed and is not new. This government does not understand that everyone knows the bloated employment insurance premium is a tax on the backs of the working class.

This government does not understand that we are losing the battle with the U.S. regarding the brain drain. This government does not understand that Canada should not only end interprovincial trade barriers but that the Canada-U.S. economy is actually one big market made up of 330 million people. This government does not understand that Canada must be a global leader as we enter the next millennium.

This government does not understand that small business drives the economy and still faces unbearable payroll taxes and extreme bankruptcy statistics. This government does not understand the impact that part of the consultation process means actually listening to Canadians and rightfully respecting their interests and their recommendations. The captain of this government does not show any desire to scope the dangers of this massive debt, the ticking time bomb of the economy.

Rather, the finance minister is too involved scoping the Prime Minister's job. Let us face it, working families have been crippled with the burden of creating such a so-called fiscal dividend. They have been taxed, taxed and overtaxed. In the event of the upcoming surplus, this government should feel obligated to return what is rightfully theirs. This means cutting taxes. All Canadians have paid long enough for the misconduct of the EI fund.

Canadians are no longer prepared to sit back and let this government set strategies without seriously implementing the suggestions provided during consultation. Canadians shared their frustrations and proposed solutions. This government did not listen. Why did we travel across Canada and hear from over 400 witnesses if we are not going to put their ideas to work?

The suggestion is clear. This government is not serious about creating the environment to reduce employment. It is not serious about cutting taxes. It is not serious about facilitating growth. This government did not listen. The report from the finance committee does not represent Canada's interests. It is merely a supporting document of the Minister of Finance.

Canadians are being held hostage by Liberal Party politics. The deathwatch on the Prime Minister has begun and the captain is the Minister of Finance. He is not willing to give anything of substance to Canadians until he is running for or is Prime Minister. It is a sad but true fact. One only has to look at his own cabinet colleagues to know this is what is happening. In the meantime working Canadians get poorer, unemployment remains a national tragedy and Canadians become less competitive.

In Jeff Rubin's 1997 Monthly Indicator named the "The Federal Fiscal Dividend: Who gets to spend it?", Mr. Rubin discussed how

personal income taxes as a share of GDP rank Canada the highest among the G-7 countries. Not only is Canada's personal income tax rate not internationally competitive but it has now saddled households with the largest tax burden in Canadian history.

Even a \$13 billion personal income tax cut over the next four years would leave the income tax to GDP ratio well above its 1989 level. After some seven years of declining after tax real income per capita in Canada, a personal tax decrease could at least begin the process of restoring domestic purchasing power in the economy.

• (1105)

The Canadian Federation of Independent Business told us that "One very important priority which is the cornerstone to building a better life for Canadians is meaningful job creation". The CFIB said it and we have said it too.

Priorities should be placed on debt and tax reduction, not on new program spending. A recent survey revealed that 85% of small business favours restrained spending. The plan to allocate 50% of the so-called fiscal dividend to new spending and the other 50% to debt and tax reduction is wrong. It is the wrong blend. This mix will only create fiscal problems in the future.

Small business has called for the emphasis to be on strategies that lead to private sector job creation which will provide a solid foundation for the future of the Canadian economy, debt reduction, which will decrease the servicing costs of the debt, and reduced taxes.

We support these initiatives for the good of Canadian small business. No longer can we let the government make the wrong decisions for Canadians. Who suffers? Canadians.

We have a government collecting higher employment insurance premiums than necessary to fund the account for a rainy day. We know, of course, that the EI surplus is being used as a deficit reduction tax. Seventy-four per cent of small businesses polled said that the EI fund should be managed separately. The CP fund was privatized; why not the EI fund too?

Small business and the PC Party believe that a top priority is to substantially lower EI premiums for 1998. That will make a difference in the pockets of Canadians. Canadians have over-contributed in good faith to this fund.

It is time for this to stop. Working Canadians deserve to have their hard earned money back. The CFIB calls for a refund to Canadians and so do we. The increase set for 1998 of 66¢ per \$100 in CPP premiums must be offset by at least this amount, if not more, in EI premiums. This is an achievable objective. After all, the EI fund has a surplus of close to \$12 billion.

### *Government Orders*

Canadians are rightfully upset about taxes, whether they are caused by too much government debt or spending. It is time Canadians had a say in their economic future. We are going to fight to give Canadians that freedom.

Clearly one of the greatest problems facing this country is the high level of unemployment. Is there really any doubt that high taxation in this country is the number one cause of this horrific problem? I think not.

For example, as we know, the province with the lowest tax rate, Alberta, has the lowest unemployment rate. Clearly the Alberta government has committed to a strategy and stuck to it. Why can the federal government not do this?

The U.S. unemployment rate is the lowest it has been for 50 years. This is not luck. It is the result of lower taxes, which means more money in the hands of the people.

We believe the debate on what to do with any surplus has focused too much on the traditional idea of "What should government do now?" This is an unacceptable starting point. Yet again we witness a responsive, knee-jerk reaction to a critical upcoming opportunity. What this government should be focusing on is the question of "What can Canadians do now?"

After all, it is income taken from working families which has led to the fiscal dividend. Canadians have caught on. No longer will we stand by and let unfairness happen. We demand that the government act responsibly with our money. Let us make the decisions on how to spend our money.

The projected fiscal dividend is an opportunity for government to redefine itself, its size and its role to the Canadian people. Canadians have earned the right to spend their own money. They have endured long enough. They have sacrificed to help eliminate the deficit. They have earned the right to spend their own money.

Any tax increase is wrong. Taxes must be cut. Again and again we hear the cry from working families and small businesses. Recent increases in CPP premiums were not offset by substantial reductions in other areas.

In Ontario, our provincial government has kept its promise. Personal income taxes have been cut and government revenues have grown substantially. In the last eight months Ontario has created 216,000 jobs in the private sector, which is roughly 70% of all the jobs which have been created in the country. Clearly there is a lesson to be learned here: high taxes cost jobs.

The federal government cut the CHST payments to the provinces by \$6.8 billion in the mid-nineties. The message we have heard from provincial finance ministers and the public is clear. Extra dollars must be transferred back to the provinces so they can restore health, education and social programs.

*Government Orders*

• (1110)

The suffering has gone on long enough. These transfer cuts meant hospital lineups in the emergency rooms, hospital closings, lack of resources in schools, inadequate home care for the elderly and the mentally ill face closed community homes.

We are losing our future to the United States. Every day Canadian talent is drained to our southern neighbours, all because of high taxation levels and a lack of employment prospects in Canada. We are not willing to sit idle on this. In Canada we face a chronic unemployment problem at 9% unemployment compared to 4.5% in the U.S. This is totally unacceptable.

We know that taxes are also lower in the U.S. Employment opportunities in the U.S. are attracting our people south because of the jobs that they are creating. That is what it is all about. Canadians want to work. Young people want to put their skills and education to use. If this government does not facilitate the setting for job creation now, our talents will continue to turn elsewhere.

Just how do we expect to be competitive with the U.S. when our tax rates are so much higher? Think about it. In the U.S. if you make over \$250,000, the tax rate is 36%. In Canada, if you only make \$55,000 to \$60,000 or over that, you are quickly at the top level of 54%. It does not take a rocket scientist to see where you would get the most money for your salary.

I have a real problem with this government overtaxing Canadians for the purpose of claiming a so-called fiscal dividend. I think it is important to note that the fiscal dividend is by no means a forgone conclusion. If we did not have the \$7 billion surplus in the employment insurance fund, the arrival of the dividend would be much later claimed by the Minister of Finance.

Let's get one thing straight. The Minister has factored the EI surplus into the fiscal dividend, a purpose for which EI contributions were never intended. In my opinion, this is totally unethical. We urgently need an amendment to the Employment Insurance Act to outlaw this kind of misuse of the EI surplus.

Just recently this government took \$2.5 billion from the employee pension fund to service the deficit. This practice must stop. We must stop the government from continuing to treat this fund as a cash cow. Recently we privatized the CPP fund. Why not consider creating a separate fund for employee pension fund moneys?

We know Canadians want to reduce the debt, yet this government is planning to spend without a clear agenda. A return to uncontrolled spending is another fundamental problem and counter to Canadian culture. The failure to deliver on fiscal reductions promised in the past is becoming a recurring theme of this government. The spending reductions that the government promised in 1995 for the current fiscal year missed the target by roughly

43%, or \$5 billion. The government's much vaunted program review exercise lost its effectiveness. It seems to have not followed through with this plan and lost sight of the long term gains this initiative holds.

There are risks that can derail this government from achieving a surplus. They include uncontrolled government spending, failure to deliver on fiscal reduction promises in the past and the dependence of recovering on low interest rates and a low dollar. These are the items that demand immediate attention. Ignorance of these issues will only set our economy back further.

With respect to this upcoming surplus, we have an immediate need for a balanced budget legislation. Committing to balanced budget legislation not only proves to Canadians that this government is serious about its role, but fosters growth in investment for the future. Clear and defined debt reduction targets and debt reduction legislation must be put in place. This would prove that this government is serious about its commitments to reduce the size of the debt.

The government's 50-50 formula is so loose it is almost meaningless, especially if it starts spending it and never has a dividend to split 50-50.

This government must stop acting paternalistically. Canadians have earned the right to choose. The Progressive Conservative Party comes at this debate differently. Our view is simple and effective. Lower taxes means lower government spending. Lower government spending means greater freedom for people to solve problems in the manner they see fit. This means working families are taking responsibility for their spending, their savings, their investments in the future. Informed, autonomous, independent Canadians foster a responsible society. We know what we would do.

This government has to create an environment so that jobs can be created for Canadians, lower their personal taxes and allow our talent to be competitive with the U.S. The government has refused to establish clear and measurable targets for debt reduction and debt-to-GDP ratio.

• (1115)

This is a weak kneed and short sighted response that ignores the calls the committee heard for urgent action on the debt. It also flies directly in the face of public opinion.

Recently the Angus Reid poll found that 84% of Canadians want the federal government to focus on reducing the accumulated debt and high taxes. We believe that one-third of the surplus should be devoted to debt reduction and that action to reduce the debt should start now. The government must reduce our debt to GDP ratio to 60% by the end of this mandate and to 50% by the year 2005.

*Government Orders*

Taxation levels in Canada remain too high. They penalize initiative. They depress investment that creates jobs. They force investment elsewhere. They encourage highly skilled entrepreneurial Canadians to seek their futures in more hospitable countries.

Despite the many calls for tax cuts heard by the committee, it is clear the government has no intention of responding to this need in the near future. We believe that tax cuts cannot wait until later in the government's current mandate. The next federal budget must send a clear signal that one-third of the fiscal dividend will be used to reduce the tax burden on Canadians.

The role of government must change. Before any decisions are made about the fiscal dividend, the federal government needs to answer some questions that are much more fundamental. What things should the federal government not be doing any longer? What things should the federal government be doing completely differently? What things should the federal government be doing that it is not doing now?

The severity of these issues will not go away. The government has not proven itself in its pre-budget document. We will continue to push for lower taxes, balanced budget legislation and debt reduction targets to be included in the February budget and see if we can get it right then.

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.):** Mr. Speaker, I am absolutely astounded to hear a Conservative accuse the government of failing to deliver on its promises.

I had the experience, which the member did not, of sitting through five Conservative budgets. They had to cut this and they had to cut that so they could reduce the deficit. I saw a Conservative government consistently increase the deficit and fail to deliver on a single one of the promises it made.

On the other hand I have sat through four Liberal budgets. I have seen them not only deliver but overdeliver on their promise to cut the deficit and in less than five years reach a balanced budget.

I heard the member talk about employment insurance premiums. He may not be aware of it, but he represents a party that increased employment insurance premiums consistently when it was in power because it failed to provide for a time when unemployment would rise, as it did to over 11% under a Conservative government. How dare he criticize a government that has consistently reduced employment insurance premiums and reduced the burden on both workers and employers.

Before the member comes into the House as a representative of the Conservative Party, perhaps he might want to check the history of his own party and of his own leader on the issues about which he talks. I suggest he might want to deal in his speech honestly with

how the government has delivered on its commitments to Canadians on deficit reduction, on reducing EI premiums and on reaching a balanced budget. It is well ahead of target and is putting the economy on a sound footing which it has not been on.

He talked about reducing taxes. Is the member aware that when the party he represents was in government it was responsible for increasing taxes over 33 times? One of them was the 3% surtax on income, which I note the finance committee is suggesting we should be reducing and getting rid of eventually.

**Mr. Jim Jones:** Mr. Speaker, I recall the Liberal government in the 1993 election campaign promised to rip up the free trade agreement and to eliminate the GST. Two of those items are probably the fundamental reasons the country is doing so well. Tax revenues increased substantially over the last four years. Most of that is because growth has come from free trade and not from growth within the economy.

• (1120)

Back in the late eighties there was a worldwide recession and high interest rates. It was not just applicable to Canada. It was applicable to a lot of the countries around the world. Many governments, organizations and corporations have now cleaned up their act. They realize they cannot spend more money than they have. That is why we are seeing the growth we are seeing now.

It has nothing to do necessarily with some of the cuts that have been made. I commend the government for being the first government in 27 years to balance the budget. That is a novel idea. Now we must focus our attention on the debt. We must also focus our attention on getting Canadians back to work.

We must recognize that the neighbour to the south of us is a great opportunity for us. We have to get our country more in line with the neighbour to the south of us if we want to create the jobs and be competitive. Some 80 per cent of all our trade is going to the neighbour to the south.

**Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.):** Mr. Speaker, I listened with interest to the speech by the hon. member for Markham. I agreed with most of what he said, particularly when he used the analogy of the deficit being only the tip of the iceberg and the debt being the submerged portion that could very well sink the country in the event of an economic downturn. He also said that it was incumbent upon government to address the very important issue presented by the debt.

How could the member justify what he says when the Conservative government was in power for nine years and increased the national debt \$300 billion in that time period, which constitutes half the total national debt that we face?

*Government Orders*

**Mr. Jim Jones:** Mr. Speaker, I was not part of what happened then. There were certain circumstances going on, not only in the country but around the world at that point in time. The culture quite frankly was not there. We were not the only government in the world that was spending more than it took in. It was characteristic of a lot of the governments around the world.

Somehow some type of cultural shock happened in the late eighties or early nineties when people and governments started to wake up and say "We cannot continually spend more money than we have taken in".

Many of the things that happened in the 1984 to 1993 timeframe set the pins in place to get the fiscal dividends or rewards we are getting today. I remember the opposition at the time, which is now the government, was totally opposed to free trade, figuring that it would destroy Canada. It has been the greatest bonanza or dividend the country has ever received.

Our future will be in free trade. Whatever happened in the past will never happen again. We have to put in place balanced budget legislation and firm debt reduction legislation to make sure that governments manage the economy and the assets given to them by the people and not just dole out money and create programs.

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, I do not buy the argument that was the mentality or the culture of the time and they had to go along with it.

• (1125)

Do not we as leaders have a responsibility to be on top of the issues, to inform ourselves properly of the consequences of our decisions in this place and to therefore lead the country in that way?

If the people of the country had been properly informed by their leadership as to the consequences of running into debt and having to pay huge interest to support the debt, they would have gone along with any cost cutting measures the government would have wanted to put in place. I have a strong faith in the common sense of the common people. If they had been informed, they would have agreed with the government that we cannot overspend.

I have consulted with my constituents. They are opposed to many government programs that we continue to support even today: all the grants and tax concessions to special interest groups and corporations and all the money that is wasted on setting up a huge bureaucracy, for example in the Indian affairs department which does not benefit the aboriginal people on the reserves. When we tell Canadians about that they support any initiative to limit them.

I do not buy the whole argument that it was the mentality of the times. We have a responsibility and we should not abrogate that responsibility.

**Mr. Jim Jones:** Mr. Speaker, between 1974 and 1984 the debt was multiplied by 10 by the governments that were in power during that time. Between 1984 and 1993 the debt was multiplied by two. We inherited high interest rates and the debt. We also inherited budgets that were being constructed that were not even covering the programs.

Shortly into the programs the cuts were made. The governments covered their programs and started eating into the debt or the servicing cost of the deficit. They recognized this and put in other things to create growth in the economy such as the free trade agreement and the GST. They removed the manufacturers sales tax and brought in the GST, one tax that allowed us to be competitive from a free trade standpoint. Goods now leaving the country no longer have the 14% additional tax on them and because of the low dollar we are seeing benefits today.

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, I will be sharing my time with the member for Ottawa West—Nepean.

I am very grateful to have the opportunity to make some suggestions with respect to the upcoming budget. Before I do so, I would like to make a couple of comments on the speech by the member for Calgary Southwest, the Leader of the Opposition. He made these remarks yesterday.

After he spoke another Reform member rose in the House on a point of order and complained that only two Liberal members on this side were listening to the speech of the member for Calgary Southwest. I was one of those members.

I have to spring to the defence of my colleagues. I listened throughout the 40 minute speech which dealt with a single point, the proposal to bring forward a child care tax credit in the next budget. I have to say that many of us on this side support that kind of initiative, most especially the member for Mississauga South who has championed the initiative for a very long time.

The problem was that the member for Calgary Southwest in developing this point read at great length letters from constituents. If we look in yesterday's *Hansard* we will see column after column, four letters actually, of closely packed type which was read by the Leader of the Opposition.

It is very difficult—and I was a captive audience—to watch someone read text. It is very difficult to maintain one's attention level when someone is constantly reading, is not making eye

contact and is only developing a single point with a single illustration. Perhaps the other members were justified in their attention wandering, but because I was part of the debate I paid rapt attention.

• (1130)

For something like a prebudget debate, our responsibility as MPs is to bring real suggestions to the table. While the Leader of the Opposition did bring one suggestion, I would like to bring several suggestions in the time that I have.

I have been very concerned over the years with charities and non-profit organizations. There is a tremendous oversight by government of this type of organization which accounts for approximately \$100 billion in revenues every year. I am afraid that a lot of the taxpayer money which goes into these organizations either from government or individual donors is not actually reaching people in need. I have commented at some length on this before.

Recently I submitted a second report to the Standing Committee on Finance. I suggested ways in which the government could bring in legislation that would address some of the problems of accountability and transparency in not for profit organizations and charities. I will run very quickly through these suggestions. If anyone wants to read them in depth, copies of the report are available in my office. I will make three points.

It is very important that government move as soon as possible to define what charities are in law. As the situation now exists, we rely on an Elizabethan statute of 1601 to define charities. It would be very helpful if we modernized the definition in law and consulted with Canadians.

Charities include this broad, sweeping collection of organizations that are constantly badgering the public for projects which sometimes have very little to do with human suffering, the problems of the poor and those in need. At the very least, legislation would be written which would narrow the definition of charities to those helping people in need, rather than organizations which may be engaged in the arts, preserving the environment, et cetera. Charities should have a real human component and should deal with human suffering. I would like to see that change.

Right now our concept of a non-profit organization, unlike a charity, is simply an organization which can issue tax receipts, but does not pay taxes. There are about 30,000 of these organizations and the tax deferral is in the many billions of dollars. These organizations encompass a broad range of purposes and are defined as whatever charity is not, as non-profit organizations. This is a tremendous problem because these organizations have no accountability to the community. Revenue Canada does not even keep track of their financial statistics.

The second thing I would propose is that government revisit the Canada Corporations Act and set rules and standards in legislation

### *Government Orders*

for non-profit organizations. It is possible to be a federally incorporated non-profit organization and not have to produce a financial statement other than for its members. There could possibly be only two members of a non-profit organization.

Non-profit organizations do not have to send financial statements to Revenue Canada. There are absolutely no checks and balances. The government does not oversee non-profit organizations, which embrace organizations such as the Canadian Automobile Association, the Better Business Bureau and various industry and manufacturer associations. This is deplorable because when there is no oversight by government, there is no oversight by ordinary people. Unfortunately this can lead to all kinds of problems.

To point out one very briefly, in the past year since my first report on charities was released, many people have written to me. One point that has been drawn to my attention is the fact that charities and other types of non-profit organizations do not have to seek tenders to buy goods and services.

When the government buys goods and services from the community it always tries to do it by tender or by some form of open bidding process. When we download responsibilities to charitable or non-profit organizations and they do not have a similar responsibility to contract out or to seek tenders, we run a terrible risk that there will be abuse of the system. It is especially bad with non-profit organizations where there is actually no coherent or meaningful reporting to the public at large.

• (1135)

That is the second point. Revisit the Canada Corporations Act. Write legislation for non-profit organizations that makes them transparent and accountable at least in the same measure as for-profit organizations.

The last change in legislation I would like to see would save a lot of money and bring a lot of discipline to charities and non-profit organizations. That would be to change the Access to Information Act and the Income Tax Act so that when charities and non-profit organizations are audited by Revenue Canada, those audits are public.

Right now when Revenue Canada audits a charity, the audits remain secret. The difficulty is that an organization can be audited and all kinds of things that are very wrong can be found. That organization is slapped on the wrist and if there is no public disclosure, it can carry on doing exactly the same thing as it had been doing hitherto.

One of the greatest disciplines for any organization whether it is government, quasi-government or business, is the exposure to the public view of mismanagement. When an audit comes along, if the audit finds mismanagement and it is exposed, then all those other

*Government Orders*

organizations will step back and think very carefully about their management practices.

It is not a matter of auditing every organization. It is a matter that every organization ought to fear a public audit. If the organizations conduct themselves properly and manage their affairs well, they have nothing to fear.

It would be a major, positive step for the government to consider this as an option when the finance minister examines the budget.

Those are my three suggestions. They are very important because the non-profit and charitable sector accounts for about \$100 billion in revenue. It is an enormous sector. A lot of charities are doing very good work but the sad thing is that because there is such little government oversight and there are so few standards written in law, we cannot tell the good charities from the bad charities.

I think the majority are good charities and at this time of year we need to support them. So when we talk accountability and transparency, indeed what we are talking about is helping those charities help the people who are really in need.

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, the member raises some very interesting concerns with respect to the non-profit and charitable sector and how those organizations are treated in this country.

It seems to me that those concerns are of such a serious nature and I know the member has been an outspoken advocate on this issue. I wonder whether the member can indicate what progress the government has made in the four years it has held office with respect to these matters.

Could I also ask the hon. member to comment on the fact that hundreds of thousands, in fact millions, of dollars are going untaxed because of the tax system.

Would the member not be better served if, rather than going after charities and the concerns with respect to that sector, the government went after the major loopholes in the Income Tax Act that allow families to move billions of dollars offshore without paying their fair share of taxes?

Can the member comment on whether he believes the loopholes in the Income Tax Act that allow tens of thousands of profitable corporations to not pay any taxes at all is fair to the poor, working people in the riding of York South—Weston who every week have to write a cheque to Revenue Canada? These are people who can barely meet the mortgage or the rent payment. They can barely put food on the table.

Can he comment on the fairness and indicate why his government has not made it a priority to close those massive loopholes in the Income Tax Act?

**Mr. John Bryden:** Mr. Speaker, the government has moved on some of the concerns I have raised with respect to charities.

Revenue Canada revised the T-3010 financial reporting statement that charities are required to fill out every year. It is much more stringent, more elaborate and less ambiguous.

• (1140 )

In the last budget the government closed a major loophole in the charity system. Corporations were giving money to charities and borrowing it back. This major abuse was covered in the last budget.

In the last budget about \$35 million more was allocated to the charity division of Revenue Canada and more people were hired to do audits and that kind of thing. Revenue Canada took very positive steps.

The problem with charities and non-profit organizations is so huge because of the lack of legislation. There is a limit to what can be done by regulation. The difficulty is in not having adequate laws and this exists particularly for non-profit organizations. There are guidelines set for them by Revenue Canada through the corporations directorate but it is unfortunate that without legislation those guidelines can be ignored. People cannot be sent to jail. They cannot be penalized because there is no law to that effect. I stress that the next major step must be legislation and I hope the government is listening.

To take up the member's second point with respect to closing tax loopholes, again that centres very much on non-profit organizations and charities. There is a lot of abuse with respect to the way money is put into charities and non-profit organizations as a method of tax avoidance and sometimes actual money laundering.

I hate to say it but the oversight is so loose and real problems have come to my attention. I will not bring them to the House now because I do not think it is suitable. I have raised these issues with Revenue Canada and it is investigating individual organizations. I do not think we should talk about that in an open session.

People have used some charities to produce their own perks. This is a major abuse and it is often done by the affluent. It deprives people in need and worthy of assistance and it deprives the very good charities of the type of support they need from the community.

The government would be on the right track to look into this area, in particular non-profit organizations. If you have not looked in a corner, you will find a lot of dust when you do.

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.):** Mr. Speaker, I am extremely pleased to have the opportunity to comment in this prebudget debate. It is an extension of one of the innovations of our government that I am most proud of, that of holding prebudget consultations. Hearings are held across the country to hear from ordinary Canadians, organizations, interest groups and business associations as to what Canadians feel should

*Government Orders*

be in the next federal budget. As the House knows, the finance committee tabled its report on those consultations very recently.

We recognize that Canadians from all walks of life at all levels have made a major contribution to the fiscal success of this government over the last four and a half years. They have endured some significant sacrifices in the quality of their health care, in access to post-secondary education, in social services.

In a number of areas Canadians have very much been partners with government in achieving what by next year's budget will be a balanced budget for the first time in nearly three decades. It is important that we listen to what Canadians are saying now about the future for this country and the path for this government.

Health care is a major concern of my constituents. They see the stress on the health care system. They are very much supportive of the idea of assisting people with their pharmaceutical needs because that is often a good substitute for hospital care or replacement for hospital care. As we have an increasingly aging population, but a population that is also able to stay in its own homes, in its communities, they are very much aware of the need for a home care program. I encourage the government to proceed with both those initiatives.

• (1145)

One of the prime concerns of my constituents is the needs of our children and our young people. I would like to talk about that for a few minutes.

I certainly want to encourage the government to proceed as well with its national child program. It is important that we set up ways of finding out how effective are the measures that we are taking. We have numerous programs in government. We do not often enough stop and ask and put in place the tools for finding out whether they are achieving the objectives we hope they are achieving.

More and more young children in Canada are living in poverty. It is not an acceptable situation for one of the wealthiest countries in the world. As we start down a program to work away at the number of young children who do not have enough to eat, who do not have adequate housing, who are therefore disadvantaged when it comes to becoming properly educated, children who live in abusive situations, I think it is very important that we ensure on an ongoing basis that what we are doing is achieving the results we want and that we are able to shift course and shift those resources to things that will work if what we have started is not working.

Let me talk a little about youth as well. Many children who start life in poverty become a risk at youth because they have not had the basic advantages that most of us take for granted. We certainly

have as an objective that every Canadian child enjoys the right to be well fed, well housed, well cared for and well educated wherever we live in this great country. These become the youth who have an extremely difficult time finding and keeping employment and ever being responsible for themselves in life. I think the continuation and the strengthening of the youth employment strategy is vital to this country.

My own experience in holding a youth employment info fair in my riding just a few weeks ago was that young people and their parents and their friends are telling me they do not know enough about the programs that are out there. But I am also seeing cracks in the system, cracks for those very young people at risk who most need the help of our society.

I encourage the government, as the finance committee has done in its report, to give more attention to those community based programs that can work with young people and their families to overcome some of the disadvantages many of them have had earlier in life and to set them on a path in life that is going to be productive for them and for our communities.

I talked about poor children. The fact is in the vast majority of cases, well over 90%, children are poor because their mothers are poor. I urge the Minister of Finance, as he prepares to finalize his budget and present it to this House early in the new year, to take into consideration the different implications for women than for men of different measures he might take in that budget.

There is no question that in Canada, as in every country around the world, women continue to be economically disadvantaged. As long as that is the case, women will continue to be socially and politically disadvantaged.

Yesterday the minister for the status of women was asked in the House how good a job she is doing and how much co-operation she is getting from the Minister of Finance to be coached on how to do gender equity analysis of the budget.

• (1150)

I urge the Minister of Finance to look very carefully at that issue and to consider when he tables his budget outlining for Parliament how it affects women and many millions of children in this country differently than it affects men.

For example, the finance committee has recommended that we increase the limits for RRSP contributions. One of our problems in terms of equity is the major disparity in retirement between men and women. Most of the people in Canada who benefit from RRSP contributions are men. I ask the Minister of Finance to consider whether by increasing the RRSP levels he is contributing to reducing economic disparity or contributing to increasing it.

*Government Orders*

I also urge him to look at tax bracket creep. Because tax brackets have not been indexed for some time now, more and more people at the low income end of the scale who did not have to pay income tax before are finding that they now have to pay it.

Again this is an issue of equity. The majority of Canadians at the low income end of the scale are women. That has a direct impact on the children those women are raising. It has a direct impact on how those women provide for their children.

How well the economy does and how well Canadians do will continue to depend on the strength of the economy in various areas.

I want to speak about the high technology sector. This sector is extremely important to the national capital region, of which I represent a portion. This sector is also extremely important to the economic growth of the entire country.

I urge the minister to look very carefully at the need for a national human resources strategy to ensure that we continue to be one of the top performing countries in the world in information and telecommunications technology, rather than losing our place and losing up to 600,000 potential jobs in the next 10 to 15 years. There should be continuing support for the transition of research to actual technology and products in that sector. I urge the government to put in place much better means of measuring data in the industry, its performance in the international market and its human resources needs. That will enable the sector to continue to thrive in the economy and continue to provide good paying jobs for many Canadians in the years to come.

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, the hon. member spoke about young people and the difficulties they are having living on the poverty line.

There are three young families in my riding, two with two kids and the third with one. These individuals earn \$10 to \$12 an hour. The only jobs available to them pay that wage. These three families have reported to me that they have been evicted from their homes. One family was trying to buy the home and the other two were renting. They were evicted because they simply could not make the payments.

A couple of the families managed to move in with their parents, which they are very dismayed about. I am not too sure what the other family did.

I believe that if we checked with every MP we would find that this type of story is not unique to my riding. It is happening all across the land. These young people are struggling.

• (1155)

Please do not get into this rhetoric about the Reform says we cannot cut taxes until we balance the books. No, we cannot have overall tax reduction until we balance the books, there is no doubt

about that. But we can do things that will meet the needs of these people by saying they will not pay any more income tax because the \$2,000 or \$3,000 extra would have saved these homes for these young people.

In one case they cannot even afford a car. They are using bicycles. They cannot afford to buy gas, insurance, licence plates and all that. There is just too much they cannot do. That is at \$10 to \$12 an hour jobs. Mothers with young children choose to be home with the children because it becomes expensive to have them looked after if they wanted to take on a job.

Instead of spending \$25 million for a flag program, that \$25 million could do wonders for a lot of young families. Instead of spending \$116,000 for a committee on seniors and sexuality, \$116,000 would help a lot of young families. I am a senior and I should appreciate that, but I do not appreciate it at all. Why can this government not look at the dollars wasted in some areas? Maybe calling it a waste is not fair, but spending on things that we could do without when we could give these families an instant break on their taxes. Please stay away from that rhetoric that we cannot do it until we balance the books. That is not what I am talking about.

**Ms. Marlene Catterall:** Mr. Speaker, initially I was going to compliment the member because I think he knows that, having observed me in the House for sometime, I do not normally indulge in rhetoric unless it is in response to rhetoric. He was avoiding that very nicely until his last few comments. Now he has tempted me to indulge in rhetoric.

The member has touched on things which I touched on my speech. It is extremely important that we look at those income tax brackets which are now putting many people, both young and older, into taxable situations who had not previously been because of their low incomes. That is extremely important. Our child tax credit program is extremely important. I will also defend the flag program because if this country does not stay united we are all going to suffer economically in such a dramatic way. We can argue whether something like the flag program helps national unity. I believe it does.

There are a number of things which I referred to in my speech which our government has done, is doing, or which I encourage be done which will help those young people. We all know of families where young people are having to move back into their homes. Parents who thought they were grandparents are becoming parents all over again. I know it is placing a lot of burden not only on the young people who want to be independent but on the older parents.

I hope I addressed some of those issues in my speech. Many of the things our government is doing will help that. There is more to be done as well.

**Mr. Jim Hart (Okanagan—Coquihalla, Ref.):** Madam Speaker, I will be splitting my time with the member for Calgary Southeast.

I rise on behalf of the people from Okanagan—Coquihalla on this prebudget debate to express their concern over the tax and spend mentality of the Liberal government. When back in my riding I talk to my constituents, I communicate with my constituents and we do that through a variety of means. We hold town hall meetings. We publish weekly editorials in the newspapers. We ask for feedback. We get that feedback.

One of the messages that most often comes to me from my constituents, the message I try to relay in the House, is again and again people are saying the spending priorities of the government are out of whack with the rest of the country. That is evident in a recent public opinion poll that showed Canadians do not trust the government in the way it spends their tax dollars.

Canadians want a government that is going to look after the budget in a responsible and reasonable fashion.

• (1200 )

They want balanced books. They want lower taxes so that we can create jobs in this country. With regard to the massive debt that has been built up, over \$600 billion by Liberals and Tories for years now, they want to make sure that we start paying off that mortgage and look after that debt problem.

The reason is if we can tackle that debt problem and get taxes down, we can lay the course and the groundwork for a strong future for the country, for our children and our grandchildren.

What I would like to do today with my time is talk a bit about the priorities that I mentioned earlier and a few of the programs. I am not going to say that this money should not be spent, but I am going to point out some areas where the government spends money and it seems to be out of sync with the rest of the country on how it would like to see that money spent.

For instance, I am going to talk now about the \$26.4 million spent on a parole system in this country, a system that has proven to fail time and time again. I will give a specific example to the House and Canadians.

In my riding on September 7 there was a double murder, the murder of Cecilia and Tammy Grono. They were murdered by a person by the name of Kevin Machell who was on day parole in Calgary. The rules of Corrections Canada state very clearly that a person who is tardy or does not show up at his halfway house should be reported within 10 minutes to one hour.

This is a shocking case because it took 24 hours for any authorities to notify anybody of the non-appearance of Kevin Machell. In that 24 hour period he travelled to Summerland, my home town, and murdered Cecilia and Tammy Grono while Tammy's two and four year old children sat and watched in horror. It is a terrible case. Kevin Machell three months later is still on the loose in this country. Maybe he is not in this country any longer.

### *Government Orders*

We do not know but he is still on the loose. Those two preschool children will be spending their Christmas under police protection.

Where did the \$26.4 million go to protect the Grono family in this country and all the other families who have lived under this type of system? It is horrendous that this could happen. It has been traumatic for the family, it has been traumatic for the people in my riding of Okanagan-Coquihalla.

The problem is not the \$26.4 million. If we had a system that worked, I would say spend \$30 million or \$40 million. What is happening is that this is a system that is so bent on trying to rehabilitate the criminal, it does not look at the real fact of what a parole system is for. It is to protect law-abiding citizens in this country. The safety of Canadians is being ignored. That has to change.

I would also like to talk about another circumstance in my riding with the department of Indian affairs. We spend some \$4 billion on the department of Indian affairs. With that money the government is responsible for certain objectives and responsibilities. Yet one of the responsibilities this government does not have is to provide assistance for individuals who are renting property on an Indian reserve.

I was shocked to find that in my riding there is a mobile home park situated on an Indian reserve. Two months ago the people living there received their eviction notices. They were told to move out just before Christmas. They are low income families. The \$4 billion we spend on the department of Indian affairs does not protect them because there is no law in this land that says there is a level playing field for people who rent property on an Indian reserve.

If persons rent property let us say on an ordinary piece of land owned by a private citizen, they fall under the provincial rentals act but not if they rent property on an Indian reserve.

What has this government done to change that? It has done nothing, not a thing. The \$4 billion did not help those people who live at Driftwood Mobile Home Park nor the other three mobile home parks where people are going to be evicted in the dead of winter.

• (1205 )

Why has the government not taken up the initiative to make sure that there is a rental act federally for people who rent land on Indian reserves? There is no excuse for this. I will make sure, as a private member, that in the new year I will introduce such legislation in this House.

My time is short and there are a number of things we could talk about today prior to Christmas about how the government spends its money and the misguided way it does it. I have come to know many of the Liberal members across the way, the NDP members

*Government Orders*

and Conservative members, all of the people in the House. They come here with good ideas and are good people in many respects.

However, what the federal Liberals are doing is inexcusable to the Canadian people. Time and time again public opinion polls show that Canadians do not trust this government and will not trust this government. I am not saying that the federal Liberals are stupid or bad people. They are just wrong in what they do with our hard earned tax money.

I will point out one more example which is the need for search and rescue helicopters. This is a debate that has been going on for close to six years when we take in the time that the Conservatives spent on it as well. However, here we have a federal Liberal government that is not concerned about the safety of Canadians when it comes to search and rescue from coast to coast. No, it is busy in the back rooms with its public relations folks sucking back cappuccinos and trying to figure out how it is going to explain the helicopter that it is going to buy.

Well, that is unacceptable. It was unacceptable last year in the pre-budget debate and it is unacceptable today. Our military needs the equipment when the government sends them out to do a job. I was in the military and they are good people. They do the best with what they have. However, a government is irresponsible when it does not give them the tools they need.

Just a couple of weeks ago we saw another example. A young man who went to Croatia in service of the country for peacekeeping was not given a helmet. It is outrageous that he was not given a helmet. His armoured patrol vehicle, which is not armoured at all, rolled down a hill and landed on top of him. He now has brain damage. We sent these people on peacekeeping missions without the proper equipment. That is inexcusable by this government.

I can see it is time now to wrap up very quickly and I will wrap up. However, I do want to say, for goodness sake, the Canadian public is sick and tired of the extreme uncaring positions that the government takes. It is time for a balanced and reasonable approach when it comes to the things that Canadians need and want. When it comes to social programs, criminal justice, the military or any department, make a choice, but let us start spending our money properly.

Canadians can laugh about it or cry about it, but for goodness sake let us not ignore the problem. Let us move into the 21st century on a reasonable footing for the future of Canadians.

**Mr. Allan Kerpan (Blackstrap, Ref.):** Madam Speaker, I sit here perplexed. This is the beginning of my second term in the House and in the last four years since I have been part of this House, I have often wondered why it is that members on this side of

the House come up with those heart-wrenching, gut-wrenching examples like the Machell case or, as the member for Wild Rose talked about earlier, three young families who could not pay the bills.

Why is it that we never hear anything like that from the other side? Everything we hear from the other side is that everything is fine, everything is great, don't worry, be happy. It is really confusing when we hear those kinds of things.

My colleague used some examples. I would like to give another example about spending priorities. This is something my colleague talked about, the parole system, and obviously an area that I am working in. I want to ask the member a simple question. Would it not be better if we took that \$100 million, \$200 million or \$300 million that it is going to cost taxpayers for gun registration and put it into real, meaningful programs such as expanding police forces? I worked for the city of Saskatoon police and they have had to shut down their community police station, cut back because they cannot pay the bills. Would we not be better to target those dollars to areas where they could do far more good?

• (1210)

**Mr. Jim Hart:** Madam Speaker, I appreciate the question. I think it is an important one about misguided funds. All of us in the House are concerned about the criminal justice system in this country. For goodness sake, we have had handgun control for many, many years and it has not prevented murders in this country.

When we are talking about rehabilitation and early detection programs, I think the Canadian public would honestly believe that instead of taxing duck hunters and law abiding citizens of the country, because that is who the government is going after with its gun registration, why not direct that money toward a criminal justice system that works. That is what we should do. That is what the Canadian public is clearly telling us as legislators to do.

My friend also raised the issue of the Machell case, the horrendous story of a person who was on day parole who committed a double homicide in my riding. I do not think I mentioned it in my remarks, but because of the lack of action by this government on the parole system in this country, I introduced a private member's motion dealing specifically with ensuring that there is a zero tolerance policy for those people who are tardy, who do not show up or report while on parole. Zero tolerance means that if they are not at their halfway house at the assigned time, there would be a Canada-wide warrant put out immediately for them.

I feel that there is a reluctance on the part of the government and the House to accept such a policy. When we put the facts together about the two Grono family members who were murdered in cold

*Government Orders*

blood by a person who was on parole, the government said: "No, we think our parole system should be geared toward the likes of Kevin Machell." It favours Kevin Machell over the Gronos. Now, that is wrong. It is just plain wrong.

If the government is to give the benefit of the doubt in any parole case, give it to the victims and the law-abiding citizens of Canada. Why does the government insist on giving the benefit of the doubt to the criminals, the Kevin Machells of Canada who murder and rape citizens of this country. It does not make sense.

For goodness sake, Liberal government, get your priorities straight.

**Mr. Jason Kenney (Calgary Southeast, Ref.):** Madam Speaker, I am pleased to debate the prebudget motion with respect to the report of the Standing Committee on Finance.

I have had experience with the committee since I sit on it as an associate member and I have attended many of its hearings. I appeared before it in my former capacity as a taxpayer advocate. I know the kinds of people who generally appear before the finance committee tend to be special interest pleaders, people with a particular focus or point to make to the government and legislators. These people are all well intentioned, as are all members of the legislature.

However, it strikes me that all too often the people who appear before the finance committee in its prebudget hearings do not speak about the kind of real economic pain that is being felt by so many Canadians in a very personal and tangible way. Nor is that pain reflected in any way in the actual report of the finance committee which speaks about big issues. It talks about debt, government spending priorities and so forth.

• (1215)

At the end of the day that document and, I would suggest the fiscal and budgetary policies of the government, do not really reflect a compassionate view of the priorities of Canadians.

I have stood many times in this place, even though I am in my first term, to talk about the economic record of this government and to talk about the unemployment rate, the growth and the debt, the record high tax levels and referred to all the statistics. I could do that again but rather than repeat myself I will talk about some absolutely devastating tragic cases of how the fiscal priorities of this government and previous governments have led to so much pain for so many real Canadian families.

For instance, I think of friends of mine, Bernice Lee and her husband Philip, who are relatively recent immigrants to Canada from Hong Kong. Bernice and Philip have four young children and

run a small mending and dry cleaning shop in downtown Edmonton in an apartment building where I used to live.

Bernice arrives at work before 6 a.m. North of Edmonton it is often dark until 9 a.m. in the winter days and it can get down to 40 below. She does not have a car. She gets there on public transport, arrives and opens up her shop. By 7 a.m. she is working away. One can walk by her store at 10 p.m. when the wind is howling outside in the winter and she is there alone, working away. Sometimes their children are there late at night, having come there from school because there is no one at home, because neither Bernice nor Philip can afford to stay at home.

Her husband Philip works on the side, I think about a \$10 an hour job at a computer plant in Edmonton. He has to work the graveyard shift to add a little more to the family budget just so they can get by.

I asked Bernice one day how their business was going. They bought it the year before. I just noticed that she was working so terribly hard and had nobody there to help her. I asked her how it was going and she looked at me with almost tears in her eyes. I don't think she had really thought about that before. She said they were barely hanging on and she was so disappointed because she said they were working so hard but were hardly able to keep the business going.

The tragedy is this business represents the hopes and dreams and aspirations of this family in coming to Canada. The Canadian dream for them was that by making sacrifices, by working hard, by playing by the rules, they might be able to get ahead and make a better life for their children, but she said to me that she could not understand why a family in their circumstances had the kind of tax burden they had.

She said to me that if it were not for the taxes she had to pay, not just the small business tax and the income taxes and the consumption taxes but also the local property taxes and the provincial taxes, if not for the several thousands of dollars her very small one person business had to pay, she would be able to hire somebody to come in and help her, do the hard manual work of her business. That would allow her, instead of working from 6 a.m. to 9 p.m. and beyond, six days a week, to maybe take a day off or to go home at a reasonable hour to spend the evening with her children and her husband. But she does not have that ability because her business does not have the disposable income.

There is a reason it does not have the disposable income. They are getting enough business to do that sort of thing, but they are not able to keep the money they are earning because of the fiscal priorities of the federal government. This is the human impact. People like Bernice are working well into the night. What were formally one income families have become two income families. Children who 30 years ago used to be able to go home to a parental

*Government Orders*

home after school are now going home to empty houses. Why? Both parents are out in the workforce trying to run their businesses, trying to do their jobs to pay for the tax bill, to furnish the funds this government thinks are so absolutely necessary for all the programs and bureaucracy it operates.

• (1220)

I ask the members opposite one basic philosophical question. I used to be a Liberal. Liberals love to pride themselves on their sense of compassion.

Their sense of compassion is to take money away from Bernice Lee, transfer it through some hugely expensive Ottawa bureaucracy and spit it out in other things such as over \$5 billion in handouts to major corporations like Bombardier, grants to special interest groups so they can plead here in Ottawa for more money to fuel their special interests, and huge programs that create disincentives to work, to save and to invest in parts of the country. That is what they take money away from Bernice Lee to do.

The question I ask in this debate is a very simple question but a profoundly important one. Do the members of the government really believe they know better how to spend a dollar that Bernice Lee earns than she does? Do they believe that what they would with an extra dollar out of her till will produce a greater social benefit for her and her family than that dollar left in her pocketbook?

Do they believe hiring another bureaucrat to administer another distant program in Ottawa is going to do more for Mrs. Lee than her ability to hire somebody to come in and help her take care of her business? Do they believe that another dollar in another grant program is going to do more for the economy and create jobs than Mrs. Lee can do in her own business? That is what this debate is about.

We can talk about the statistics and the numbers, the 9% unemployment, the 16% youth unemployment, the \$100 billion they have added to the debt and the 73% debt to GDP ratio. We can talk about all the statistics and numbers we want and the Liberals are wonderful at doing that. However, when it comes to people, real people and the lives they are living in this country, why can we not afford to change our priorities and to let people like Mrs. Lee keep more of what belongs to them? That is ultimately what this debate is about.

It is about who the money belongs to. Does it belong to the government? Does it belong to the Liberal Party of Canada? Does it belong to politicians and bureaucrats who think they know better how to spend that money than the Canadians who earn it? Does it belong to the people who make sacrifices to raise their families and to leave a better life to their children than they had themselves?

I just want to say, in this debate as we prepare for the budget next year, I hope the members of the government will start to listen to

people like Mrs. Lee and will start to put their priorities where they belong by letting people keep a little more of their own money. That really would provide the kind of hope that people like Mrs. Lee need to hang on a little longer to help their families get by.

**Mr. Mac Harb (Ottawa Centre, Lib.):** Madam Speaker, I do not know what planet my colleague is living on. In fact, he has forgotten that in a matter of three years this government has been able to win the war on the deficit and to balance its books. We came out of a devastating recession. We came out of a situation that was beyond control.

Before we decide to take every single penny of surplus and dump it in across the board tax relief for what he calls Canadians, I wonder whether he is advocating this tax cut relief be given, for example, to someone who makes \$500,000 or whether it should be given to somebody who makes \$30,000. Is he really advocating across the board tax relief without having a balanced approach to say if John Smith or ABC Canada Inc. or whoever is making enough money, they do not need the tax relief? These are the people who can make it on their own.

I do not understand how he can stand up without blushing and call for tax cuts across the board when what this government is doing is providing incentives, proper programs, proper dividends and proper assistance for people who need the assistance.

• (1225)

He cannot just say that the government has not done anything to help people like Mrs. Lee. As a result of this government policy Mrs. Lee and many others like her across the country have been able to save. For example, on a house with a \$100,000 mortgage they could save over \$3,000 a year. That dividend is a result of what the government has done. That came as a result of what this government has done in terms of proper fiscal management of the nation as a whole.

Sometimes I wonder about that kind of poison coated statement that comes from some of my colleagues on the other side of the House when they talk about special interest programs. I believe it is their objective to eradicate every single grant that is given to special interest groups. Mrs. Lee, her husband and her children fall under those special interest groups. These are the kinds of groups, organizations and individuals who benefit from what they define as special grants or special interest groups.

They want to eradicate every single grant for every single special interest group because they probably call women a special interest group. They call organizations for the disabled special interest groups. They call groups that are multicultural organizations special interest groups and they paint everybody with the same brush and they want to cut grants all across the board.

*Government Orders*

My colleague should stand up within the next 30 seconds or so and congratulate the government on the excellent job it has done in trying to strike a balance between controlling the deficit, reducing the debt and ensuring that Canadians get the net dividend out of its proper fiscal responsibility. Would he stand up and congratulate the government right now?

**Mr. Jason Kenney:** Madam Speaker, I will not congratulate the government for perpetuating 15 years of shrinking disposable after tax income for the average family. This member talks about lower interest rates. That has not been felt by people even when the member includes the reduction in interest rates. People are coming home with less today than they did 15 years ago, in real terms after tax, because of the tax burden.

Talk about tax fairness, this member is from a shameless party. I remember the prime minister held a confederation dinner with 2,300 people at \$500 a plate. He talked about the Reform Party fat cats to people who paid \$500 a plate. The same government that talks about fat cats also taxes 7.7 million Canadians who earn under \$30,000. It collects over \$11 billion from them and takes on average \$1,500 per taxpayer just within the income tax system.

People like Mrs. Lee are not feeling anything but the economic pain of 30 years of bigger government. I guess that member just counted himself on the side of those who think they know how to spend that money better than she does.

**Mr. Alex Shepherd (Durham, Lib.):** Madam Speaker, it gives me great pleasure to enter into the prebudget debate in the House. I was very happy to have a town hall meeting in my riding of Durham which many of my constituents attended.

Reform members talked about their desire to consult their constituents. It is interesting to look at the back of this report. It talks about the members who actually submitted reports from their constituents to the finance committee. The list includes many of my own colleagues, many of the opposition party colleagues but not a single name of a Reform Party member. That is unfortunate because this was a great opportunity for Reform Party members to do what they are always saying in the House that they do, that they represent their constituents, that they want the views of their constituents heard in Ottawa.

I am happy to say that the people of Durham had a direct voice here. We had a very good and open discussion. Almost 70 people attended. They gave me their ideas on what should be done if there is a fiscal dividend. I was very happy to participate.

• (1230)

I have one slight criticism of the finance committee report. One of the recommendations is to allow for an increase in the deductibility in the foreign component of registered retirement savings

plans. Within their RRSPs people can put up to 20% in so-called foreign investments, foreign assets. The finance committee has recommended that the limit be increased.

This is very important. This limit is used not only in RRSPs but in all aspects of the pension system. As I understand it, the newly formed Canada pension plan board would have a similar threshold. I object to this.

I believe we have to focus on what we are talking about when we are talking about RRSP deductions. RRSPs are used as a tax deduction. Essentially, the result of this would be to subsidize, and I underline the word subsidize, higher income earners to invest in foreign countries.

There are no laws in Canada against foreign investments. People are free to do that if that is their choice. However, they may have to do it with their tax paid money, in other words from their normal savings as opposed to actually getting a tax deduction, an incentive if you will, to invest in another country.

That is one small point on which I differ. I believe it would be improper and unwise to proceed in that direction.

A lot of the debate on budgetary items concerns expenditures. The Reform Party and others talk about government spending, spending, spending. What is missing when we talk about the expenditure of money is that sometimes, in fact a lot of the time, the expenditure is an investment.

We should all know the difference between investing and spending. When we invest in something, we expect a return. That is why it is important to recognize in the upcoming budget that we are not wasting money to spend money in areas of some things that will actually come back to us. In other words, that money did not disappear. It will come back to us in the form of a return on our investment.

One of those very important areas is science and technology. There is a general recognition that we must move forward and embrace the challenges which science and technology present to us.

Durham College is in my riding. It has a science and technology faculty. There is something like three jobs for every one of its graduates. We talk about youth unemployment on the one hand, but we also have on the other hand a disproportionate demand for people who are trained in certain areas.

Today I attended the industry committee and we heard from the granting councils. Representatives of the National Research Council, NSERC and MRC appeared before us. They pointed out that Canada's expenditures in research and development lag behind just about every other country in the western world. I think the only country that gives less money to research and development based

*Government Orders*

on its gross domestic product is Italy. We need to invest more in the science field.

Recently the Conference Board of Canada published a very excellent report about the Canadian economy. It found some very remarkable things. It found that Canada is one of the highest spenders in education.

• (1235)

I should interject, Madam Speaker, that I am sharing my time with the hon. member for Oxford.

The Conference Board of Canada made a number of observations. Some of the very important ones were that in post-secondary education, Canada is one of the highest spenders in the world. At the same time, some of the performance in the area of science and technology is in fact some of the most mediocre. We need to revamp some of our educational institutions to ensure that we are training our people properly.

Having said that, it is interesting that one of the initiatives which our government is involved in is called technology partnerships. It is a program I am very proud of. In fact the member across the way said to give away money to Bombardier. Bombardier was a recipient of the technology partnerships program. But that just shows the lack of knowledge that exists on the other side of the House.

Technology partnerships matches the expenditures by companies in the area of research and development. It provides a degree of risk capital but it is an investment that is based on a royalty system. For instance as Bombardier sells more Dash-7 aeroplanes, money comes back into the government.

This program has only been around for about three years and just recently we received our first cheque, a royalty payment coming back to the government. It is very clear that the object of the exercise is to allow this funding to assist. It is sort of risk capital. We are matching money. We have a partnership going with small and medium size businesses to do this.

There is a company close to my riding called Camateoid which is another recipient of a technology partnerships venture capital loan. This is a very interesting company. It makes the paint for the Challenger aircraft. It is very much related to aerospace.

These are some of the ways we can use the resources we have in government to lever other forms of capital, pools of capital that possibly would not have been spent in the area of research and development. That generates all kinds of multipliers in our economy.

It allows our graduating students from high tech institutions to have a place to work in this country. We often talk about the brain drain and how people are being forced to leave this country because

the opportunities are not there. This is a very specific way in which the government can invest in some of these sectors, not give the money away but invest it in such a way that the money is coming back to the people of Canada.

I hope that when we are putting our budget together we can find some room to move in these areas. As the granting councils and the Conference Board of Canada have said, Canada is lagging behind.

A lot of the growth in our economy has been based on the export sector, almost 40% now. If our Canadian dollar goes upward vis-à-vis the U.S. dollar which it probably should—and some people suggest the Canadian dollar is worth 85¢—if that happens, we are going to see a lot of unemployment because we have not kept up with the productivity challenges that are going to make this country great.

I reiterate it is important that this government puts more money into research councils and also the technological programs that will make this country strong.

[*Translation*]

**Mr. René Laurin (Joliette, BQ):** Madam Speaker, I have a question for my hon. colleague. He seems to be looking for funding for research and development. But the government has a great source of income that has not been tapped into, and intentionally so I think.

Members of the Bloc Québécois have often spoken in the House about family trusts and trusts in general. The fact is that trusts are exempt from provisional tax, while every other company as well as self-employed workers have to pay tax instalments four times a year.

• (1240)

By making advance payments on their income tax these people are actually making funds available to the government, and the government earns interest on these very large amounts. Why does the government persist in exempting trusts, in which hundreds and hundreds of millions of dollars are invested, without requiring that tax instalments be paid on these amounts, thereby benefiting the government much earlier than if it had to wait till the end of the year to receive the tax owed on these trusts?

At present, the government is paid a lump sum at the end of the year, when these trusts file their tax returns. Yet we are looking for funds, we need money that could be used, based on our priorities, to relieve child poverty and to invest more in education, health and research and development, as my hon. colleague just said.

I would like my colleague, who is a member of the party in power, to tell us what he thinks of this approach and why the government would not require trusts to pay tax instalments four times a year, as all self-employed workers are required to do.

*Government Orders*

[English]

**Mr. Alex Shepherd:** Madam Speaker, I cannot specifically answer but I suspect that part of the problem is the predictability of income. For people to pay on a quarterly basis there has to be a degree of predictability of what the income of the trust is going to be. I suspect there is some argument that some trusts are active in some years and not active in others. It is very difficult to predict what their quarterly payments would be. I suggest to the member that it is probably not that significant a loss of revenue in any case.

There are more interesting areas of the administration. I think the member was talking to some extent about the auditor general's report. It was interesting how the banks are actually holding back cheques in the GST system and excise system before they deliver them to the government. Something our government is very keen on looking into is how we can make the whole collection process a lot more efficient and effective and increase some of the revenues to the government.

Most of us think that tax reductions will come and tax relief should come to some of the people the hon. member is talking about.

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, I want to congratulate the member for Durham on his comments. He has been a very tireless advocate for job creation initiatives and R and D.

I would like to ask him, with regard to the technology partnerships such as the Pasteur Merriex one which was announced within the past year, whether he could comment on the potential impact on jobs and the economy of those kinds of initiatives.

**Mr. Alex Shepherd:** Madam Speaker, I am very happy to respond to the hon. member for Mississauga South who has also been very active in these areas. We share a lot of similarities in our vocation and also in our desire to create jobs in this country.

The whole concept of the expenditures in the technology partnerships program is about creating jobs. Sometimes we forget about taking it to the nth degree. It is about creating jobs. It is about creating opportunities for small and medium size businesses. It is also about helping our environment. Companies like Ballard Power are at the forefront of research and development in Canada and are creating exciting and good jobs for Canadians.

• (1245 )

**Mr. John Finlay (Oxford, Lib.):** Madam Speaker, I thank the member for Durham for splitting his time with me.

It is with courage and a commitment to do what is right that the government has been successful on the economic front. The Prime

Minister and the Minister of Finance realized we could not continue to burden our children with constant deficits and an ever increasing mountain of debt.

The national debt of more than \$600 billion hangs like a millstone around our necks. It takes 35¢ of every tax dollar collected just to pay the interest.

When the Liberal government was first elected in October 1993 we inherited a deficit of \$42 billion. This past fiscal year the deficit came in at \$8.9 billion, almost \$20 billion lower than the deficit in 1995-96. It also represented the largest year over year reduction in the deficit in Canadian history. At 1.1% of GDP as compared to 6% per cent of GDP when the government took office it is the smallest federal government deficit in over two decades.

This represents economic success that we are well on the road to surpassing. There are indications that the federal government will be at or very near a balanced budget this year. With a balanced budget Canadian taxpayers can begin to look forward to annual surpluses rather than annual deficits.

This fiscal dividend will force the government and by extension the Canadian people to make choices about the kind of Canada we want to build for our children and grandchildren.

The Liberal Party pledged during the last federal election that any surplus would be invested in social spending, for example health care, youth employment initiatives and education, as well as debt reduction and tax relief. It was a platform that I endeavoured to ensure my constituents understood so that they knew what to expect from a Liberal government.

It is clear that we need to make certain strategic investments. Some quick examples of this type of investment are the increases in the Canadian health and social transfer allocation to \$12.5 billion a year and the prime minister's millennium scholarship fund which will help Canadian students compete in the global economy. These investments strengthen Canadian society for today and tomorrow.

We must remember, though, that the battle against the deficit is not finished. As we enter the era of surplus we must remember that we continue to have an immense debt hanging over our heads. We ignore it at our peril. I am convinced, and I believe the people of Oxford agree with me, that we should invest as much of the surplus as possible in debt reduction.

While it is tempting to prescribe a short term tax reduction fix, it will have been for naught if economic circumstances change and we have not reduced the national debt. The fiscal dividend cannot be used to benefit this generation alone. We must look forward and realize that Canadians decades from now will judge us for what we do about the debt now.

*Government Orders*

I do not want to tell my grandchildren that when I had the chance to influence government policy, as I do now, I did nothing to relieve them of the tremendous burden of paying interest year after year after year on a \$600 billion national debt.

We hear a lot in the House and in the provincial capitals of the country about tax cuts. For the past few years the leader of the Reform Party has stood and asked the Minister of Finance when Canadians could expect an across the board tax cut. As a member of Parliament from Ontario I have been able to see firsthand the effects of the Mike Harris inspired tax cut.

Since Mike Harris is some type of super hero to Reformers, we can assume a Reform administration would operate much like the Ontario Tories. Mike Harris and the Ontario Tories have made a crucial mistake in making a tax cut. By reducing taxes before the budget is balanced, Mike Harris has been forced to make draconian cuts to some essential services in Ontario.

Members of the official opposition may have a problem with my use of the word draconian. To me an additional \$700 million cut in education spending, following the \$700 million loss in provincial revenues due to the latest round of the tax cut, is draconian. Speaking personally, the small amount of money I save from the Harris tax cut is not worth the effect it is having on the education system in Ontario.

• (1250)

If the Reform Party were governing the country it would follow the lead of Mike Harris. Could the Reform Party tell us how much will have to be cut from education, health care and the environment to pay for the tax cuts? Furthermore, it would add \$600 million to our debt through its super RRSP to replace the CPP. How could we possibly trust a party that refuses to even acknowledge that the CPP has an unfunded liability of \$600 million that must be paid out whether or not people are paying into the plan?

We all want tax cuts, but those of us on this side of the House feel they should not come before they are sustainable. We cannot afford to cut taxes one year, only to raise them the next, or, worse, cut an essential program because we provided an across the board tax cut before it could be sustained.

In the short term tax cuts should be targeted at those who need it the most. These are students, persons with disabilities and children of working parents with low incomes. To be honest these tax cuts have already been made by the government in the last federal budget.

Now we need to broaden the group to include, possibly, environmental initiatives, agricultural and agri-food development, technological and biological research, and an end to the luxury tax on

jewellery. These selective tax cuts could provide a needed shot of adrenalin to the economy while assisting certain sectors to remain competitive.

In the aftermath of Kyoto it would be appropriate for a firm specializing in environmental technologies to receive some tax assistance for undertaking research and development in this area. This can assist Canada and the global community in reaching their goals. Canada is already a leader in environmental technologies. Let us take it one step further to underscore Canada's commitment to the environment and sustainable development.

As well, we need to reward research and development in new agricultural products. Tax measures taken by the Minister of Finance have already assisted in helping a growing domestic ethanol industry. Programs like the tobacco diversification program are successful in assisting farmers in developing new crops. Southwestern Ontario is playing a large role in the development of an industrial hemp crop for export as fibre to the United States. This industry will create jobs in rural Canada and government assistance will allow it to get off to a fast and successful start.

I would also like to discuss briefly the excise tax on jewellery. The finance committee report which we are debating now suggested that the Minister of Finance consider removing this luxury tax. This is a 10% excise tax which is unfair when other items of luxury, such as fur coats, speed boats and sports cars, are not similarly taxed. While there is some debate concerning the correlation between the luxury tax on jewellery and the underground economy, I ask the Minister of Finance to do what is just and remove this unfair tax.

Before I conclude I would like to refer to cost recovery in the agricultural sector. This is an issue that I dealt with extensively with corn producers in my riding in the debate over the creation of the Pest Management Review Agency, the PMRA.

While farmers are prepared to bear a portion of the costs for these programs and for the most part do not have a problem with cost recovery, we have to ensure the system is fair. We cannot ask farmers to pay for a system that is top heavy in bureaucracy and benefits other groups. For farmers to pay the entire cost of this program when consumers and industry also benefit from it is unfair.

I sincerely hope the government has learned a lesson from the PMRA debate which took place last winter and spring. I congratulate the committee for studying the issue during its deliberations.

Five years ago we would never have seen a debate like the one taking place in the House today. The standing committee and members of the House could not have offered their feelings about the budget in a debate like this one today. Consultations took place

in bank board rooms with the country's elite in attendance. The average citizen on the street did not have a choice.

I thank the Minister of Finance for giving Canadians a voice in this process. His previous budgets have shown that he listens to the debate in the House, to committees and to average Canadians.

• (1255)

I thank you, Mr. Speaker, and the Minister of Finance for giving me the opportunity to share my perspectives in this important debate.

**Mr. Reed Elley (Nanaimo—Cowichan, Ref.):** Mr. Speaker, I do not think Canadian people should be fooled on this point. Successive Liberal and Conservative governments over the past 25 years or so have got the country into the terrible debt situation it faces today. The Liberals ought to listen to constituents in their own ridings like we in the Reform Party listen to the ones in ours.

When I go back to my riding of Nanaimo—Cowichan people ask me why Canadian taxpayers should have to continue to pay increased taxes because of the gross mismanagement and mistakes of our governments.

It is all well and good for the hon. member to say that they removed taxes on jewellery. I have a son who could never afford to buy the kind of jewellery he is talking about.

What does the government have in real tax relief to offer Canadians so that they have money put back into their pockets and can simply live?

That same son of mine has a family. He is 23 years old. He has a wife, a small child and another one on the way. The average youth unemployment in that age group in Nanaimo is 16.5%, one of the highest in the nation. He recently had to leave British Columbia and move to Alberta where the economy is booming under the strong fiscal management of the Klein government. He now has a full time job and can finally feed his family.

What kind of hope does the government offer my son and his young family in the final analysis of giving them tax relief not only now but in the future? Could my hon. colleague give them some hope?

**Mr. John Finlay:** Mr. Speaker, I thank the hon. member for his comments and his question.

Successive governments, Liberal and Progressive Conservative, built up the debt. That is quite true. However we elected those governments. There is only one taxpayer and we will have to pay the debt sooner or later.

It is better to pay it under a balanced system which tries to take into account all the needs, beginning with those most serious like

### *Government Orders*

health care, seniors benefits and the disabled, than to have a government that would hand it all out in some form of tax cut to everybody whether or not they need it.

I am very glad my colleague's son is working successfully in Alberta. Perhaps there is a lesson there. No one else will pay the debt and no one else will balance the budget. The people of Canada will do that, as we have been doing it.

We are still considered the best country in the world in which to live. People are still clamouring to come here. We must be doing something right. The government got it right this time and will keep on doing it until things are in balance.

[*Translation*]

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, I am pleased to speak today to the prebudget consultations. These consultations are an opportunity for the public to provide input to the government as it gets ready to draw up next year's budget.

This year, the country-wide approach to the consultations gave the temporary impression that the government was open and ready to listen to what people had to say. But that was the extent of the surprise. The reality of the matter can be found in the committee report we are discussing today.

The much-heralded exercise was very simple: take the Liberals' red book II, remove the cover page and tack on a new one that reads Report of the Standing Committee on Finance.

• (1300)

That is exactly what it contains: the same reasoning, the same promises, the same spending and the same plans for interfering in provincial areas of jurisdiction. In short, the entire consultation exercise was a sham, because the report is nothing more than a rehash of the Liberals' last election platform.

To set the record straight, I would like to remind the government what the people of Quebec and of Canada want to see in the Minister of Finance's next budget. We in the Bloc Québécois have appended a dissenting report to the finance committee's report. I would like to give an idea of what we are calling for in the next budget.

We want the Minister of Finance to pass seven specific measures. These measures represent the consensus of Quebec's stakeholders during the prebudget consultations.

First, the government must quit interfering in provincial spheres of jurisdiction, such as health, education and social security. It must drop the idea of creating new programs in areas of jurisdiction that would only multiply bureaucratic structures, not to mention driving up costs for taxpayers.

*Government Orders*

The Minister of Finance must instead use some of the spare funds that he frees up over the coming years to pay back part of what he took from the provinces for postsecondary education, health and social assistance.

Second, the federal government must reform the present employment insurance system to put an end to the injustices created by this program and to provide better protection for the workers of Quebec and Canada, especially seasonal workers.

The Bloc also calls on the Minister of Finance to greatly reduce employment insurance premiums, based on a company's performance in job creation. This reduction in rates could represent 40 cents for every \$100 of the total insurable payroll.

The Minister of Finance must also create an employment insurance fund which is separate from the federal government consolidated fund, as proposed by the Auditor General of Canada, so that money from the workers and the employers is not used to artificially reduce the deficit.

Third, the federal government must stimulate job creation and commit to seriously fight against poverty. The Bloc Québécois, along with many stakeholders in Quebec, is calling for a major reform of personal and corporate income tax through which these objectives could be achieved, while implementing targeted tax reductions for individuals and small and medium size companies.

Mr. Speaker, I would like to mention now, as I forgot to do so at the beginning of my speech, that I will be sharing my speaking time with the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

Fourth, the federal government must restore indexing in the tax tables. No indexing is essentially a hidden increase in personal income tax.

Fifth, the Minister of Finance must pass a law to prohibit deficits, like the one passed by the Quebec National Assembly.

As far as the GST is concerned, the Minister of Finance must first accept the arbitration proposal made by the Bloc Québécois to settle this issue, and, depending on the outcome, he must pay to the government of Quebec the \$2 billion in compensation being demanded for harmonizing with the GST.

Seventh, the Minister of Finance must re-establish funding for international assistance. Since 1993, that is since the Liberals came to power, funding for international assistance has been drastically reduced, contrary to Canada's humanist tradition.

Recent consultations clearly indicate that there are now more than ever two completely opposite visions on the role that the federal government should play, with Quebec calling for more

powers for the provinces and greater autonomy. The nine other Canadian provinces are calling for stronger action in Ottawa in their areas of jurisdiction. This is what we see in health, education and policies to fight poverty. In Quebec, the federal government's intrusion in these jurisdictions belonging to the government of Quebec is strongly condemned.

• (1305)

Yet, these respective areas of jurisdiction are clearly specified in the Constitution. We said it throughout the last Parliament, and we are repeating it again. The government is once again putting its foot in the door to get into other areas of jurisdiction. We are asking the government to comply with the Constitution of 1867.

We are also asking it to repay the money taken by the Minister of Finance in this respect, while the rest of Canada is asking for Canada-wide programs and national standards from coast to coast. These two competing visions are irreconcilable and a sign of future jurisdictional battles and useless and costly frictions between Quebec and the rest of Canada.

As we know, the first ministers are gathering here in Ottawa this week. Let me tell you what Mr. Bouchard said yesterday at a press conference, when he condemned the federal government's activities in areas of provincial jurisdiction. Mr. Bouchard said that "instead of sprinkling money through new programs in areas of provincial jurisdiction, the Chrétien government would be better off reducing personal income taxes and easing off on the cuts it has been making for years in transfers to the provinces. The finance minister's surplus, said to be somewhere between \$4 billion and \$6 billion for 1998-99, should be used first and foremost to reduce taxes. Quebecers and Canadians are being taxed to death. Nothing would have a more positive impact on families and on the economy than quick federal tax relief".

According to him, the Canadian tax burden is a millstone around the neck of Canadian productivity. Seventy-five percent of the surplus should go to reduce taxes by approximately \$100 per taxpayer. One-quarter of the remaining surplus should go to social expenditures, as Ottawa wants to do but through transfer payments to the provinces, transferring tax points instead of creating a series of new programs whose common denominator is interference in areas of provincial jurisdiction.

In Ottawa the premiers want to sell the idea of creating a framework for federal spending powers, a mechanism through which new initiatives by Ottawa would have to be approved by a committee of provincial governments.

So they created a transition fund for science and health, a national pharmacare program, millennium scholarships, a Canadian foundation for innovation, sprinkling a little money here and there to create new programs, just after they cut health care and slashed transfers to the provinces.

*Government Orders*

They wanted to cut up to \$48 billion, and now they are handing us back a piddling \$6 billion. Instead of transferring that to the taxpayers who need it, they are trying to create new programs. And who do you think will end up holding the bag with these programs a few years down the road? The federal government's tactic is to pull out of these programs and leave it up to the provinces to administer them, although it created both the programs and the needs. Then it withdraws funding. That is unacceptable.

I wish this government would understand common sense and take away this tax burden it is imposing everywhere. What is of the most concern to me, as I tell people regularly, is that the government is not giving us anything. They are just returning our taxes to us. They should stop distributing their goodies to make us close our eyes to reality; they should stop sprinkling crumbs. The people are hungry, the people want to see a lessening of their tax burden.

**Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.):** Mr. Speaker, I listened carefully to our Bloc Québécois colleague's speech. At one point in it she mentioned that her party had included a dissenting opinion in the report she was commenting on.

• (1310)

**The Deputy Speaker:** The hon. member knows he should not be using props in the House. I hope he will follow Standing Orders in this regard.

**Mr. Yvon Charbonneau:** Mr. Speaker, do you mean that it is indecent to show a government document, that it is not permitted?

**Mrs. Francine Lalonde:** That is right.

**Mr. René Laurin:** It is not indecent, but it is not permitted.

**Mr. Yvon Charbonneau:** Mr. Speaker, would you include that as part of my parliamentary apprenticeship. I had no idea that it was not appropriate to show a government document in quoting it. I could not have guessed.

In her remarks, the member mentioned that her party had presented a dissenting opinion. She quoted a number of sections of the dissenting report.

However, she neglected to quote an important passage of the opinion, which provides that, for the Bloc, the only solution for Quebec is either to let itself be steamrolled by the federal government or to get out of Canada following a referendum on sovereignty.

If this is the definitive analysis of the Bloc Québécois on this debate on public finances, the upcoming budget and the choices to be made, I would like to know how they can point to dissent based on the idea of having to separate from Canada while listening to the eminent spokespersons of the Quebec government, the minister of

finance and even the Quebec premier say that the federal government cannot be allowed to destroy Canada's Constitution.

Which face is the real one? Which is the real intent? Do these people want to help rebuild Canada on a healthier basis or do they want to separate from Canada as they indicate in their dissenting report?

**Mrs. Pauline Picard:** Mr. Speaker, I use a professional approach in my work, otherwise it would more difficult for the member for Anjou—Rivière-des-Prairies to comment on my remarks.

We want to withdraw from the federal system precisely because we have been witnessing intrusions in our areas of jurisdiction for 40 years. For 40 years we have been asking this government to abide by the Constitution, which makes Quebec a people distinct from the rest of Canada.

To say that we want out of Canada because we are fed up with these intrusions is nothing new. The hon. member should know that a number of premiers have complained about the federal government's intrusions. Remember Mr. Duplessis, who used to tell the federal government "give us back our loot". As for Jean Lesage, he coined the expression "Maîtres chez nous", masters in our own home.

So, we are not the first ones to condemn the centralizing attitude of the federal government, which wants to create a Canadian people, while we say we are a different people, a distinct people. We want to separate, we want to achieve sovereignty, but we want to do it in harmony with the rest of Canada.

**The Deputy Speaker:** Resuming debate. The hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I congratulate you for the way you said the name of my riding, which truly represents the four regional county municipalities that it covers.

We are discussing the prebudget consultations whereby the government is asking the House its opinion on the report submitted by the parliamentary committee. I would like first of all to mention the consultations that I carried out in my riding, which were submitted to the committee and which are included in the report.

Among other things, I will quote some of the people who participated in the debate. These are people who are experiencing these things in their daily lives and who are in contact with the population.

• (1315)

For example, Mrs. Bilocq, of the KRTB economic development corporation, said "The danger, after a period of economic restraint, is that the government will start spending again to please the

*Government Orders*

electorate". I think the federal government has clearly demonstrated that it cannot shed its old habits and that, as soon as it has money available, it cannot refrain from dishing it out in its programs in the hope of gaining votes.

True, the Canadian federal system is rather pitiful. The federal government might have less visibility than it wants if it limited itself to its responsibilities as defined in the Constitution, but that is what it should be doing. It should ensure that it does not invest in areas where the provinces already have jurisdiction and where they have developed programs. What the provinces really want is that the money be returned to them so that they can invest more in their own programs and in the strategies that they are currently developing.

They can say that it is the nasty separatists who are saying this, but this week, unanimously, the provincial finance ministers gave a warning to Mr. Martin, the minister. "Ottawa must resist the temptation to get involved piecemeal in programs with isolated initiatives in areas under provincial jurisdiction like home care services and pharmacare, for example".

So this message is not coming from sovereignists, it is coming from Canada's finance ministers, who remember. If they were not there themselves, they remember what happened during the seventies in the Trudeau era. The federal government started to spend left and right to give its members more visibility, to give itself more visibility as a government, and the result was the financial situation we had in 1993.

That situation has now been remedied, to a large extent on the backs of the people who are paying employment insurance, both employers and employees, and also on the backs of the provinces through cuts in transfer payments, but the government should not revert to its old habits. If, in 2000, 2001 or 2002, we have to say once again that the federal government should not have invested in this program, that we are in the red once again, we will have failed to learn the lessons from the past.

I will quote another person who spoke during the consultations, Benoît Aubut, who represents the unemployed. He said: "We ask that the EI benefit period and amount not longer depend on the financial needs of the government but rather on those of the workers, who pay to be covered if they lose their jobs".

This week, the Bloc Québécois made a very constructive proposal. We have introduced six private members' bills from six different members clearly showing what needs to be changed in the employment insurance legislation. We were even so lucky as to have the support of the NDP. Again, this is an issue on which the big, bad separatists could have made suggestions that might not have been good for Canada, but as it turns out, members of another party sitting next to us—and I am referring to the NDP—also found

the idea interesting because they have been elected to teach the government a lesson and tell the government: "The changes you made to the employment insurance plan one or two years ago are unacceptable. We in high unemployment areas cannot live with that because workers are not assured of a sufficient income between two jobs."

That is another very concrete quote on a very concrete problem that the government should address as soon as possible.

By lowering EI premiums by an amount equivalent to the increase in CPP contributions, the government acted on part of a recommendation made by the Bloc. I think this must be applauded. We made this recommendation in committee before any other party, and the government took our lead. There is, however, still room for improvement in the employment insurance plan.

About the EI reform, even though the chief actuary said that the system could be self-sufficient with premiums of \$2 per \$100 of insurable income, premiums will be set at \$2.70 as of January 1, 1998. So there is a 70-cent margin of manoeuvre. The Conservatives would like to see all of that used to decrease contributions.

We, on the other hand, would rather cut contributions by about 35 cents, or half of that margin of manoeuvre, and earmark the other half for improving the system so that unemployment insurance can resume its function of stabilizing the economies of high unemployment regions and become a true tool in the battle against poverty. That is all we hear about these days, the battle against poverty, against child poverty. The federal government absolutely wants to have a cheque with a nice Canada flag in the corner, whereas there is a proper way of doing things, with tools over which it has complete control, and over which it would have full jurisdiction. We could talk about that this afternoon and tomorrow morning if that is the hon. members' wish.

• (1320)

The employment insurance program could be modified and its human face restored, making it into something which could, for instance, eliminate the so-called spring gap. With the new reform, few seasonal workers can get employment insurance to tide them over for the entire period they are without work until they start up again the following year. We want to see that corrected.

We also want to see the intensity rule done away with, which reduces rates by 1% each time 20 weeks of employment insurance is used. That was part of the principle of the former Minister of Human Resources Development, but he got the message—very emphatically—on June 2, 1997, when the people of his riding told him that, no, they could not live with such a thing, that it offended their dignity, that they no longer wanted a minister who was capable of doing such a thing.

Should the government, which will be producing its legislative progress report within a few days, not have addressed the real problem? The first message it got in the June 2 federal election was that the high-unemployment regions are seriously dissatisfied with the employment insurance program imposed upon them. Budget choices will have to be made. We are debating pre-budget consultations and I trust the government will be capable of heeding what has been said.

The people we heard from in committee on November 12, 1997, also told us that it was important that those who have contributed the most to bringing down the deficit should be the ones to benefit from the fiscal dividend. Here again, the reference is to EI premiums, but also to provinces that have had to manage with cuts in transfer payments. It was not their idea to make these cuts, but they are the ones who have to live with them, who have to contend with the impact on hospitals, CLSCs, home-care services. Many of the decisions taken were the result of these cuts.

So, many social stakeholders did not make extravagant demands. They want the money to go towards existing programs. They told us, for instance, to use it to consolidate existing organizations and to resist the temptation to woo voters by creating new programs.

Yesterday again, this was brought home to us in caucus. We heard from Canadian women's groups, who told us that what they want is not money to duplicate provincial programs, but satisfactory funding for women's groups in Canada. The present government should listen carefully to this request because it is another way to fight poverty. If children are poor, then you can be sure that many women in Canada are poor as well. They must have the means to escape this poverty, and be represented and be able to conduct their lives with dignity.

People in my riding also tell me they do not want to see more federal interference in provincial areas of jurisdiction, because this leaves the public confused and always trying to get the best deal. People are not stupid. They have seen what has been going on for the last 25 or 30 years. I will conclude on this. People have been perfectly aware of the competition between the two levels of government over the years, and they want no more of it. They want each level of government to stick to its own area of jurisdiction until such time as there can be just one level of government. In addition, when they elect representatives, they want to be able to know exactly who is responsible and that they can re-elect the government they have chosen, or not re-elect it, in the knowledge that they are fully responsible for their choice.

This is one of the fundamental reasons we want to leave this madhouse. The Canadian federal system has resulted in such confusion in Canada that voters are unable to make logical choices.

In conclusion, we should listen to what the public is saying. Each of us should take his or her responsibilities and the federal government should mind its own business.

### *Government Orders*

[English]

**The Deputy Speaker:** The hon. member for Etobicoke-Lakeshore on a point of order.

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, I am asking for unanimous consent for a motion. I move:

That, in the opinion of this House, the government should consider the request of the Famous Five Foundation to honour the memory of Emily Murphy, Nellie McClung, Irene Parlby, Louise McKinney and Henrietta Muir Edwards, the Famous Five, by allowing a statue commemorating them to be placed on Parliament Hill.

• (1325)

**The Deputy Speaker:** Does the member for Etobicoke—Lakeshore have the unanimous consent of the House to propose this motion?

**Some hon. members:** Yes.

**Some hon. members:** No.

**The Deputy Speaker:** There is no unanimous consent.

**Mr. Garry Breitkreuz:** Point of order.

**The Deputy Speaker:** I do not know how there can be a point of order rising out this, but I will hear the hon. member for Yorkton—Melville.

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, it seems to me that earlier in the day we had this very point raised. My question to you, is the member allowed to continue to raise this and bring it up when we know, as a fact, not everyone in this House supports it? If they will go to—

**An hon. member:** Shame, shame.

**The Deputy Speaker:** Order. Members rise from time to time in the House and seek unanimous consent to do various things. The fact that the same question may have been asked earlier is irrelevant. The question is whether there is consent now.

The member asked for that consent. There was no consent. There is no consent.

Questions and comments.

[Translation]

**Mr. André Harvey (Chicoutimi, PC):** Thank you Mr. Speaker. It is never too late to do the right thing.

Party politics aside, I would like to make a few comments and ask a question to the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

*Government Orders*

In this debate on issues which may enable the government to come up with a more rational budget, one that will better meet the needs of our fellow Canadians, the hon. member said a number of times that people told him this or that.

In the latest surveys, given that our colleagues in the Bloc continue to constitutionalize things here in the House of Commons and given that 86% of the people of Quebec are saying they have had their fill of the endless constitutional debates, does not, in fact, what we call Quebec's ambivalence concern the fact that what we put forward in the latest election campaign, the so-called Canadian pact, with the objectives of meeting the real needs of Canadians, not require us, rather than saying we are going to scrap one government and improve another, do people not recognize in this approach, in its ambivalence, which may not really exist, the fact that, when they find the two governments unsatisfactory, they can still, through their representatives define their priorities with one of the two governments and call for a consensus with the two levels of government to act in areas they consider important, such as industry, tourism, highway infrastructures and other urgent matters?

Quebeckers' common sense dictates that a balance be struck between the two levels of government. When 86% of Quebeckers tell us they are sick and tired of hearing about the Constitution left and right day after day, I think this means that we, as elected representatives, must try to act rationally, decide together what our priorities should be for each level of government and, if at all possible, put all available resources behind achieving objectives that they hold dear.

One can fake it only so far. In 1993, the Bloc Quebecois said it would get elected to hold real power. That is quite interesting. What is real power? Let us see the facts in two columns.

**Mrs. Pauline Picard:** You should talk, with your five members in Quebec.

**An hon. member:** What about the Conservatives?

**Mr. André Harvey (Chicoutimi, PC):** Let us talk about the Conservatives. I am not ashamed of the PC's record from 1974 to 1984, before we came to power. It could not be so bad if I got elected in Chicoutimi. That is reality.

I would like to ask my hon. colleague what is more important: to try to bring down one government or another or to try to set our main priorities together in such a way that we can meet them?

**Mr. Paul Crête:** Mr. Speaker, it seems funny, but it is sad, because the speech I just heard is what my father used to say to me in the 1960s. The Conservative slant, the new joint management slant. It is the same bloody system with the federal government running the show.

• (1330)

It is exactly what we heard from the Minister of Human Resources Development on the Canadian social union. This proves once again that the federal Conservatives and Liberals are one and the same.

I am one of the 80% of Quebeckers they say are tired of constitutional debates. We are tired of constitutional debates, but we want the choice of Quebeckers to be made democratically. We reached 49.4% last time, and we are carrying on the democratic battle. More and more Quebeckers understand that the federal system does not work.

There is going to be another two day federal-provincial conference, where the federal government's centralizing power, as soon as money becomes available, will again want to put it somewhere, which is the very same formula as the Conservatives'. The Conservatives' joint management approach was not, in the last election program, chosen by the majority of Quebeckers as far as I know. They have 5 members in Quebec, while the Bloc Quebecois has 44. That is the quantifiable and official result.

Mr. Speaker, I agree I must conclude my response, but the comment took time. I can tell you that the greatest service Quebeckers and Canadians can offer each other is to decide to resolve the constitutional debate so that in the future we can debate social and economic choices and no longer need to deal with the issue of the country's architecture.

[English]

**Ms. Paddy Torsney (Burlington, Lib.):** Mr. Speaker, I am sharing my time this afternoon with the hon. member for Kitchener Centre.

I am grateful for the opportunity to address the House today on the finance committee's report, an initiative in which I have been actively involved.

First let me say that I am very proud to be the vice-chair of the finance committee, one which worked under the direction of the member for Vaughan—King—Aurora and with Canadians from coast to coast to coast to ensure that the Minister of Finance has a clear presentation of Canadians' priorities, values and expectations for the upcoming budget.

This prebudget consultation is evidence that once again the Liberal government has delivered on its promise to provide Canadians with good government, to provide Canadians with a government that listens and then acts, a government that involves Canadians in the process so that the very people who are affected by government policies are actually there and choosing these new priorities for the economic realities and providing the very recommendations on how to achieve those new realities. This involvement of all Canadians in the decision making process ensures that

we have the benefit of their knowledge, their experience and that we achieve the best possible outcomes.

Unlike previous years, this year's prebudget consultations centred around the fact that Canadians for the first time in decades will not be faced with a deficit. On October 15 the finance minister announced that no later than 1998-1999 fiscal year we would begin this new era which presents Canadians with new choices and challenges. The country cheered. This dialogue and this optimism carried throughout the provinces.

In each of our meetings in the provincial capitals and here in Ottawa I was encouraged to hear that Canadians are more optimistic about their own futures and the futures of their children and grandchildren.

As a result of our international performance we heard that Canadians have a positive outlook about our future as a nation and as a world leader. There is no doubt that this optimism is the product of the Liberal government's actions to set a new course for Canada, to eliminate the deficit and to restore Canada's fiscal health. This optimism arises from the fact that Canadians know that at long last they have a government that cares about their priorities and is working co-operatively to ensure that all Canadians have an improved quality of life.

As the committee heard time and time again, Canadians approve of the direction the government has taken and understand the decisions that have been made. Canadians have made sacrifices and they have supported the government's focus over the last four years on eliminating that deficit, on restoring fiscal health and at the same time making positive targeted measures to improve the quality of life for Canadians. They know that this renewed focus, this changed focus in fact will ensure that present and future generations have room to move and react to situations as they arise.

• (1335)

Canada was built on principles of sharing, caring, fairness and equity. These are the parameters within which we held our debate. In preparing the report the finance committee considered more than 500 witnesses and 450 written briefs. These appearances and submissions coupled with the town hall meetings held by many of my colleagues in this House make this the most extensive prebudget consultation session ever.

In my own riding of Burlington, Ontario more than 60 people joined with me for a good evening's discussion about the issues. I was overwhelmed by their enthusiasm and creativity with which they tackled this debate.

Perhaps most interesting to me is the reaffirmation of the sense of balance that Canadians have and want. Participants in Burlington and across Canada focused on the importance of decreasing the debt, ensuring that we have increased financial security and

### *Government Orders*

stability, and at the same time Canadians wanted increased investment in Canada's greatest resource, its people. They want the government to invest in research in preparing Canadians for the future economy. They want investment in health care and children. Children deserve to have every and equal opportunity to succeed in Canada.

The finance committee heard from Canadians on how to find that balance, to protect Canadians of today and provide for Canadians of tomorrow. In making our recommendations members of the finance committee dealt with three main options available to them, to use the surplus to further reduce the debt, to introduce a major tax cut as was done with mixed reviews in Ontario, and to increase spending on social programs.

Members of the House I am sure are interested to know that the answers from Canadians were that they feel very strongly about maintaining the programs we have which they have come to count on, but more often than not and in a very large measure Canadians lent their support to reducing the debt first and foremost.

In my own riding 87% of the people at our meeting were in favour of reducing the debt, leaving a small percentage of people who supported an across the board tax cut. In further discussing these ideas however it appears that Canadians wanted this investment and support in social programs for health care, for education, support for those in our communities in need, for fairness for seniors and those who are disabled.

These are the things that make us uniquely Canadian. Canadians supported our job creation focus, our emphasis over the last few years on getting the environment right so that job creation will occur and focusing on youth employment opportunities and on the infrastructure program. They hope this job creation focus will continue because too many Canadians still are lacking that opportunity which they need to make sure they can provide for their families and to contribute to our economy.

Four years of responsible government have produced positive results. As we all know the numbers, more than 1,012,000 have been created. Our commitment continues in ensuring that every Canadian who wants a job will have that opportunity.

Generally the finance committee's recommendations reflect the need to maintain fiscal prudence and at the same time to invest in those initiatives that meet the social and economic needs of Canadians, including enhanced debt reduction, continued targeted tax relief, increased investment in science and technology and health care, as well as the urgent need to reduce child poverty and youth unemployment.

Far too many very low income people in Canada are paying taxes. While we have delivered targeted tax relief, while we have enhanced the working income supplement, we must continue in

*Government Orders*

this vein to take that pressure off. We have that recommendation on the surtax. While it was perhaps misunderstood by some of the people who reported on it, it was across the board that this surtax was being charged and we must begin to deliver that relief.

Many presenters talked about the brain drain and the lack of research opportunities that exist for Canadian young people at home.

• (1340)

They also talked about the precarious position we are putting ourselves in as an economy vis-à-vis other nations in that we must ensure we are making the investment for the future in those high tech industries and businesses that are making way for all Canadians. The innovation fund has done great things but we have to enhance that culture of investment and research.

All Canadians have made sacrifices to ensure Canada's fiscal health and independence are restored. I want to thank them for that. I thank all the people who were involved in this process of prebudget consultation: my colleagues in the House of Commons, those on the finance committee, the staff of the finance committee, in particular our clerk and researchers and, most important, our committee chair, the member for Vaughan—King—Aurora. His staff deserves the credit for ensuring the report was co-ordinated, for ensuring the *ts* were crossed and the *is* dotted.

I thank those Canadians who participated in the committee hearings in the cities where I had the pleasure of chairing the meetings, Regina, Winnipeg, Montreal, Fredericton and Charlottetown, and especially in Burlington. Presenters shared with us their very personal experiences and their incredible expertise.

To my colleagues from all parties who listened with great care in those meetings and who asked thoughtful questions, the pace was somewhat intense but the spirit of co-operation and of shared purpose was excellent. The results of the work of this committee speak for themselves. Canadians have a unique opportunity now. They appreciate that opportunity and they have told us very clearly what their priorities and values are. We encourage the minister to pay attention to the report and to implement those suggestions.

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, I have a quick question for the hon. member. On behalf of some of the constituents I have talked to I would like a little help regarding math. I used to teach math and I am having a problem with this one.

In 1993 there were 1.5 million people unemployed. In 1997 approximately 1.3 million people are unemployed. It sounds like we have had a net increase of about 200,000. We hear this all the time, we have created over a million jobs, aren't we wonderful? Could the member explain why we still have approximately the same amount of people unemployed today that we had in 1993.

**Ms. Paddy Torsney:** Mr. Speaker, I am not sure I understood the member's question. Perhaps it was my interpretation of the math. I

think he suggested that 1.5 million were unemployed in 1993 and that 1.3 million are unemployed now. Then he suggested that was an increase. Could he clarify that point.

**Mr. Myron Thompson:** Mr. Speaker, there were 1.5 million unemployed in 1993 and there are 1.3 million unemployed in 1997. That means 200,000 jobs have been filled. Not over a million, but 200,000 jobs have been filled. Therefore it has come down from 1.5 million to 1.3 million.

**Ms. Paddy Torsney:** Mr. Speaker, I am glad the member clarified that point. Earlier he implied there was an increase in unemployment instead of a decrease. He needs to recognize that the economy has grown, that there are more Canadians in the workplace as we have more generations graduating from university and more citizens.

The numbers speak for themselves. Over one million jobs have been created in this country and there has been a decrease in the overall unemployment rate across the board for Canadians. In Burlington the unemployment rate is somewhere around 7% or better. There are opportunities at home and abroad. Burlington residents and many residents across Canada feel a willingness and optimism in going after new markets and new opportunities. This is demonstrated by the prime minister's terrific Team Canada missions and our focus on increased opportunity in the very competitive international market. These missions have demonstrated that Canadians can compete and will continue to do that.

I encourage the member to look at those numbers again and to keep that math straight.

[Translation]

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, I would like to say to my colleague that she must be living in a different country from the one the rest of us live in.

• (1345)

In the report that was obtained, and written up in Sunday's *Citizen* and yesterday's *Le Devoir*, it says that the government also knows that Canada is far from being the best country in the world as far as growth and development are concerned.

With research and higher education shown in this report to be extremely important for future development, how can the member explain that this government has made cuts to education and to research and innovation budgets? Their recommendation is for a gradual increase, when needs are acute.

What we learn from this study ordered from on high by the government is that, although Canada appears to have high growth, it is growth that does little to increase productivity. Even Canada is down in relative productivity, with the result that the standard of

living is dropping. If radical changes are not made, Canada is going to find itself in an extremely difficult situation—

**The Deputy Speaker:** The time allotted for questions and comments has almost expired. The member for Burlington—

[*English*]

**Ms. Paddy Torsney:** Mr. Speaker, I appreciate the hon. member's comments.

There was definitely a call for increased spending on research. Canada needs to do more to focus on that innovative economy. We heard it in Montreal, in Toronto and all across the country. I firmly believe in that. Many people in my riding are dependent on that research. They are fulfilling the research requirements of the nation. They are encouraging the country to do more.

We have had to make some tough decisions over the last few years, but we have still managed to have the best country for all Canadians to live in. We will—

**The Deputy Speaker:** I regret to interrupt both hon. members, but the time for questions and comments has expired.

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, as the federal representative of the constituents of Kitchener Centre and as a member of the House of Commons Standing Committee on Finance, it is a pleasure to take part in the prebudget debate.

On November 13 I held a town hall meeting in Kitchener to gather input from my constituents. Throughout the months of October and November the finance committee held 42 meetings totalling 101 hours. It heard 514 witnesses and received 463 briefs on this subject.

In response to the chair's challenge to all 301 members of Parliament to hold public consultations, 35 town hall meetings were held as well as the one which I held in Kitchener Centre. In addition, we received personal comments over the website for the finance minister, as well as several phone calls and many letters.

I would like to acknowledge the hard work of my colleagues on both sides of the House, the fair hearing we heard from witnesses and the sincere and thoughtful participation by all members of the finance committee.

The message was heard loud and clear both at my town hall meeting and during the committee meetings we held across the country. We heard many things from Vancouver to St. John's. Some strong themes came through. We heard from a diverse range of individuals with different concerns. We heard from economists who told us that we needed to look at debt reduction. In Alberta we heard from a disabled woman who was forced to choose between food and medicine.

### *Government Orders*

"Keeping the Balance" is a reflection of what we heard. This government is committed to maintaining a balance between the collective good and freedom while providing for those in need. This government has shown leadership in consulting with Canadians. There has been widespread support for the prudent estimates put forth by the Minister of Finance. Canadians would rather err on the side of prudence than find themselves in a situation similar to the one in which we found ourselves in 1993.

● (1350)

However we are now in a position, after having reduced our economic deficit, to address the outstanding human deficit.

As the Minister of Finance said during his presentation to the committee, this is not simply a question of budgets and their size. It is a question also of what government does and how it does it.

The debate should be about national priorities, about how best to build a strong economy and a strong society, one of both opportunity and security. Some see the discussion as a financial debate only, but it is not. It is also a debate about values.

Many recommendations were made to the committee which are reflected in "Keeping the Balance".

There was an intriguing correlation that emerged from the remarks the minister made in Vancouver and the comments and concerns that were echoed to our committee as we travelled across Canada and also ones very similar to those that I heard from my constituents in Kitchener Centre. I would like to review a few of these issues. Time and time again, some of these themes rose throughout our process.

Canada is known worldwide for our health system and the integrity we have placed in maintaining the five principles of the Canada Health Act. Our treasured health care system was created because there was a need. Canadians are telling us these needs have grown due to our aging population among other factors. To address this need, the government should establish in co-operation with the provinces, health care providers and local communities new approaches to health care such as a national home care system.

This government has done much to address the needs of the disabled in the community. However, much remains to be done. I believe we must continue working with groups representing persons with disabilities to ensure that measures recently announced are effective and to find further ways of helping Canadians with disabilities.

We have been hearing cries for action to curb child poverty, to ensure Canadian children are not going hungry. This government has put in place a number of safeguards. However, we still have hungry children.

In partnership with communities, parents, provincial governments, private corporations, the agri-food industry and volunteer

*Government Orders*

organizations such as the Canadian Living Foundation, we can create a national school nutrition program. This type of partnership approach could apply to other organizations and initiatives as well.

In communities across Canada, people are concerned about our youth. The ministerial task force on youth in 1996 made a number of recommendations which Canadians would like to see endorsed. The committee heard about them. We are pleased to recommend that additional funding be made available for the Youth Service Canada and student summer job creation programs, both of which provide opportunities for youth to enter the workforce and offer valuable work experience.

In keeping with improving the future of our youth, we have recommended a deferred credit formula for registered education savings plans which would offer student beneficiaries a federal grant calculated on a percentage of the total RESP contributions. This grant would be distributed in equal amounts in each year of the post-secondary program. This would create an incentive for parents to plan for their children's education.

The incredible debt burden weighing on the shoulders of many recent graduates from post-secondary institutions can take many years to pay, sometimes impeding their ability to enter the job market. That is why I support the recommendation that the federal and provincial governments offer students a debt repayment schedule that is based on income with features that would include interest relief, deferred grants and debt forgiveness. This would go a long way in reducing the burden on youth entering the workforce.

Very few individuals we heard from during our consultations called for income tax cuts at this time. Their priority lay in stabilizing our economy. However it was suggested that we increase the basic personal non-refundable tax credits amount, the spousal amount and the equivalent to spousal amount for the 1998 taxation year. I support this recommendation. In future when the fiscal situation improves and permits, I strongly support reintroducing indexation.

From coast to coast we heard Canadians asking for a reduction in employment insurance premiums to balance the upcoming increase in CPP payments to ease the load on small business owners. This is one recommendation on which the finance minister has already acted.

• (1355)

On October 21, in co-operation with the Minister of Human Resources Development, the Minister of Finance announced the second largest drop in EI payments in 20 years, to \$2.70 per \$100 of insurable earnings for 1998, 20¢ below the 1997 rate. This is a

savings of \$1.4 billion for employers and employees. With a promise of lower rates when the economic climate permits and to take measures to ensure EI premiums are not raised during an economic downturn, this will offer Canadians greater stability.

An additional request from small business owners is to review the small business deduction and the appropriateness of the \$200,000 threshold level. This is in keeping with the government's intention to offer targeted tax relief. It is important that we recognize this need to enable small businesses to grow and prosper in the future.

The last but certainly not the least of the recommendations I would like to cover today is the investment in the future of our research and development sector. In my mind this includes medical research, technological advancement, academic and cultural development. There are so many facets to our social make-up that require the support of continuing development.

Through the support and partnership of the federal government, I look forward to seeing our commitment to research and development grow. It is through these commitments that we will keep our knowledge based industries in Canada. The result will mean that our society will gain both economically and socially.

In conclusion, I have only grazed the surface of the results of the consultations. However, one thing is clear. Canadians are proud of the leadership of this government and the hard decisions that it has made. There is a widespread sense of relief that the deficit has been wrestled down. Canadians have told us that they are prepared to see strategic and responsible investments in areas where it will be demonstrated there is value for the dollars spent. This government aims to do that through our 50:50 plan of investment and debt reduction.

Many of the recommendations call for increased co-operation and partnership between levels of government and the private and voluntary sectors. I feel strongly about partnerships. This government has placed great value and energy in building and maintaining healthy partnerships which will enable these visions to become a reality.

The government is committed to working on restoring and keeping the balance. This document is one step forward in that process.

**The Deputy Speaker:** When debate resumes there will be five minutes of questions and comments following the hon. member's speech.

We will now proceed to Statements by Members.

## STATEMENTS BY MEMBERS

[English]

### HOLIDAY GREETINGS

**Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington, Lib.):** Thank you, Mr. Speaker, for this opportunity to wish holiday greetings to my colleagues on both sides of the floor.

My riding of Hastings—Frontenac—Lennox and Addington is a rural riding. Holidays are important to each of us because they bring people together in celebration. In the countryside where people live in greater isolation, holidays often become community events.

In my small village of Camden East, we constructed a crèche near the river. At this time of year farmers bring livestock and the scene of the first Christmas is re-enacted and carols are sung by neighbours, friends and visitors.

I want to acknowledge the countless volunteers in communities right across HFL and A and indeed across the country who provide inspiration, leadership and organizational skills to make these events happen.

\* \* \*

### WESTAIM

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, Westaim is a successful corporation with a major plant in my riding. For 30 years it has been supplying Canada and many other countries around the world with high quality materials from which coins are stamped.

The company has had an exceptionally good working relationship with the Canadian Mint providing blanks for most of Canada's coins, including the \$1 and \$2 coins. But the Canadian Mint has now been authorized to spend \$30 million to build a plant in Winnipeg to compete with Westaim.

The government's claims of savings are greatly exaggerated. Furthermore, when we were told that this will create 100 to 130 jobs in Winnipeg, no mention was made of potential job losses in my riding.

It is a mystery. Why would the government risk \$30 million to get into a business which is in a worldwide state of oversupply and which could result in the loss of up to 100 jobs in my riding?

• (1400)

[Translation]

*S. O. 31*

### TRIBUTE TO FATHER GÉRALD MAUZEROLL

**Mr. Mark Assad (Gatineau, Lib.):** Mr. Speaker, I would like to pay tribute to Father Gérald Mauzeroll, a resident of Masson-Angers in the riding of Gatineau, who has been serving as a missionary in Brazil for a number of years and who is to receive tomorrow the award of the human rights defence council from the government in Sao Paulo.

His devotion to the disenfranchised of Brazil and his pastoral duties among prisoners promote the cause of human dignity.

Father Mauzeroll has also done special work in the parish of Vila Fatima, where he helped create the human rights centre. His work in Brazil is supported by a team of priests in the dioceses of Ottawa, Mont-Laurier and Gatineau—Hull.

Our congratulations and best wishes to Gérald Mauzeroll.

\* \* \*

### PATRIOTS OF SAINT-EUSTACHE

**Mr. Gilles-A. Perron (Saint-Eustache—Sainte-Thérèse, BQ):** Mr. Speaker, carved out of the lands of the seigneurie des Mille Isles, the riding of Saint-Eustache—Sainte-Thérèse occupies an important place in our national history.

On December 14, 1837, 2,000 English soldiers commanded by Colborne waged battle with some one hundred of our young men. In response to Queen Victoria's troops, Dr. Jean-Olivier Chénier and his companions offered heroic resistance. With only the meanest of weapons, this clutch of men, barricaded in the church, fought a courageous battle over several hours with 70 of them losing their lives.

The people of Quebec remember you, Jean-Olivier Chénier, Jean-Baptiste Lauzé, François Dubé, Nazaire Fillion, Joseph Guittard, Séraphin Doré, Joseph Bouvret, Jean-Baptiste Toupin, Alexis Lachance, Pierre Dubeau, Joseph Paquet, and all the others.

\* \* \*

[English]

### WAR CRIMES

**Ms. Elinor Caplan (Thornhill, Lib.):** Mr. Speaker, I do not believe everything I read in the newspaper. However, I hope what was reported on Monday in the Toronto *Star* is correct. It was reported that tomorrow, December 12, the Minister of Justice will announce that Neal Sher will be hired as a special adviser to the war crimes unit in the Department of Justice.

*S. O. 31*

My constituents in the riding of Thornhill will be delighted if this report is true. Mr. Sher will be of great assistance to the Canadian government, bringing war criminals to trial in Canada. While acting as the head of the U.S. justice department's office of special investigations, he had a most impressive record of deporting war crime suspects from the United States.

Canada must not be, nor be seen as, a haven for war criminals and I am proud to say that the government of which I am a member is taking action to correct a problem that has gone on for too long. I would like to welcome Mr. Sher to Canada and I wish him success in his attempts to rid our country of people who have committed unspeakable crimes against humanity.

\* \* \*

[Translation]

**RAIL TRANSPORTATION**

**Mr. Guy St-Julien (Abitibi, Lib.):** Mr. Speaker, once again, the Quebec premier, Lucien Bouchard, and the PQ members of the Saguenay—Lac Saint-Jean and Abitibi—Témiscamingue regions are imposing new changes on the load requirements for heavy vehicles, by allowing 25 meter long road trains, and a load increase of several thousands kilos.

It is estimated that, every day, 400 additional trucks may travel on the secondary roads of the Saguenay—Lac Saint-Jean region. People are afraid of trucks. The Quebec transport minister is the first one to admit that certain roads in the Saguenay—Lac Saint-Jean region are dangerous.

Through their silence, Lucien Bouchard, who is from Lac Saint-Jean, and the PQ members are signing the death warrant of the railway network in these rural areas, that is the short line railway for northern Quebec. A public debate must take place. Quebeckers are the only ones who should make this decision.

\* \* \*

[English]

**'Twas the Night Before Christmas**

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker,

'Twas the night before Christmas and all of Sundre was sleeping,  
Safe in the knowledge Reform's watch I was keeping.  
Me and my Stetson and Art in the night,  
Prepared our Sea King for a long winter's flight.

We tightened the rotors and filled it with gas,  
Praying we will make it to see Preston at last.  
The copter it shook and landed with a splatter,  
On 24 Sussex, hey Art, grab the ladder.

We ran from the copter to the back of the house,  
Past the guards and the sensors, quiet as a mouse.  
The PM appeared, mad as a hatter,  
Sculptures in hand, poised like a batter.

Myron and Art, he cried with delight,  
Come in, come in, come in from the night.  
Of course you know Herb and Sheila and Paul,  
We're writing a new red book, it's due out next fall.

Our ideas are vague, disjointed and few,  
Will you call Preston, he'll know what to do.  
Do you think this is Christmas, Art said with a smile,  
While off in the corner, I started to dial.

Preston, it's Myron, I'm with the PM,  
He's turning Reform, Herb, lend me a pen.  
Just as he signed Paul started to shout,  
How much will this cost, our books are in doubt.

Our country's at stake, Reform is the answer  
If you don't like our beef, try eating Prancer.

\* \* \*

● (1405)

**YOUNG OFFENDERS ACT**

**Mr. Carmen Provenzano (Sault Ste. Marie, Lib.):** Mr. Speaker, what is this relatively new phenomenon of teenage group criminality that manifests itself in the commission of serious assaults and the swarming, looting and vandalism of shopping malls?

What is this deviant activity that only two weeks ago resulted in the brutal murder of a teenage girl? And what is the anti-social impulse that compelled dozens of young people to stand by idly while this innocent girl was beaten to death?

This type of behaviour is occurring with alarming frequency and violence and is no longer confined to the asphalt jungles of North America's mega cities. This type of behaviour defies comprehension and suggests an underlying desensitization and total disregard for the consequences of a criminal act.

This form of group criminality goes beyond the scope of the Young Offenders Act. It needs to be examined right now and addressed independently of the act to ensure the future well-being and safety of Canadians.

\* \* \*

[Translation]

**VIOLENCE AGAINST ABORIGINAL WOMEN**

**Ms. Jocelyne Girard-Bujold (Jonquière, BQ):** Mr. Speaker, violence in Canada's aboriginal communities is omnipresent. It is a constant threat to the safety and the development of the full potential of aboriginal children and women.

During the hearings of the royal commission, First Nations, Inuit and Metis women said they would like to see better support services, and also alcohol and drug abuse programs that are more effective and better suited to their environment.

I urge the Liberal government to follow up on the commission's recommendation by implementing community projects and a health care system for aboriginals, in which women will have a decision making role.

These women are aware of the consequences of violence in their communities and they want to be part of the new reality, so that their physical and psychological well-being, and that of their children, will finally be protected. The federal government must take immediate action in this area.

\* \* \*

#### TRIBUTE TO SOEUR LORETTE GALLANT

**Ms. Claudette Bradshaw (Moncton, Lib.):** Mr. Speaker, I am pleased to rise today to pay tribute to Soeur Lorette Gallant.

For the past 40 years, Soeur Lorette has been directing Les Jeunes Chanteurs de l'Acadie, a choir of young people from the Greater Moncton area. Soeur Lorette started this choir in 1957 at Beauséjour school.

Over the years, the choir became more community based. Les Jeunes Chanteurs de l'Acadie have won several provincial, national and international awards. The choir has provided many young people the opportunity to travel across Canada as well as abroad.

In 1996, Soeur Lorette was made a member of the Order of Canada in recognition of her dedication to young people and to her community.

[English]

Soeur Lorette is a remarkable person who dedicated herself to children in her community. She has helped many children over the years build a sense of respect and commitment. We are all very grateful to her for this. She is our idol.

\* \* \*

#### 'T WAS THE NIGHT AFTER KYOTO

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker,

'Twas the night after Kyoto, and all through the land  
Not a person could tell where the Liberals stand  
While the stockings are hung by the chimney with care  
The Liberals claim that chimneys shouldn't be there

They say we should trust them, don't worry or fret  
But Canadians feel they've been shafted, you bet  
They think back to Pearson, the airport that's gone  
Or the sad cancellation of the EH-101

The Somalia thing, and the Krever thing too  
It's no wonder Canadians don't know what to do  
The Quebec referendum, Mulroney's Airbus  
And the pepper spray story they said was no fuss

#### S. O. 31

The fund-raising scandal where money brought grants  
Was a Liberal plan till the cops said you can't  
A victims first policy is replaced in the night  
With a new Liberal promise—more animal rights

The postal strike problem, it was clear as a bell  
It was proof, said the Libs, that the system works well  
Then out in the land there arose such a clatter  
The spin doctors asked themselves, what is the matter?

Our patronage system is working just fine  
Every Liberal job we give is one of a kind  
Could it be they detect that our Grit arrogance  
Has now reached such proportion it causes offence?

The Liberals are famous for taking, not giving  
They're year round examples that Scrooge is still living

\* \* \*

[Translation]

#### ECONOMIC AND SOCIAL PROGRAMS

**Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.):** Mr. Speaker, with the Canadian first ministers conference just hours away, the PQ government went all out by asking the federal government to freeze its spending in various economic and social programs.

• (1410)

The PQ's political goals are clear: to derail any plans for federal-provincial co-operation regarding the future of Canada.

The Parti Québécois is carrying on its irresponsible referendum battle, inviting the Canadian government to abandon its responsibilities to the people of Canada, something our government is obviously not prepared to do.

We made a vital commitment to the people of Canada in the last election campaign to improve their quality of life. Giving in to threats by a sovereignist provincial government, whose sole purpose is to break up the country, is out of the question.

If the Parti Québécois is serious about taking Quebec out of Canada and will not agree to full and frank discussion, it should call an election in Quebec and let the people know what their future will be after separation.

\* \* \*

[English]

#### CAPE TORMENTINE

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, the federal government has abandoned the once prosperous community of Cape Tormentine.

Upon completion of the fixed link, the ferry service from the village of Cape Tormentine to Prince Edward Island ceased. The village lost not only the ferry but its prosperity as well.

*Oral Questions*

Hope was to be restored with the announcement of new money under the Cape Tormentine redevelopment program. The federal government pledged \$1.8 million to help offset the closure of Maritime Atlantic's terminal.

The program turned out to be nothing but a series of empty promises. Why is it? Perhaps because the provincial government had already exhausted half the funds allocated to the program.

This government is subsidizing the New Brunswick provincial Liberal's byelection campaign by pick-pocketing ACOA funds in order to finance projects for the department of agriculture and the department of economic development and tourism.

I demand that the minister ensure that the money supposed to go to the Cape Tormentine area gets to the people who need it. They have suffered long enough.

\* \* \*

**“LET US SPEND”**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker,

Unemployment rates are frightful  
Inside the Grits feel delightful  
They say stop the cuts and then

**Some hon. members:** Let us spend, let us spend, let us spend.

**Mrs. Elsie Wayne:**

The Grits say we need to buy some votes back  
We must reward some old hacks  
The jobless can wait till then

**Some hon. members:** Let us spend, let us spend, let us spend.

**Mrs. Elsie Wayne:**

The Grits say, when we finally balance the books  
These same books we can cook  
And if Canadians hold on tight  
We'll give them a great big tax hike

The Tories made it easy  
Free Trade is not so sleazy  
So we'll take the credit and then

**Some hon. members:** Let us spend, let us spend, let us spend.

\* \* \*

[Translation]

**CULTURAL AND SPORTING EVENTS IN THE MAURICIE**

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Mr. Speaker, once again the Mauricie region has to mobilize against this government.

Greater Trois-Rivières decries the inertia of the Liberals, who have forced the tobacco companies to withdraw their support for cultural and sporting events next fall, thus threatening the survival of the Trois-Rivières grand prix.

However, on the eve of the election, Mr. Dingwall, Minister of Health at the time, announced his intention to introduce amendments. In a letter to car race organizers, he wrote, and I quote “I want it to be clear that, before the end of 1997, we will have time to introduce amendments in Parliament”.

This government abused the trust of the people of Quebec and of the Mauricie region.

The Trois-Rivières grand prix means \$10 million in economic benefits, but more importantly it is an opportunity for pride that unites our people behind an activity that gives them international recognition. We want to develop this event, not just to have it survive. This is why we demand the government honour the commitment it made before the last election.

\* \* \*

[English]

**SPEAKER'S WORKSHOP**

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.):** Mr. Speaker, on behalf of all members of Parliament I want to thank the little elves of parliament who sit at your feet ready to scurry to meet our every need.

I also want to thank the reindeer with their little green sleigh who drive us around Parliament Hill.

[Translation]

I also want to thank the angels posted at every door and in the corridors who look after our security and the beavers in the far corners of these buildings who help us to do our job.

[English]

And you, Mr. Speaker, Mr. Santa Claus pardon me, who sits benevolently in your big chair to make sure that we are all good little girls and boys.

Finally, to all Canadians who have given us the privilege of serving the history of this country, nos meilleurs vœux du temps des Fêtes.

Happy 1998 and thank you all.

**ORAL QUESTION PERIOD**

● (1415)

[English]

**THE ENVIRONMENT**

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, yesterday the environment minister signed the Kyoto deal. That means that Canada is committed to drastic cuts in economic activity.

Canadians now want answers on how much this will cost in terms of lost jobs and higher taxes, but the government refuses to

*Oral Questions*

answer. It just keeps saying “We don’t know, so tell us your position” or the biggest whopper of all is “We don’t know but it is probably cheaper to sign than not to sign”.

Tonight when the Prime Minister meets the premiers and they ask how much does Kyoto cost, does the government really think the premiers will buy these whoppers?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the Reform Party still has not made up its mind whether climate change is a problem. Until it does, it has no credibility with Canadians. It should go back home over the holidays and figure out what it wants to do.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, Reform wants a balanced approach on this issue. It is the government that will not provide the economic side.

The premiers know that the cost of Kyoto could be thousands of lost jobs and even a 35¢ a litre jump at the pump. The Prime Minister lost the support of British Columbia, Alberta and Saskatchewan before the government went to Kyoto and now Ontario says it will not go along.

How can the government possibly expect to implement this agreement and force it on these premiers when it has alienated at least four of them?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, we believe that we made a good deal for Canadians on both environmental and economic grounds and we believe that as we discuss this with the premiers, they will join in the plan to make sure that the economy not only is not hurt by the Kyoto deal but will benefit from it.

Unlike the Reform Party, we have confidence in the ability of Canadians to develop and apply technologies not only to deal with global warming but also to advance our economy and to advance the position of the world.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** That is meaningless smog, Mr. Speaker.

A month ago Ottawa and the premiers agreed on a united position for Kyoto. Since then the Prime Minister unilaterally changed his position twice and the position that was signed at Kyoto is a different position again.

Why should other countries believe the Prime Minister will keep his promises at Kyoto when he does not keep his promises to the premiers of Canada?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the Prime Minister took into account the views of the provincial premiers. Provincial ministers were present as part of the negotiations.

I ask the Leader of the Reform Party, why should the people of Canada believe him when he cannot even say what his position is and what should be done about the issue of global warming?

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, Canadians woke up and asked themselves today, just what is this Kyoto deal all about. Now we know what it is about. It is a fancy photo op with some headlines.

In fact, the Kyoto deal is not even worth the recycled paper that it is printed on. The Prime Minister flip-flopped so many times about this that the provinces are refusing to implement the deal.

How can the government prove today that this Kyoto deal is not just a Rio repeat?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, we cannot talk about people being in the House and so on, but I would say that from what I see of the Reform House leader there is a real improvement in his hairdo and perhaps the Leader of the Reform Party ought to go to the same barber.

**Miss Deborah Grey (Edmonton North, Ref.):** Mr. Speaker, we will not comment about hair, but we will comment about the Kyoto deal.

The premiers have said the deal is dead and it is going absolutely nowhere. They know that the deal could lead to thousands of job losses and a 35¢ jump at the pumps for gas.

At the end of the day the environment has not been helped and neither has the economy, so we are no further ahead on this.

Let me ask the government, someone who will answer a question finally about Kyoto.

• (1420 )

Why did this government let itself get swept away by an environmental Meech Lake sequel?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, we believe that Canada has worked out a good deal in negotiating with the other countries. It is a deal that is good for the world. Above all, it is good for Canada in terms of balancing our economic and environmental interests.

If the hon. member thinks this was only a photo opportunity, why should she worry about its effect on Canadians?

\* \* \*

[*Translation*]

**FISCAL DIVIDEND**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the premiers are unanimous that the federal government should stop spending on new programs in provincial areas of jurisdiction.

Judging by the panic of the federal ministers of finance and intergovernmental affairs yesterday, Quebec and the provinces have hit a nerve.

*Oral Questions*

Will the Minister of Finance admit that, through its arrogant and narrow attitude, his government is cutting itself off, when it is his government, the federal government, that has the furthest to go to find common ground with the provinces?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the leader of the Bloc Québécois has only to look at the areas in which we have invested. The first thing the government did was to put \$1.5 billion into the Canada social transfer, and it did so at the request of the provinces. We invested \$850 million, to be matched by a similar amount in a second stage, according to the Minister of Human Resources Development, at the request of the provinces. We invested in infrastructures at the request of the provinces.

A look at what the Canadian government has done—

**The Speaker:** The hon. member for Laurier—Sainte-Marie.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the Minister of Finance is again telling us that he invested \$6 billion in just a few years when, instead of cutting \$48 billion, he cut \$42 billion. His math is interesting.

My question is how can the federal government still claim to have the monopoly on being able to interpret what the public is thinking, and why, with the provinces unanimous, is it once again the federal government alone that is right about what to do with the fiscal dividend?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the member talks about unanimity. When we look at the initiative of the Minister of Human Resources Development with respect to the national child benefit, the provinces were certainly all for that. When we look at the infrastructure program, that was at the request of the provinces.

So, if the member wants to talk about unanimity, he should have been with me at the meeting of finance ministers. He would have seen that the priorities of the Canadian government, the priorities of the provinces, and the priorities of Canadians are the same: child poverty, health, training, human resources, research and development. The priority is to build the future.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, my question is for the Minister of Finance. All the evidence points to the fact that the federal government cannot resist the temptation to sprinkle the anticipated fiscal dividend here and there, despite the consensus of the provinces.

If the federal government has that much difficulty resisting temptation, is it not because it is constantly seeking to justify its existence and sees going over the heads of the provinces and delivering services directly to the population as an easy way of doing so?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the role of the Canadian government is to protect the national interest and it is our intention to do so.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, from the minister's replies it is obvious that the dice were stacked from the start, the decisions have already been made, and if the provinces do not bow to the federal government's point of view, the conference will be a failure.

In that case, what is the point of the provincial premiers coming to Ottawa?

**Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.):** Mr. Speaker, Canada is one of the most decentralized federations in the world.

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

**Hon. Stéphane Dion:** The Canadian government fulfils its responsibilities and it will do so in conjunction with the provinces in the social field, for this requires us to work together. We have one of the most generous social systems in the world, and if it is successful, it is because we are working together. That is why they have come today, to strengthen our concerted efforts.

\* \* \*

[English]

**EDUCATION**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, the average university graduate in Canada today goes out into the world with high hopes and high debt.

Yesterday the Prime Minister said he is ready to reinvest in Canada's young people. Does that mean he is ready to abolish the death sentence being imposed on students? Will he reinvest the \$1.4 billion in education cuts and ensure that there is a student assistance program that provides grants based on students' economic needs?

• (1425)

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, we on this side of the House are well aware of the difficult situation faced by a growing number of students in this country. We began to tackle this situation in the budget of last year. The Minister of Finance is helping parents to save money toward education. He has increased the interest relief period for student loans.

A few weeks ago I held in Ottawa the first ever conference of stakeholders on this very subject. Many very good propositions were made to us.

*Oral Questions*

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, there are a lot of parents who do not have money to save. Government cuts have forced many university students to play tuition roulette. They are hoping the wheel stops on a number they can afford. Luck should never determine anyone's chance for an education.

Is the Prime Minister ready to stop the tuition roulette wheel? Will he work with the premiers to freeze tuitions until accessibility becomes a national standard in this country?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, we have direct grants to students in need and we will continue to build on the system we have. The leader of the NDP is asking us to set tuition fees, which is a provincial jurisdiction, and we respect provincial jurisdictions in this country.

\* \* \*

**FEDERAL-PROVINCIAL RELATIONS**

**Hon. Jean J. Charest (Sherbrooke, PC):** Mr. Speaker, in the years leading up to this first ministers conference the provincial governments have been saying that rather than having unilateral decisions by Ottawa in areas of shared jurisdiction, there should be agreed upon national standards. Rather than having unilateral cuts from Ottawa there should be a shared funding agreement and rather than having unilateral sanctions from Ottawa, there should be shared mechanisms for some of the conflicts.

Will the minister or the government agree today that it is now time for a new agreement, a new approach, a national covenant between the provinces and the federal government?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, we want to work in partnership with the provinces in the interests of all Canadians. For that purpose we not only need a partnership, we need national leadership.

**Hon. Jean J. Charest (Sherbrooke, PC):** Mr. Speaker, we hope that leadership would happen in all areas. Let us start with youth employment. I do not think national leadership would be qualified as setting a full half hour aside to discuss youth unemployment at a first ministers conference.

The government has since admitted that it has no new ideas, no new plans. Could we reiterate today the demand made by the unions, all the business groups in the country and now the provinces that the government decrease EI premiums to \$2 to allow young Canadians to get back to work? Exercise leadership.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, we already cut EI premiums this year by \$1.4 billion. Let me simply say to the hon. member that for the 10 years the Conservative government was in power the provinces asked if there could be shared co-operation in the administration of the tax system. Year after year the Conservatives said "we won't co-operate".

My colleague, the Minister of National Revenue, and I met with the provinces and we are putting in place a new era. The minister of finance from Alberta stood up in the Alberta House and said that he was delighted to see the way in which the federal government was working with the provinces.

\* \* \*

**SEARCH AND RESCUE**

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, we can all learn lessons from the terrible plane crash that occurred in Manitoba. It is painfully obvious to the public and to this House that we need search and rescue helicopters now. Why do we not have them? Because of a squabble taking place between the Department of National Defence and the cabinet.

I ask the Prime Minister this. How long is the Prime Minister going to allow a cabinet squabble to interfere with the safety of Canadians?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, that is totally incorrect. We should first recognize the tragedy that occurred in Little Grand Rapids, Manitoba. We should indicate our sympathy with the families of the people who lost their lives. We should indicate our thanks to the people in the community who put out a great effort to try to help the victims. Finally, we should thank the search and rescue personnel who brought out 13 survivors from the crash.

• (1430)

This has nothing to do with the matter of purchasing new helicopters. Yes, we need new helicopters, but our search and rescue did its job.

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, it has everything to do with search and rescue helicopters, machines the military can use so that it can do its job.

We all know why the cabinet is in turmoil over this issue. It spent four years. It spent half a billion dollars and risked the lives of troops and of Canadians. Military experts long ago informed them which helicopter is the best. They are just trying to save political face.

Would the prime minister set aside his petty political concerns, do what is right for public safety and announce a helicopter deal today?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, that is absolute nonsense. The government is committed to getting a helicopter that will meet our operational needs and that will provide good value for the Canadian taxpayers and to doing it as soon as we possibly can.

It is a serious matter of getting the right helicopter for the purposes of search and rescue of Canadians. We want to make sure the right decision is made and will make it as soon as we can.

*Oral Questions*

[Translation]

**BUDGET SURPLUS**

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, we have heard the Minister of Finance state on a number of occasions this week that any fiscal dividend arising from a federal budget surplus does not belong to any government, it belongs to the people of Canada.

If indeed any budget surplus belongs to all Canadians and not to any government, why is he acting as if he alone had the power to decide what use to make of it?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, prebudget consultations were held in every province of the country. My colleague, the Minister of Intergovernmental Affairs, indicated that there had been an election in which the anticipated surplus was certainly discussed. It should be pointed out that, when I met with my finance counterparts this week, the use to be made of these surpluses was discussed.

We are working in perfect co-operation with the provinces.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, one the reasons the federal deficit got so huge is precisely the federal government's excessive spending in areas under provincial jurisdiction.

With the Liberal government acting the way it is, can we not conclude that it did not get the message and that, now that a surplus is in sight, it is set to make the exact same mistake and fall back into the same old ways? Once a Liberal, always a Liberal.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, we have very clearly expressed our intention to use surpluses to reduce taxes and the national debt and to invest in areas where Canadians have the greatest needs.

\* \* \*

[English]

**TAXATION**

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, yesterday, Quebec's separatist premier asked that 75% of the surplus be devoted to lowering federal income taxes.

[Translation]

Finally, we have found something that can unite Canadians from coast to coast.

[English]

We know reducing taxes is the fair and humane thing to do. We know it will help unite the country. Why is the finance minister opposed to helping Canadians by lowering taxes? Why not do it?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, yesterday the Premier of Quebec suggested that 100% of any

surplus be used to reduce taxes and that none of it be used to reduce debt. We know that the Reform Party has said that 35% of the surplus should be used to reduce debt. The position I took yesterday was that some of it should go to reducing debt.

The real issue is why the Reform Party engaged in petty partisan politics, threw its principles over and last night said that it no longer should be used to reduce debt. Why did the Reform Party give up on what it believes?

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, as usual the finance minister is awfully confused about where the Reform Party stands with Canadians and about putting debt as the first priority. We want to pay down more debt.

Canadians of both official languages, federalists and separatists, want to deal with the tax problem. That is the point the finance minister is missing. Canadians have mortgages to pay. They have to pay for groceries. They want more tax dollars left in their pockets.

• (1435)

Why does the finance minister think he can spend Canadians' money better than they can?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the real issue is why the Reform Party's finance critic is saying one thing last night and another thing today. He sold out his principles for petty partisan reasons.

Let me make it very clear and tell where we draw the line with the Reform Party. The Liberal government stands for the national interest. We will speak for the national interest and for the interest of Canadians, which means we will invest where they require it. We will cut taxes and pay down the debt, but we will not sell our principles for a mess of pottage some night because some separatist premier said something.

\* \* \*

[Translation]

**VICTORIA BRIDGE**

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, because of a dispute between the federal government and Canadian National, the Victoria Bridge in Montreal could soon be closed.

The issue is the splitting of the renovation costs between the federal government and CN, and we learned that CN refuses to submit the dispute to commercial arbitration.

My question is for the Minister of Transport. Does the minister realize that tens of thousands of drivers in the Montreal region are being held to ransom because the federal government cannot reach an agreement with CN?

*Oral Questions*

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, Transport Canada first learned in 1994 that CN intended to repair the Victoria Bridge, instead of building a new facility.

CN had said that repairs to the road section would not begin until next year. The closing of the bridge was never discussed with CN in our negotiations to find a solution to the financing of the project before work begins.

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, I remind the minister that the Victoria Bridge has been due for repairs for six years and that the longer we wait, the costlier it gets.

Does the minister intend to use his powers under the legislation so that the bridge will be repaired to make it perfectly safe for motor traffic?

[English]

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, it is unfortunate it was only three weeks ago that CN came to us and said that we should pay for the cost of the repairs. Otherwise the bridge would be closed to all traffic on March 1. That is why we replied by saying we would offer commercial arbitration.

We hope CN will accept that and then the money will be available for the repairs. In the meantime, not to inconvenience all those people who we are concerned about in Montreal, the repairs could go ahead. I asked CN to accept a commercial arbitrator.

\* \* \*

**TAXATION**

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Mr. Speaker, if we could figure out some way to tax the finance minister's overblown rhetoric we would be out of debt by January 1, 1998.

Canadian families have seen their after tax incomes shrink by over \$3,000 since 1993. Frankly Canadians have had enough. Eighty-two per cent of them have made it abundantly clear that they could spend smarter than the government.

Why does the finance minister continue to think he can spend Canadians' money smarter than they can?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, does the hon. member think that talking for the national interest in the national parliament is overblown rhetoric? Does he think that talking about narrow sectoral interests or pitting one region of the country against another is what he was elected to do?

I will stand in the House and talk for those people who need the playing field levelled. I will talk for those Canadians who require

help. I will talk for the people who want to invest in the future because that is what we were elected to do.

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Mr. Speaker, the fact is that this finance minister takes his marching orders from his cabinet and special interest groups and not from Canadian taxpayers.

Canadians are paying more in taxes than they are for food, shelter and clothing combined. Average families are paying \$21,000 in taxes and only \$17,000 for food, shelter and clothing. That is a \$4,000 shortfall.

The minister and the government talk of balance. Where is the balance in forcing Canadians to pay more for taxes than for food, shelter and clothing?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, let us take a look at those special interest groups that we speak for.

They happen to be poor Canadians, young Canadian families, aboriginal Canadians, Canadians who want to invest in research and development to build a stronger economy, Canadians who live in Atlantic Canada, Canadians who do not want to see their equalization payments cut, senior Canadians who do not want to see their pensions cut, and Canadians who believe in medicare. If that hon. member thinks those Canadians are special interest groups then, yes, we will speak for them.

\* \* \*

● (1440)

[Translation]

**SPIRIT OF COLUMBUS PLATFORM**

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, my question is for the Minister of International Trade. For more than a year now, Davie Industries Inc. of Lévis has been awaiting a response from the Export Development Corporation guaranteeing funding for the Spirit of Columbus platform.

Given that retrofitting work on the Spirit of Columbus platform has been under way for four months now, when will the federal government respond to the application of Davie Industries? When?

**Hon. Sergio Marchi (Minister for International Trade, Lib.):** Mr. Speaker, I spoke with Mr. Landry some months ago. I directed the EDC to speak with the Quebec SDI. Meetings were held. I have spoken with the MIL-Davie union president.

The federal government feels this is a very important undertaking. I respect the recommendations made by the EDC and the SDI on behalf of the governments of Quebec and of Canada.

*Oral Questions*

[English]

**APEC SUMMIT**

**Mr. Grant McNally (Dewdney—Alouette, Ref.):** Mr. Speaker, at the APEC summit in Vancouver university student Craig Jones stood on his dormitory lawn and quietly held up a sign that read "Free Speech". For this he was wrestled to the ground by police and held for 14 hours.

We all know this is of no concern to Sergeant Pepper's crew over there, but I have a question for the government. What involvement did the prime minister's office have in directing the RCMP security operations at the APEC summit?

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, I am pleased to have the opportunity to advise the House that the public complaints commission is conducting an inquiry into this matter. We are awaiting the outcome of that inquiry in the interest of all Canadians.

\* \* \*

**REFUGEES**

**Mr. Deepak Obhrai (Calgary East, Ref.):** Mr. Speaker, last week the auditor general stated that he "deplores the fact that it takes on average more than two and a half years to settle a refugee claim". Today 38,000 refugees have their lives on hold as they wait to have their claims heard.

The fact of the matter is that the auditor general has been calling for an overhaul of the minister's department for the last 10 years. Now another promise has been made.

Will the minister commit today to the urgent implementation of the auditor general's recommendation?

[Translation]

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, I have said that I was favourable to the auditor general's conclusion that an in-depth review of the refugee determination process was necessary, and that is what we are going to do.

\* \* \*

[English]

**VETERANS AFFAIRS**

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, my question is for the Minister of Veterans Affairs.

I have been hearing from veterans in my riding who are eligible for pensions but are having to wait months and even years before receiving them.

Could the minister indicate to the House whether his department can cut the red tape, as promised in the 1995 pension reform bill?

**Hon. Fred Mifflin (Minister of Veterans Affairs and Secretary of State (Atlantic Canada Opportunities Agency), Lib.):** Mr. Speaker, in response to the hon. member's question, the government made a commitment two years ago to considerably reduce the turnaround time.

I am pleased to report to the House that as a result of the passage of the pension reform legislation and as a result of the tremendous efforts of veterans affairs staff, veterans groups and improved technology, we have improved it considerably in two years. In fact we have reduced it by half.

It is another concrete example of the work the government does on behalf of all Canada's veterans.

\* \* \*

**APEC SUMMIT**

**Mr. Svend J. Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, my question is for the Minister of Foreign Affairs and it concerns the recent APEC summit in Vancouver.

Today we learned that the Prime Minister's office muscled UBC and the RCMP into moving protesters out of sight and sound of the APEC leaders.

● (1445)

In view of the the PMO's police state tactics of silencing aboriginal rights speakers, pepper spraying protesters and overturning UBC-RCMP agreements, will the government now order a full independent inquiry, not an independent inquiry into the RCMP, but into the role of the PMO in these tactics which are more appropriate to a dictatorial third world thug?

**The Speaker:** The rhetoric is getting a little bit higher. I am going to permit the solicitor general to answer if he wishes.

**Hon. Andy Scott (Solicitor General of Canada, Lib.):** Mr. Speaker, as I already informed the House, the Public Complaints Commission announced yesterday that it is going to do a review of the incident. I think it is in the interest of all Canadians to get to the bottom of it. I look forward to its review.

\* \* \*

**SEARCH AND RESCUE**

**Ms. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, the Reform Party leader cynically manipulated a serious aircraft tragedy by linking it to the need for new helicopters.

In fact, the 24 hour wait endured by the victims was the result of botched decision making by search and rescue operations. A pilot

in a privately chartered helicopter claimed that he followed Transport Canada guidelines while landing at the crash site.

Can the minister of defence tell us why his department failed to enlist locally available helicopters in this rescue as was the case in the Red River flood?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, the Canadian forces aircraft went in as soon as it possibly could. The weather conditions were terrible. Yes, a helicopter did get in about an hour and a half before our Hercules got on the ground, but only by getting underneath the ceiling and doing it at considerable risk.

I did not say that anybody broke rules. That is a point for the Transportation Safety Board to determine in its investigation of the matter. Certainly it was done at considerable risk.

Our people got in there as quickly as they could and they did in fact perform the rescue.

**Mr. Gilles Bernier (Tobique—Mactaquac, PC):** Mr. Speaker, information has come to us that there was a meeting of the inner cabinet last Thursday at which the decision was taken to choose the EH-101. That information was subsequently leaked to the other bidders before it was announced to the full cabinet.

When the Prime Minister learned about this, we were told that he hit the roof. He even asked the officials to leave the cabinet room and put the entire process on hold until further notice. Can the defence minister confirm this?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, we are moving as quickly as we can on the purchase of necessary search and rescue helicopters.

**Mr. Gilles Bernier (Tobique—Mactaquac, PC):** Mr. Speaker, what is very clear is that this minister has tainted the entire process by his dithering. Well, time is up. In 25 days all four helicopter bids expire. If that happens, the defence minister will have to restart the process at a cost of millions of dollars.

What is the minister going to do? Is he going to try to sneak this announcement by Canadians on Christmas Eve, or will he have to start the process all over again from scratch?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, it is a hypothetical question. We are dealing with the matter as quickly as possible.

We recognize the need for proper search and rescue helicopters. We have good equipment now. We have people who operate it and do an excellent job. There is no doubt that we are going to need new helicopters and we need them soon.

### *Oral Questions*

#### **DAIRY INDUSTRY**

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, my question is for the Minister of Agriculture and Agri-Food.

The Canadian Dairy Commission is poised to set a price increase for industrial milk. Can the minister tell this House how this pricing regime operates? Second and most important, can he assure us that the Canadian dairy industry will continue to be competitive and a productive force in the Canadian economy?

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, there is no question that the Canadian dairy industry is one of the most efficient, productive and innovative industries in the world.

Since 1990, as far as the pricing of industrial milk products are concerned, the Canadian Dairy Commission in consultation with the producers, the processors and the food industry have set the support price for skim milk powder and butter. This has given the producers of industrial milk a fair return for their production and has kept the cost to the consumer of dairy products lower than the consumer price index.

\* \* \*

#### **COINAGE**

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I want to know why the government is using taxpayers' money to compete with private enterprise.

The government has authorized the building of a \$30 million coin plating plant in Winnipeg in direct competition to Westaim Corporation, a firm in my riding with a 30 year record of high quality products.

• (1450)

Why is the government risking \$30 million of taxpayers' money to build a plant that will compete directly with a successful private firm?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, first let me tell the hon. member that Canadian taxpayers will not pay a penny. This project will be totally financed by the mint. We will also receive benefits because we will be able to pay dividends.

Most important, what the member does not know is that this decision was made to ensure that the mint would continue to have the necessary supplies. In January 1997 the supplier said that four years from now it will get out of the coinage business and therefore the mint would not have any more supplies.

*Oral Questions*

[Translation]

**SINGER RETIREES**

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, the former Singer employees, whose average age is over 82, have just had their first victory.

The Federal Court has just dismissed the case of the Minister of Human Resources Development, requiring it to recognize the representativity of the group of retirees and their spokespersons.

Will the minister finally stop playing the arrogant technocrat and allow this dispute to be settled by mediation, out of respect for these former workers, who have already waited far too long?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the hon. member ought to know that the Federal Court acknowledged a few weeks ago, as indeed it does each time, that this could be a class action. This is nothing new and the government has not had its case dismissed, not in the least. The court itself is the one that wanted to clarify the matter of representativity.

As for the rest of the matter, it is before the courts and we have to wait for this extremely important decision.

\* \* \*

[English]

**CHILD POVERTY**

**Mr. Nelson Riis (Kamloops, NDP):** Mr. Speaker, my question is for the Minister of Finance.

As the holiday season approaches, we know that bankers in Canada, like Scrooge, have never been more joyful. Yet there are millions of Canadians for whom Charles Dickens' *A Christmas Carol* is more than a story from the 1800s. Today there are 1.4 million Canadian children living in poverty.

Will the Minister of Finance take the children of Canada out of the 1800s? Canada deserves a finance minister who gives like Santa, not behaves like Scrooge.

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, we are very concerned about the plight of Canada's children, which is why my colleagues have done so much and will continue to do so much. It is why we are now talking to the provinces about investing in the future of Canada's children. The member has raised a very important point.

The member referred to Scrooge. I look at the Leader of the Opposition and his speech yesterday. I must say that when we look at what the Reform Party would do, it would certainly scare the dickens out of you. In fact Reform would destroy Canada's great

expectations. They would leave us with a tale of two unequal cities. In fact, if they were ever elected, this House would indeed be bleak.

\* \* \*

**GUN CONTROL**

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, this week the standing committee on justice completed its report on the firearms regulations. Many witnesses testified that the regulations will not have the effect on crime prevention and safety that we were told, but would target law-abiding citizens and create a logistical nightmare.

The Conservative Party supports effective gun legislation like Bill C-17, but this cumbersome set of regulations is a sham.

Can the Minister of Justice confirm that the department estimates of \$85 million are low and that the true cost of implementation is closer to \$500 million? And unlike her predecessor, can she give us those numbers and stand by them today?

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I would refer the hon. member to the opinions of the chiefs of police, the Canadian Police Association and victims groups from all across the country. They believe this law will be effective gun control and will lead to safer and more secure communities.

I would suggest that the hon. member look to those opinions.

\* \* \*

[Translation]

**IMMIGRATION**

**Ms. Raymonde Folco (Laval West, Lib.):** Mr. Speaker, according to the Office of the United Nations High Commissioner for Refugees, major increases in the number of displaced persons have led rich and poor countries to no longer accept refugees.

My question is for the Minister of Immigration. Can the minister guarantee to the House that Canada will continue to accept bona fide refugees who may be persecuted in their own country?

• (1455)

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Yes, Mr. Speaker, Canada will continue to accept bona fide refugees who fear persecution. Canada's reputation at the international level is well established in that area, and we are very proud that our contribution was acknowledged by the UNHCR. Also, improving protection for bona fide refugees will definitely be the objective of our review of the Canadian legislation.

*Tributes**[English]***SEASON'S GREETINGS**

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, I have one further question for the Deputy Prime Minister.

Notwithstanding that the government has bungled this Kyoto deal, notwithstanding that it has angered half the premiers in Canada, and notwithstanding that it continued to tax Canadians to death, will the Deputy Prime Minister convey to the Prime Minister, Madame Chrétien and his colleagues the best wishes of the official opposition for the Christmas season?

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, while I do not accept the preamble to the hon. leader's question, even though he does not know what he is talking about when it comes not only to climate change, lowering taxes, but to helping Canadians generally, I on behalf of the Prime Minister and all the members on this side of the House would like to convey to him and his colleagues and to all Canadians a Merry Christmas and a happy, healthy and prosperous New Year.

*[Translation]*

Happy holidays everyone and a happy New Year.

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

*[English]*

**The Speaker:** I am not sure if I should quit while I am ahead here. I think I will.

My colleagues, there was a House order agreed on for today. We will be taking our leave from this place for the next little while. As is customary at this time of year, I usually have a reception for all members of Parliament. This time the reception will be in room 216N and I am inviting you there for two reasons.

The first is to sign a banner wishing our Canadian athletes good luck at the 1998 Winter Olympics in Nagano. The second is just so that we can come together to wish each other personally good wishes for this time of the year. I think we are all in the right kind of mood and I hope the country is in the same mood as we are in now.

I do thank you and I wish you good holidays.

• (1500)

Order. This part of our day is finished of course, but we have other business to conduct. We are going to have tributes now to one of our colleagues whom many of us served with in this House, Mr. Tony Yanakis, who passed away a little while ago. We are going to begin the tributes. The hon. Deputy Prime Minister will lead off.

*[Translation]***TRIBUTE TO THE LATE ANTONIO YANAKIS**

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I rise today to pay tribute to one of our former colleagues, the late Antonio Yanakis.

A former Liberal member for the riding of Berthier—Maskinongé—Lanaudière, in Quebec, he very actively represented his constituents, who renewed their confidence in him over almost 20 years.

He was always very close to his family, who has joined us today. It is therefore with sadness that we say farewell today to Antonio Yanakis, a man devoted to his constituents, who represented them in this House, a man valued by his colleagues throughout his career in this House.

On behalf of the Government of Canada, I extend my deepest condolences to his children and family.

• (1505)

*[English]*

**Mr. Randy White (Langley—Abbotsford, Ref.):** Mr. Speaker, I too would like to add my condolences on the passing of Antonio Yanakis. Mr. Yanakis was born on July 6, 1922 in Montreal. He achieved a Bachelor of Commerce at McGill University. He was very active in politics for over 20 years. He was the mayor of Ville Saint-Gabriel from 1961 to 1963 and was elected to the House of Commons in 1965.

He presented himself very well in many of the committees of this House, including the agricultural committee, forestry and crown corporations. He was a Knight of Columbus and a member of numerous service clubs in his community.

We in this House regret the passing of Antonio Yanakis and pass along our sincere regrets to his family and friends.

*[Translation]*

**Mr. Lorne Nystrom (Qu'Appelle, NDP):** Mr. Speaker, on behalf of the New Democratic Party, I would like to extend our sympathies to the family of Antonio Yanakis, who passed away a few days ago.

Mr. Yanakis was first elected in 1965 and re-elected five times. I clearly recall that Mr. Yanakis was here when I was elected in 1968, because he had just been re-elected. He went on to be re-elected in 1972, 1974, 1979 and 1980. If I remember correctly, he was the Parliamentary Secretary to the Minister of Labour at the time. He was a fine politician, who represented his constituents very well for 15 years.

I would like, once again, to extend our condolences to his family.

*Privilege*

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, I did not know Mr. Yanakis personally. I arrived here in 1984. As mentioned earlier, Mr. Yanakis was a member of Parliament from 1965 to 1984. He was first elected at the age of 43.

I took time to read his first speech in the House of Commons. No one will be surprised to learn that he loved his riding of Berthier—Maskinongé—Lanaudière, which he described as a region of beautiful mountains and vast forests, with hundreds of lakes where summer visitors can relax in a beautiful setting.

He also said “as you probably know, I am the first Canadian of Greek origin to be elected to the Parliament of Canada, and in an almost exclusively French Canadian riding. This would indicate that Quebec is far from displaying the fanaticism it is sometimes accused of”.

Mr. Yanakis stressed Quebec’s dynamism. He said that “the new, dynamic Quebec wants to be a leader and help shape a new and proud Canada. It is in the full respect of the rights of both official groups, anglophones and francophones, that Canadians are asking us to speak on behalf of the new Canada”.

On behalf of the Progressive-Conservative Party of Canada, and on my own behalf, I wish to offer our most sincere condolences to all those who knew Mr. Yanakis, particularly his family and friends.

**The Speaker:** Dear colleagues, I too would like to say a few words, because I knew Antonio Yanakis. Incidentally, his family is here with us today.

Mr. Yanakis was first elected nine years before me, and we met for the first time in 1974. We worked together until 1984. I do not really remember whether he retired at the time, or whether he was defeated. In any case, we were troopers together in the House.

[*English*]

There was a time when I was the chairman of the Liberal caucus and Tony Yanakis was the treasurer. He was the one who had to raise the money so things could go on in the caucus. I found him to be a very warm person. I found him to be very reliable.

• (1510)

I do not know that I could call myself among his closest friends, but I revelled in the fact that I knew him well. We travelled together in Geneva where he represented Canada. At that time, I was brand new to the international scene, but he was not.

Tony Yanakis I found had a warmth about him that endeared him to all of us who served with him in this House. It can be said I think fairly that after having served this country, after having served his province, after having served his municipality so well for so many years, he should be saluted by us here in this House.

He was one of us. He was a parliamentarian of Canada and you, his family who are here today, have every right to feel the pride of your father, of your father-in-law, of your real friend that all of us felt for him as a parliamentarian.

Those of us who knew him well miss him very much and we give you our most heartfelt condolences. We wish you welcome, also, to this place where he served us, where he served you and where he served Canadians for two decades. I thank you in the name of Parliament.

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

**The Speaker:** I think it might be a question of privilege. I will hear it.

\* \* \*

**PRIVILEGE**

DEPARTMENT OF NATIONAL REVENUE

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, I will leave to your capable judgment whether it is. I do raise this as a question of privilege of which I have given you notice today.

On December 8, the Department of Revenue updated its website concerning payroll deductions and has published new tables reflecting those changes proposed in Bill C-2 as if those rates were now law.

These are found at website [WWW.RC.GC.ca/menuemenuH-SA.HTML](http://WWW.RC.GC.ca/menuemenuH-SA.HTML). The House has passed and sent to the Senate Bill C-2, as members are well aware, which amends the law respecting the Canada pension plan.

To date, no message has been received from the Senate concerning the passage of this bill. The Senate is capable of protecting its own privilege in this case, however the House is also seized with the issue since the content of Bill C-2 is not settled until both Houses have agreed on the final content and royal assent has been granted.

It is still open to the Senate to remit this bill to the House for consideration of amendments, including the alteration of those matters that the government is publishing as though they are now law.

By publishing these tables before the enactment of Bill C-2, the government seeks to preclude this House from any consideration of amendments that the Senate might remit as a result of its deliberations. I submit that this constitutes a contempt of the Parliament of Canada.

I draw the Speaker’s attention to page 226 of the second edition of Maingot’s *Parliamentary Privilege in Canada* which states:

Contempt cannot be codified: Contempt has no limits.

This is why it is said that the “privileges” of the House cannot be exhaustively codified; there are many acts or omissions that might occur where the House would feel compelled to find that a contempt has taken place, even though such acts or omissions do not amount to an attack on or disregard for any of the enumerated rights and immunities.

Further on the same page, it states as follows:

As a Speaker said, “—the dimension of contempt of Parliament is such that the House will not be constrained in finding a breach of privilege of Members, or of the House. This is precisely the reason that, while our privileges are defined, contempt of the House has no limits.

When new ways are found to interfere with our proceedings, so too will the House, in appropriate cases, be able to find that a contempt of the House has occurred.

Mr. Speaker, you will also want to refer to the ruling of Speaker Fraser on October 10, 1989. At that time, the Speaker warned the government that he would not treat similar situations lightly.

Mr. Speaker, you yourself have made a similar ruling at least twice in this session.

• (1515)

Mr. Speaker, it is my submission to you that the time has come for the Chair to adopt the doctrine set out at page 227 of Maingot:

In the final analysis, in areas of doubt, the Speaker asks simply: Does the act complained of appear at first sight to be a breach of privilege—or, to put it shortly, has the Member an arguable point? If the Speaker feels any doubt on the question, he should leave it to the House.

Mr. Speaker, I will not abuse the time of this House. The precedents are before you and are known to you and indeed in this Parliament you have dealt with this issue, I would suggest. Your ruling cautioned the officials of the Department of Finance in that instance. Now I would suggest the disease has spread to the department of revenue. Obviously your admonition has carried little weight with the government and those public officials concerned with the electronic publication of this table at the web site which I have placed before you.

This matter should be put to the House through Mr. Speaker and considered as an abuse of Parliament by this government.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the hon. House leader for the Conservative Party has raised an interesting point. However, I would suggest that you reserve judgment on this point until you are able to hear from the minister in question or his parliamentary secretary. They are not in the House at the present time.

Also, I might observe that Bill C-2 arises out of an agreement between the Government of Canada and at least eight of the provinces, published and made known before the legislation was brought forward in this House. I do not think anybody has ever suggested that under these circumstances information arising out of or from the agreement between the federal government and the provinces being made known to the public constitutes a breach of

### *Privilege*

privilege because it comes forward before the implementing legislation has become law in totality.

Furthermore, I would like to suggest that if in its wisdom the other place decides to amend Bill C-2, frankly the hon. member has not made out a case as to why the web site in question would in any way prevent the other place from amending the bill and sending it back here for our consideration.

Finally, Mr. Speaker, I invite you to consider, whatever the weight of the hon. member’s argument, whether you can act on the matter because he did not, as far as I could hear, end his intervention by offering to move or in fact moving the appropriate motion.

**The Speaker:** I thank both the hon. member for Pictou—Antigonish—Guysborough and the Deputy Prime Minister for their views on this question of privilege.

The hon. member for Pictou—Antigonish—Guysborough brings up points that were raised earlier in the year. I have ruled on matters similar to this one. However, I want to take the advice of the Deputy Prime Minister in this regard. I would like to hear from the minister involved in this question of privilege. I am going to reserve judgment on this until I can get more information.

In any case, as far as I know, this is our last day of business here today, which I think is official now. I will have a look at all the information that I can gather between now and our return to Parliament. At that time, if it is necessary, I will come back to the House with a decision after I have gleaned enough information about it.

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I request unanimous consent to present two travel motions.

**The Speaker:** Does the hon. member have permission to put a question to unanimous consent?

**Some hon. members:** No.

**The Speaker:** The answer is no.

**Mr. Peter Adams:** Mr. Speaker, as this is the last day, I would like to request unanimous consent that the member for Notre-Dame-de-Grâce—Lachine present the motion.

• (1520)

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, there has been an attempt to put some motions before the House and members do not have a copy of the motions or any understanding of what they are all about. We can hardly give unanimous consent if we do not know what we are giving unanimous consent to.

**The Speaker:** The hon. member for York South—Weston is correct. With regard to the request made by the parliamentary secretary, it is not necessary. If the hon. member for Notre-Dame-

*Routine Proceedings*

de-Grâce—Lachine wishes to ask this House for unanimous consent for whatever it is, that is her right and I recognize the hon. member for Notre-Dame-de-Grâce—Lachine.

[*Translation*]

**Ms. Marlene Jennings:** Mr. Speaker, I move: That article 15 of the Canadian Charter of Rights—

[*English*]

**The Speaker:** First you have to get permission. You are asking permission to have unanimous consent?

**Ms. Marlene Jennings:** Mr. Speaker, I ask for the unanimous consent of the House to put a motion in the House today.

**The Speaker:** Does the hon. member have unanimous consent to put a motion?

**Some hon. members:** No.

**The Speaker:** The answer is no.

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## ROUTINE PROCEEDINGS

[*English*]

### COMMITTEES OF THE HOUSE

#### NATIONAL DEFENCE AND VETERANS AFFAIRS

**Mr. Paul Szabo (Mississauga South, Lib.)** moved:

That in relation to its study of social and economic challenges facing members of the Canadian forces, the Standing Committee on National Defence and Veterans Affairs be authorized to travel to western Canada from January 25 to 31, 1998, and that the necessary staff do accompany the committee.

**The Speaker:** I take it the hon. member seeks unanimous consent to put the motion. Does the hon. member have unanimous consent to put a motion before this House?

**Some hon. members:** Agreed.

(Motion agreed to)

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, in the spirit of the Christmas season, I ask for the consent of the House to present a very similar motion to the one just presented.

**The Speaker:** Does the hon. member have the unanimous consent of the House to put another motion?

**An hon. member:** No.

**The Speaker:** All we are asking for at this point is unanimous consent to put the motion. After that we will hear what the motion is.

Does the hon. member have the unanimous consent of the House to put the motion?

**Some hon. members:** Agreed.

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, I rise on a point of order. My understanding of the rules is that once the motion is put, a debate should ensue.

It seems to me the government has mismanaged the agenda to the point where it is trying to get unanimous consent to run through this House on the last day of sitting a number of measures for which it requires consent. At the very least, the government could grant us the courtesy of advising members of the opposition what these motions are all about.

I have no difficulty giving consent to having these motions carry. However, at the very least I would like to see what I am voting on in advance.

**The Speaker:** In order to facilitate matters in the House, perhaps what I will do is give permission for the hon. member simply to put the motion. Would the hon. member please read the motion which he wants us to consider. We will go from there.

• (1525)

#### FISHERIES AND OCEANS

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I believe that is wise counsel. I therefore rise to ask for the unanimous consent of the House to put the following motion. I move:

That 10 members of the Standing Committee on Fisheries and Oceans be authorized to travel to Prince Rupert, Vancouver, Sechelt, Saanich, Ucluelet, Sointula, Alert Bay, Port Hardy and Campbell River for the week of January 18 to 26, 1998 and that the necessary staff do accompany the members of the committee.

(Motion agreed to)

**Ms. Carolyn Parrish:** Mr. Speaker, I rise to ask permission of the House to present a report from an interparliamentary delegation that I inadvertently did not present this morning.

**The Speaker:** Is there unanimous consent?

**Some hon. members:** Agreed.

\* \* \*

#### INTERPARLIAMENTARY DELEGATIONS

**Ms. Carolyn Parrish (Mississauga Centre, Lib.):** Mr. Speaker, pursuant to Standing Order 34(1), I have the honour to present to the House, in both official languages, the first report of Canadian-NATO Parliamentary Association which represented Canada at the 1997 spring session of the North Atlantic Assembly of NATO Parliamentarians held in Luxembourg, May 28 to June 1, 1997.

[*Translation*]

**Mr. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, I would like to understand. A while ago, my colleague for Notre-Dame-de-Grâce—Lachine could not even read her motion. She could not be heard. I would like some consistency, if our colleagues have

presentations, if that is the ruling of the Chair, then hon. members—

[*English*]

**The Speaker:** The hon. member is right. I thought we would get through an impasse here. Yes, we do have rules in the House. I detected a will on the part of the House to hear this motion and so I put it to the House.

The hon. member for Notre-Dame-de-Grâce—Lachine asked permission to put it to the floor. I asked permission and it was turned down.

You are right. I did perhaps transgress the rules. I hope the House will give me a bit of latitude on that. I think the House is reasonably well pleased with what it did decide on collectively. I take the hon. member's words to heart.

**Mr. Peter MacKay:** Madam Speaker, I am seeking the unanimous consent of the House to table a very brief petition which I did not table this morning.

**The Acting Speaker (Ms. Thibeault):** Is there unanimous consent?

**Some hon. members:** Agreed.

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## PETITIONS

### TAXATION

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Madam Speaker, pursuant to Standing Order 36, I wish to table a petition from my constituents and individuals from Nova Scotia pertaining to the removal of GST from books, magazines and newspapers.

• (1530)

The petition is intended to urge the federal government to follow that recommendation, and I table it forthwith.

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## GOVERNMENT ORDERS

[*English*]

### COMMITTEES OF THE HOUSE

#### FINANCE

The House resumed consideration of the motion.

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, before question period the hon. member for Kitchener Centre addressed the House on the pre-budget debate. During the debate a couple of opposition members indicated that the report of the Standing Committee on Finance on the pre-budget consultation

### *Government Orders*

was some sort of a trick and that it represented merely the government platform.

The member for Kitchener Centre is a member of that committee, travelled with the committee and participated fully in the process. It would be helpful for Canadians to understand the genesis of the report.

**Mrs. Karen Redman:** Madam Speaker, I thank my colleague for his question.

We listened to all sectors of society when we travelled from Vancouver to Edmonton, Toronto, Halifax and St. John's as well as to my own riding of Kitchener Centre. I heard from people who are street people. I heard from people who I know share the philosophy of some members opposite.

They appreciated that we had paid down the deficit. They were looking for leadership from the government, which I think we have provided in a resounding way by achieving a balance in the report of the finance standing committee in which all members participated,

Also we heard from them that there was very little desire for a cross the board tax cut. People were looking for strategic investments. The member will see those recommendations in the finance committee report.

**Mr. Ken Epp (Elk Island, Ref.):** Madam Speaker, I have a comment, and the member may want to respond to it.

She used the same phrase the Liberals use over and over and over. It is not a correct way of stating the situation. She talked of paying down the deficit. That is physically impossible because a deficit is an amount of money that was borrowed. It is true that the Liberal government is now borrowing less, so it has reduced the deficit. It is borrowing less but that has nothing to do with paying the deficit.

Would the member acknowledge and tell Canadians that the government has in fact increased the debt but at a slower rate by reducing the rate of borrowing?

**Mrs. Karen Redman:** Madam Speaker, I thank the member opposite for pointing out that there is a deficit and there is a debt.

Whether or not we want to argue semantics, the reality is the government has taken a huge burden off the backs of both our children and our grandchildren by maintaining a balance, a fiscal balance, so that we can move forward and we can strategically reinvest in this great country.

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Madam Speaker, I wish the Reform Party were as concerned about poverty as it is concerned about the definitions of the deficit and the debt. Then maybe we would have a bit less poverty.

The member across the way mentioned that Canadians were proud.

*Government Orders*

• (1535)

It depends on where one is living. In the Atlantic provinces Canadians are certainly not proud of the Liberal government. Atlantic Canadians are very poor. They have been slashed, cut, abused and reused.

What does the member opposite think about the way the government has been working? Does she really agree with the poverty that has been caused by her government in the last few years?

**Mrs. Karen Redman:** Madam Speaker, I thank the member opposite for her question. It was incredible to go across the country to listen to the people in Saint John talk about living on \$89 a month of welfare.

I agree with the member that poverty is too high. I agree with her that student debt is a huge issue. There has been a human cost which we heard about in spades when we travelled across the country. However, I would also underscore that if we had not made these difficult decisions and we had not achieved this balance we could not then redress these issues.

We are now in a position where we can make meaningful decisions about reinvesting.

**Mr. Nelson Riis (Kamloops, NDP):** Madam Speaker, I listened with interest to my hon. friend who detailed very accurately that the finance committee travelled extensively. It met with many Canadians.

After reading the report carefully I wonder whether or not the committee listened to the people with whom it met. Much of what I heard people from coast to coast to coast say is not reflected very accurately in the report. I would not say it is not reflected at all. That would be silly. I think it is called keeping the balance.

We heard that the country was not in balance, that it was out of kilter, and that the weights were a bit lopsided. For some Canadians things are going incredibly well. I know my hon. friend is very serious in her work and would agree that for many Canadians life has actually never been better.

For bankers and those holding bank stock today, man alive, this is as good as it gets. The stock market is skyrocketing. A lot of people are saying that exports are up and they have never done better. It is actually true that many Canadians will have a fantastic holiday. There will be champagne corks on Bay Street and on main streets of the country, wherever there are financial institutions.

The chartered banks are booming with historically high profits. Another set of banks are doing a booming business, the nearly 1,000 food banks across the country. We should be embarrassed this afternoon, speaking in the House of Commons and knowing that there are nearly 1,000 food banks. In fact they have serious problems because there is not enough food for hungry people.

There are 1.4 million children living in poverty. Only one industrialized nation has a worse record than Canada's and that is the United States. We are second from the bottom in terms of accepting the reality that there are poor children in this country.

**An hon. member:** We are behind Albania.

**Mr. Nelson Riis:** My friend says "We are behind Albania". I do not think we should compare ourselves with Albania. Of the western industrialized nations we are second from the bottom. We have been there for many years.

What is the government doing about it? Have things improved in the last year? Have things improved in the last two or three years? They have worsened over that time. Since 1989 more than half a million children have been added to the rolls of children living in poverty. This is bordering on immorality. This is simply unacceptable.

I suspect some of my friends will say that this is inevitable when we are trying to get the fundamentals in order. We hear that regularly. This is one fundamental that we do not have in order. When there are 1.4 million children living in poverty this afternoon, and the number will have grown by the time the weekend is over, that is not a country with its fundamentals in order.

• (1540)

I know the government will say that it has balanced the books. We will know the books have been balanced properly when all Canadians can balance their own books, and that is not the case today.

We should not rest easy because to accept this number of young people living in poverty is wrong. It is not to say that this is necessary. In some countries there are no poor children. In some western industrialized nations a poor child cannot be found. The reason a poor child cannot be found is that there are no poor parents.

**An hon. member:** Where is that?

**Mr. Nelson Riis:** Norway and Denmark. No poor children are living in the country of Denmark today, not a one.

**An hon. member:** You are wrong.

**Mr. Nelson Riis:** I challenge the Liberal member who is challenging me. Let the record show that my Liberal friend is saying that I am wrong, that there are poor children living in the country of Denmark. There are not.

My friends opposite do not even know the facts. They do not know the reality. They are saying that all countries have poor children. Not all countries have poor children.

I remember when we kicked off our hearings with my hon. friends. They are honourable friends; they take their work seriously. They worked hard and they met with all sorts of people. I wonder if they listened, however. The Minister of Finance kicked off the hearings by saying that we have now cut up our credit card.

*Government Orders*

It is easy to resolve the deficit crisis if it is simply passed on to everybody else, if it is passed on to students. The average student debt is more than \$25,000. It is easy to get rid of a deficit problem by asking everybody else to take out four or five extra credit cards.

The government passes it along to the provinces with major cuts in health care, major cuts in education, major cuts in social programs, and major cuts in the granting agencies for research facilities across the country. It puts the provinces in more debt to resolve its debt load.

There is something even more cynical. One reason we do not have a deficit today is that the government has been dipping into the EI fund. The government is letting all working people and employers contribute through payments to the EI fund. It will dip into that to pay down the deficit on the backs of working people. It is easy to do, but does it really solving the deficit and debt crisis?

**An hon. member:** Yes.

**Mr. Nelson Riis:** My friend says "Yes". They are simply fobbing it off on other people, hard pressed provincial governments and citizens.

We have heard that essentially the deficit war has been won. Let us acknowledge the real heroes of the deficit war. Is it the Minister of Finance?

**An hon. member:** No.

**Mr. Nelson Riis:** As a matter of fact I suspect he is a lot richer than he was five years ago. Is it members of the Liberal cabinet?

**An hon. member:** No.

**Mr. Nelson Riis:** Is it the members of the Liberal caucus?

**An hon. member:** No.

**Mr. Nelson Riis:** The real heroes, the real people who made this deficit war work for the Minister of Finance are—

**An hon. member:** The Tories.

**Mr. Nelson Riis:** Somebody had the audacity to say "The Tories". Absolutely not. I remember those heady days with interest rates of 20%, deficits going up by the second, debt skyrocketing and so on. No, that is not the answer.

Let us say who are the real heroes of the deficit war. They are the students, thousands of students who leave universities and colleges with massive debt loads. They are the real heroes. Another set of heroes are the men, women and children lined up on waiting lists to

get into hospitals for critical surgery. They cannot get in because of the cutbacks in health care. They are the real heroes.

The 1.4 million children living in poverty today, their moms and dads, are the real heroes of the deficit war. The many thousands of people who declare bankruptcy every single month of the year are the real heroes. It is not hundreds, not thousands, but many thousands who declare bankruptcy month after month. Personal bankruptcies have never been so high in Canadian history. Business bankruptcies have never been so high in Canadian history.

● (1545)

I am simply saying these are the people who have sacrificed in order for this government to say the deficit war has been won. If these are the real casualties of the war, if these are the people who fought and won the war, should they not be the people who should receive the benefits now that the war is over? No. Are they going to receive the benefits? No.

The government says across the board tax cuts are out. My friends in the Reform Party say they should be in. It is fair to say to my friends on the finance committee, it was clear that Canadians said that they are out, that across the board tax cuts are simply not what they require or even request at this time. Some selected tax cuts, yes.

The government decided that the people who need to have a tax break are the people who pay the maximum into RRSPs. We can lift the ceiling of an RRSP so that those people who have \$13,000 or \$14,000 in loose change at the end of the year will be able to put more money in. Is this a priority in our country?

Madam Speaker, how many tax filers actually use the maximum RRSP contribution? One per cent? If you said 2% you would be too high. Less than 2% of Canadians now use the maximum RRSP contribution. But the government said we have to raise that to assist that 1% of tax filers as a priority tax measure. This is maddening and it is sort insane. No wonder people look at this place and ask "Who are those folks? What on earth are they doing? What have they been smoking? Where have they been? Who have they listened to?"

May I suggest a tax break that would help everybody, that would help every single citizen of this country immediately. One that would put money into the hands of every single individual, particularly those who have been hardest hit during these tough economic times. It would help every business person, every consumer, every working person, people dependent on social services. That break would be to begin to phase down the GST immediately.

Why would the government not start to phase down the GST? After all, we all remember when it was said that we need the GST to pay down the deficit. The deficit has been paid down. Therefore it would make sense that we start phasing out the GST. Imagine the

*Government Orders*

kind of signal it would send from this place if the Minister of Finance rose on budget day and said "We have now essentially wrestled this deficit lion to the ground. We said we needed the GST to accomplish this. It has been accomplished and now we are going to repay the people. We are going to start phasing out the GST from 7% to 5% in the first year".

**Mr. John Nunziata:** Nelson for finance minister.

**Mr. Nelson Riis:** Thank you. This is a proposal. It is not a radical proposal. We have heard it from many people. A number of people during our intervention suggested we do that.

A number of my friends from the finance committee are here. How many people asked us to raise the ceiling on the RRSP maximum? Maybe three or four. How many people asked us for goodness sake to get rid of this GST as soon as possible? Most people. Which ones did we listen to? We met with them all, but which ones did we listen to?

We all acknowledge in this House that the GST is one of the most regressive taxes that has been introduced in many years. It is a regressive tax which the Tories introduced. They were mean spirited at the time. They said, "We are going to get those Canadians". And the Liberals opposed it. I remember the current Minister of Finance standing in this House pounding his desk and saying that it is regressive because it hits poor people the hardest. Now is the chance to change that.

We heard advice from Canadians and there were some themes that came through very clearly. One was to increase funding for health care. Health care is what distinguishes our country from most others. It distinguishes what Canadians feel strongly about from others. It is almost a Canadian icon. Canadians from coast to coast and at least 80% of the people who appeared before the finance committee said to strengthen our support for health care.

• (1550)

Some said to do it even if it required an increase in taxation. They said, "We feel so strongly about being able to access quality health care no matter where we live in this country and no matter what our incomes, a one tier system, we want you to take that as a priority in terms of your recommendations".

What they did not say is to keep funding at \$12.5 billion. That is what the Liberals on the finance committee said but that is not what people said. That is rock bottom. If there is one thing that is clear from any province and territory is that our health care system is in a crisis.

Like many others, I do not believe that providing more money is the answer. It is only part of the answer. Even if we provided a few billion dollars more we would still be far below the cost of health

care than we would find in the United States. It would seem to me that should be a priority we ought to follow.

Education is the second thing I want to talk about. When we are indebting our graduates as we are today with huge debt loads, does it indicate that we put a priority on education? Other countries that really value higher education go the ultimate mile and do not put up any hurdles to people and have removed tuition fees. Whether it is in grade 10, grade 12, grade 15 or grade 17, there is no cost to education.

Those countries make the assumption that if they invest in their citizens, it enables them to get the training and education they desire and can accomplish so that they will be contributing citizens then for the rest of their lives. They will repay the country many, many times in terms of the contribution they will make to the country's economy.

This is something we could do if we were bold. Or at least we could go beyond the minor little steps that we have taken and tell people that we must have better ways of easing the debt load and providing better grants to students who are in particular need. But we do not. We might think of something else when we talk about the tax system. We might take a lead from certain countries.

Ireland for example says that it wants to support its cultural industry, the creators, the composers, the writers. A composer or a writer, an artist of that nature in the country of Ireland will not pay any income tax at all. That country values its creators, it values those people in society who are writers and composers. Those individuals will not pay any income tax at all in Ireland. Has this made Ireland bankrupt? No it has not. Has this encouraged Ireland's cultural sector? Yes it has.

These are things that countries do that are bold. They send a clear signal to people that they are serious about encouraging particular investment.

Let us acknowledge a new trend in our country that our tax system does not reflect at all. The vast majority of jobs created in Canada in the last three years have been in the self-employed sector, individuals who are essentially creating their own enterprise. As a matter of fact, 87% of new jobs in the last three years have been created in the self-employed sector. The rest almost exclusively have been created in the small business sector. I am talking three, four or five people in a firm. Does our tax system reflect the needs of these new entrants into the economy? No it does not. Not at all.

I am just saying that in acknowledging the changes that are taking place our tax system needs a major overhaul in order that we reflect the reality of our economy and encourage, support and show our concern for those who are out there creating wealth, jobs and opportunities.

I do want to acknowledge a good point in the report. There are actually a number of good points in the report. It recognizes that

without research and development through to production primarily, Canada continues to fall behind in an ever competing economy.

We heard from the granting councils that we need to restore funding in these areas to send a signal to the most creative elements in our economy that yes, we appreciate research and development. We appreciate the scientific research that is being done both in terms of applied and pure research. We have taken a small step in that direction by suggesting to the Minister of Finance that funding in some of these crucial areas be increased. So this is a slight move in the right direction.

• (1555)

I want to emphasize that to say the fundamentals of our economy are in place is simply wrong. The average family income since 1989 has fallen by 5%. Every other industrialized nation has seen theirs increase and ours has actually fallen. There are 530,000 more children living in poverty today than there were in 1989. The number of food banks in Canada has tripled and the proportion of the population relying on them has doubled. The number of Canadians filing for personal bankruptcy is at an historic high. I could go on and on.

When we talk about the economy of Canada, it is appropriate that we talk about at least two economies, one which is working for an ever reduced number of people and the other which reflects a social deficit, an economy where people continue to struggle. More than one million people are out of work. Seventy per cent of the young people in this country are jobless. Many who are working have three or four part time jobs at minimum wage. They are barely surviving. They are entering the ranks of the working poor.

We have much work to do. It is time that the government stopped listening to the bankers of the country and started listening to the ordinary citizens of Canada, in the rural areas, in the small communities, in the suburbs of the cities and see what it is they require.

In closing, I want to wish you, Madam Speaker, and all of my colleagues in the House of Commons a merry Christmas.

**Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.):** Madam Speaker, it is always a pleasure to listen to a seasoned politician speak on any article of business that we deal with in the House, although I have to admit that some of the ideas on which the hon. member was expounding are half-baked.

For the last 24 months our interest rates have been at historic lows. Quite frankly it took about 18 months for the economy to kick in because of the low interest rates.

The member talked about tax breaks. That is something which will cost the government immediately. When tax revenue is taken away, the government has lost revenue. It has to be replaced in some way. On top of that, he talked about extra spending. That is more expenditure.

### *Government Orders*

How much of a deficit would the hon. member like to see the government incur to implement the half-baked ideas on which he has been expounding? How much more would he like to put the country into debt?

**Mr. Nelson Riis:** Madam Speaker, where do I begin?

First, I want to acknowledge that the province of Saskatchewan reduced its provincial sales tax in its last budget. It was the first provincial government to have a balanced budget. It runs the most efficient government in Canada. My friends laugh. I would ask my friend to suggest a province which is more efficient in terms of the number of provincial employees per capita.

While the federal government was cutting back drastically on social programs to fight the war on the deficit, and while other provincial governments were doing the same, one province was not. One province decided not to cut social programs and actually added to the amount of money expended for hospital programs and health care. That province was the first to balance its budget.

There is a very clear alternative to look at in this country compared to all of the other provincial governments combined.

My friend's question is legitimate. When we advocate a particular proposal, we ought to have a way to fund it. Let me answer by way of example.

• (1600)

We have suggested that the tobacco companies get out of the funding of cultural and sports programs. The cultural and sports program says that if they do that, they will then not get the appropriate funding and will be unable to continue.

By adding less than 1¢ to a package of cigarettes in tax, they will provide more money than is expended in all those areas right now. That is for one penny a cigarette pack.

I would say that if we cannot eliminate tobacco advertising from all sporting and cultural events and the cost will be to impose a 1¢ increase on the taxation on a package of cigarettes, that is where we would get the money. It is easy for my hon. friend to say where will they get the money. I should tell him one more thing. I do not think he is aware of it.

That is, during our hearings—I know some of my hon. friends on the finance committee will acknowledge this—when Dr. Jim Stanford came before the committee, he showed that if the government had merely frozen spending at the 1995 levels and waited for economic growth and lower interest rates, the finance minister would have beaten his own timetable and still have reduced Canada's deficit to the lowest level in the G-7.

Put simply, the cuts that took place were not necessary to achieve the deficit reduction targets of the Minister of Finance. I think this is very important to point out. I might just add to my friend's question that if they are putting on targets to reduce the debt now, which I think is appropriate, we should also be putting targets on to reduce the level of unemployment in the country.

*Government Orders*

**Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.):** Madam Speaker, the hon. member for Dufferin—Peel—Wellington—Grey made a comment that I have to say was only half true. He said that the ideas of the hon. member for Kamloops were half baked. I think they are fully baked.

Unless I misunderstood him, he suggested that artists should be tax exempt, that they should not have to pay taxes. All I can say to that is if this is the kind of logic which has been advanced in the House of Commons, it is no wonder our country is \$600 billion in debt and the Canada pension plan has an unfunded liability of \$560 billion. This is why Canadians are taxed to death.

Is that the kind of logic that has been advanced in this House for the past 20 or 30 years? Is that how we got here? That is my question. I would like anyone who has been here for maybe a term or two to answer that. Is that what has been going on here? I am really curious.

**Mr. Nelson Riis:** Madam Speaker, I am not used to that category of question, the scintillating intellectual depth of such a question. However, I will do my best to respond to my hon. friend.

He has identified a rather crucial point. That is, over the last number of years governments on this side, regardless of whether they were Conservatives or Liberals, have seen fit to have a tax system that enabled year after year after year tens of thousands of profitable corporations to pay no income tax at all.

I have been listening now for almost five years to my friends in the Reform Party and I have never heard a single Reform member ever once suggest that we should change that part of the tax system.

Perhaps my friend is extraordinary. He is in many respects, I suggest, and maybe he holds this progressive view. I have yet to hear a single Reform member criticize the fact that our tax system presently allows, in the last analysis, 62,000 profitable corporations to not pay a single penny in income tax.

**Mr. Andrew Telegdi (Kitchener—Waterloo, Lib.):** Madam Speaker, let me say that I always enjoy my friend from Kamloops when he gets up in this House. Of course, he has decades of experience to tell us about the issues of the day and the issues of the past number of decades.

The fact of the matter is that when the New Democrats are in opposition as they were in British Columbia, and even when they were in government in British Columbia, they said that they balanced the budget.

Of course, after the election the balanced budget was not there. It was an aberration. There are some lawsuits that are going on regarding, I believe, some recalls.

• (1605)

When we had the New Democrats in the province of Ontario run in the election, they made all sorts of claims. They had a platform called "Agenda for People" that they tried to burn after the election in case anybody took them seriously. Of course, after one term they were relegated back to their traditional place.

My hon. friend has the best suntan on that side of the House, and I applaud him for it. That might explain why it may be half-baked, fully-baked. Let us just settle on the best suntan on that side of the House.

Further, let me suggest that when he uses some of his rhetoric, I sit on this side in my second term, thinking to myself that if we could get the time of their speeches cut in half, as a country that would make a significant contribution to global warming.

I have a question for the member. He tells the House that there are no poor people in Denmark, Norway and Sweden. I do not totally accept that. I certainly hope that he can somehow prove to the House that is the case.

The member talked about intellectual honesty and consistency. Then he said that we have to give more money for health care because the Americans spend more money on health care. If he is going to introduce those countries as a model, he should stand in the House and say that those countries spend 2% to 3% less on health care.

I would like the hon. member to reconcile those two points.

**The Acting Speaker (Ms. Thibeault):** The hon. member for Kamloops, a very quick reply, please.

**Mr. Nelson Riis:** Madam Speaker, a very quick reply does not seem very fair at all to me.

I will be brief and answer my friend's question directly. One reason that countries like Denmark and Norway, the two that I am most familiar with, are able to have a first class health care system and spend less money than we do in Canada on a GDP basis is because they have a whole set of other social programs that complement their system. They have a comprehensive child care which assists children from birth if the parents require it. They have a whole set of programs that we call pharmacare or elder care or assistance and support for seniors in that country.

You cannot take health care out of the equation when it is part of a comprehensive package. Perhaps the member will understand that by having a decent social system, you do not have to have poor children in Canada. Those other countries have demonstrated by appropriate policies there do not have to be any poor parents and, therefore, poor children.

*Government Orders*

**Mr. Lorne Nystrom (Qu'Appelle, NDP):** Madam Speaker, judging by the atmosphere in the House, I wonder if we could have unanimous consent to allow this question and answer period to go on for another 20 or 30 minutes?

**The Acting Speaker (Ms. Thibeault):** Does the hon. member have the unanimous consent of the House?

**An hon. member:** No.

[*Translation*]

**Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.):** Madam Speaker, the festive spirit of the holiday season is upon us, even within and around this chamber. Nonetheless, we have an important issue to debate today. Let us try to do so calmly and seriously, as this is a very serious matter.

The purpose of this debate is to help prepare the next federal budget, which will define the rules of the game not only for the budget but also for the development of our country in the next year. Sometimes, policy choices made at budget time have long-lasting impact. So, this is a serious matter.

I do not sit on the Standing Committee on Finance. Many of those who spoke before me are members of this committee and, as such, have participated in the consultations held across the country.

• (1610)

However, anyone can read the committee's report, which is entitled *Keeping the Balance: Security and Opportunity for Canadians*. This is the report of the Standing Committee on Finance.

This is quite a substantial document, reflecting what was said at the many consultations sessions held across the country.

Like everyone here, while not all of us sit on the finance committee, I think that all have a say in determining what the main priorities should be for the coming year and next few years.

We have seen the vigorous action taken by the Liberal federal government in this last term as well as the action taken by the legislatures or parliaments of several provinces. I have witnessed some of the changes of direction the PQ government imposed on the people of Quebec these past few years.

As a result, today, we are at a point where balance has been restored or is about to be restored in federal public finances.

A few years ago, in 1992-93, we were saying that the public finances were in a crisis. Canada was regarded as a country on its way to becoming a third world country. The worst speculations were being made about the development of our country. At the time, Canada was trailing other industrialized countries as regards

the state of its public finances. Now, four or five years later, it is said to be at head of the pack.

There was a major turnaround. We were on the verge of a disaster, but we have now set in place the conditions that will give our country a new impetus to tackle what lies ahead.

Thanks to the strategy implemented in recent years, the deficit dropped to its lowest level in 20 years, and it will continue to diminish. In fact, it will disappear. This strategy also brought interest rates to their lowest level in decades, while helping our economy pick up again and promoting job creation. These are all positive factors.

However, the debt, as a percentage of the gross domestic product, remains huge and, as pointed out by others, including the hon. member for Kamloops, who spoke just before me, some individuals, groups and organizations have shouldered the burden of this effort to put our fiscal house in order.

I listened to the hon. member for Kamloops, who has been here for close to 20 years. He spoke in a very eloquent and colourful way, and he gave many examples of the price paid by various segments of the population. We have to be very sensitive to the description he made of the situation, because what he said does not exist only in his riding, but everywhere in Canada. It exists in my riding of Anjou—Rivière-des-Prairies and in many ridings with a large number of middle or low income earners.

The hon. member did not mention it, but many small businesses also suffered a major shock in recent years and had to find new ways to organize themselves or had to restructure. Many jobs became precarious because of all these changes. It is a fact. Some sectors paid the price and shouldered the burden of that turnaround.

It is not enough to be eloquent, as the members opposite have been about what has gone on in recent years. Of course, those who were present can always criticize what the Conservatives did from 1985 to 1989 and from 1989 to 1993; they are perfectly entitled to do so.

• (1615)

They are perfectly entitled to criticize the Liberals for what they did from 1993 to 1997. There is nothing wrong with that in a parliamentary debate. But, apart from criticizing past events and describing the impact of the changes of recent years, what matters now is what action we take in response to the present situation. What should we do and what do we suggest? What are the points on which we are going to agree for the years ahead?

I do not think that reducing the deficit is the ultimate goal and I was very interested to see that this was also mentioned in the standing committee's report. With respect to reducing the deficit, it

*Government Orders*

said, and I quote "Balanced budgets, and restrained spending are not the government's ultimate goals. The same is true of the price stability objective of the Bank of Canada. They are merely intermediate objectives, which enable and support the achievement of our ultimate ends: fostering job creation, economic growth and opportunity for all, while maintaining the qualities that characterize Canadian society, particularly a concern about equity and fairness. This is the balance that characterizes the government's approach and reflects the values of Canadian society. The difficult choices made in recent years tried to keep this balance in mind. The choices to be made in the future must do so as well".

I think that all members should take note. The purpose of this debate is to get the House to take note of what in this report seems of interest to Canadians. I think it is a step in the right direction.

The pre-budget consultations of the past few weeks have led to the production of this report. What Canadians want, and what the Standing Committee on Finance wants, is to have the next budget keep the balance that has been focused on in recent years, and must be attained.

I feel it is important to specify what type of balance we want. Balance in inertia is not what we want, in my opinion. What the finance committee means is that a balance has been attained so we can lead our country in the right direction. That is, moreover, what it says in the foreword to the report of the Standing Committee on Finance. It says that Canadians want a balance between the security offered by debt reduction and the benefits of investing in people, technology and research and development.

I could go on and on, but I am splitting my time with the hon. member for Niagara Falls. As the representative of the riding of Anjou—Rivière-des-Prairies, I am greatly interested in the main thrust of this report we have before us, which consists of asking the government to reinvest in human resources, in education, in training, in health, in our young people, in a youth employment strategy, and also in developing our businesses.

I will add, of course, that it is also important to revise certain measures in our tax system with a view to ensuring greater equity, with particular thought to the most disadvantaged and the sector of the population hardest hit in recent years. This report contains a collection of proposals. Others can be added drawing on suggestions made during this debate. Some others could be considered as well. That is the purpose of this consultation within a parliamentary debate. Some other proposals could be taken into consideration as well, such as those from the Standing Committee on the Environment and Sustainable Development, which is calling for certain tax mechanisms to be redirected for the benefit of sustainable development.

I believe we must continue in the months to come to take a very serious approach to an exchange of views on these very important matters.

[English]

**Mr. Gary Pillitteri (Niagara Falls, Lib.):** Madam Speaker, I am happy to be given the opportunity to participate in this debate and to speak on the prebudget consultation report.

• (1620)

I would like to express my support for the recommendations brought forward by the Standing Committee on Finance, of which I am a member.

I would also like to thank the constituents of Niagara Falls who responded so enthusiastically to my invitation to debate these issues. They provided valuable insight in the consultation process.

During the consultative process we heard from Canadians from all walks of life and all parts of the country. Canadians took the time from their busy lives to tell us how they thought the Canadian economy should progress and what direction it should take.

Canadians told us very openly and sincerely about their values and priorities and how the next federal budget should reflect them.

I support the report. However, one of the recommendations of the report about which I am concerned is increasing the 20% foreign investment rule, which will happen over the next five years. This is supposed to help Canadians achieve a higher return on their retirement savings and reduce exposure to risk.

I question this measure. I believe the Canadian economy is performing and will perform as well or better than foreign economies. In addition, I believe that a dollar invested in Canada creates employment in Canada. Even with the recovering economy, which seems to be booming in all sectors, Canada still needs to create more jobs.

In addition, the Canadian economy is the winner if funds are invested at home. In my opinion, those savings make it easier for domestic companies to raise the capital they need to stimulate economic growth. Growth is vitally important to future pensioners and workers. When all is said and done, it is the gross domestic product of the future which will inevitably have to support them.

People saving for their retirement forgo higher foreign investment returns and thus are making a sacrifice for the benefit of workers in the future.

During the budget consultations, in answer to a question on the subject of opening the door to investment outside Canada, the governor of the Bank of Canada, Gordon Thiessen, replied that at the moment the Canadian economy is undergoing a major restructuring. Canada needs many things, such as investment in new

equipment and investment in plants, to make itself really competitive.

It is important for Canadian investors to be able to invest in the rest of the world and, indeed, in growing economies. However, Mr. Thiessen did not think this would occur in the immediate future.

I question foreign investment. Often we import the problems of the host country with the investment. A classic example would be Korea. It is now trying to withdraw its investments around the world, regardless of the problem of unemployment and dislocation that causes. It is often said that capital has no conscience. Certainly foreign capital is going to look at its own country before worrying about others.

In this day and age when there is much movement not only of goods and trade but also investment, it is a concern which we may have to live with. However, I strongly believe that we should watch it carefully. There is an old saying that whoever pays the piper calls the tune.

In the last 50 years important changes have taken place. Some are even reflected in the way the government does business.

• (1625)

One of these changes has to do with the way jobs are created today. Nowadays jobs are created not only by small, medium and big business but by the ideas, thoughts or concepts of people who are going after a niche in the market or are selling their ideas, plans or concepts. In other words, more often than not one of our big exports today is what is set up on a piece of paper or on a computer. This is unlike a few years ago when technology had not yet reached the level it is at today.

We have to bear in mind that the big income earners of the future are found in the minds of Canadians. They are found in the ability to be innovative and thus able to compete successfully within the global economy. Therefore it makes great sense that our resources and a great amount of care funds be directed to the development of the minds of Canadians. This naturally means education.

Education will start at a very young age at the preschool level and progress through post-secondary education. We must start educating our young minds. We have to start providing our youth and our parents with the help and tools necessary in developing their unique resources.

We also have to look very closely at our health care system because you cannot have a good mind without a healthy body. This is one of the oldest proverbs known to man. Therefore the recommendation in the report that calls for increased help for education and health care is to be taken very seriously. I concur fully with the report when it states in order to build a strong society we have to improve our health care system. I also agree with the recommendation that the government consider establishing new

### *Government Orders*

approaches to health care in full co-operation with the provinces and health care providers in local communities

As the fiscal dividends grow I am supporting the recommendations directed toward helping children who live in poverty. I support the creation of more opportunities for Canadian youth. It is vital that the federal government in co-operation with the provinces and territories be able to offer students a debt repayment schedule based on income.

As I said before, important changes have affected the way in which government has carried out its business in the last 50 years. Another important change has been in the field of planning. There are those in our society who say that we have gone too far and moved too fast toward an open market. We have learned one thing, that hiring a number of academics, sticking them into the civil service and telling them to plan our economy does not work. Therefore if we are to get any input or planning we must have hearings with the public. It is paramount that we consult with Canadians.

At least if a mistake is going to be made it will not be made by some ad hoc think tank dreamed up by the government and removed from the realities of everyday life. I think it was Chairman Mao who said let a thousand flowers bloom. This thought is the very essence of thinking and it is what we have discovered lately to be within our market economy.

Hundreds of thousands of people thinking and discussing new ideas are very likely to get as good idea to emerge. This is much better than having a few selected experts planning and finding solutions. We encountered all this during our consultations and indeed we find it in our report. The wisdom is out there. It is not in the bureaucracy as this report shows.

We have to remember that to have fertile and aggressive thinking minds we must also continue to support good health care and education systems. Those are the basics of a society.

• (1630)

[*Translation*]

**The Acting Speaker (Ms. Thibeault):** It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hochelaga—Maisonneuve, Immigration; the hon. member for Manicouagan, Rail Transportation.

[*English*]

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Madam Speaker, I would like to ask the member across: With the cuts to the provinces and presumably the budget that will be coming up that is not going to have a whole lot in health care, I would like the member to explain to me how much—I am going to give him some calculations.

*Government Orders*

There is a gentleman in my riding who had a triple bypass about a year ago. He was sent home with medication and because his wife was making \$6.25 an hour, he could not get the welfare card. This gentleman could not afford his medication and about two months ago he ended up back in the hospital and had a triple bypass and spent 45 days in the hospital.

Can the member explain to me how the Minister of Finance calculates the cost of having a person in the hospital for 45 days when the doctor said if this person could have had his medication, he would never have had a second triple bypass.

**Mr. Gary Pillitteri:** Madam Speaker, I thank the hon. member for her question concerning the medicare system. As a matter of fact, we have increased the bottom line from \$11 billion to \$12.5 billion starting this year, a year earlier than planned. I am not a mathematician, certainly not in answering the question on how someone is going to get a bypass, but let me say one thing. We have the best health care system in the world. We have.

By the increases that will be put in there, we certainly will continue to have the best health care system in the world. If we try to throw around facts and figures on how much it is going to cost, who would we compare it with? Would we compare it with south of the border to us where they are spending over 16% on health care and not getting the services that we are getting here in Canada as universal services? They have over 30 million Americans without the new services. We in Canada have a service which is accessible to all Canadians, slow as it might be sometimes, but we have a system which is enjoyed by all Canadians.

The hon. member also talked about cuts to the provinces. It is not necessarily the case that because we put in that \$1.5 billion more in the social transfer, the provinces will be spending this money on the health care system. The health care system is a provincial jurisdiction. We do have the best—

**The Acting Speaker (Ms. Thibeault):** May I remind the members to address their comments through the Chair, please.

**Ms. Angela Vautour:** Madam Speaker, my last comment the hon. member could reply to is that we are in a festive season. Most of us are going to have a very nice Christmas. I think we have to consider that there are a lot of poor families in this country today. We cannot say we are leaving this House very pleased because there are still too many children who will not have that gift under the Christmas tree and we have to say that this government is responsible for some of that.

**Mr. Gary Pillitteri:** Madam Speaker, the hon. member is exactly correct.

• (1635 )

As long as there is one Canadian without a job, there is one too many. As long as there is one child going to sleep at night with hunger or waking up in the morning with hunger, there is one too many. Yes, we have to do much more. Yes, we are doing much more. This is the role of this government and the role on this side, to make sure that we care for those who least can afford it.

**Mr. Scott Brison (Kings—Hants, PC):** Madam Speaker, I spent one and a half weeks with the finance committee in October, travelling across Canada and listening to the concerns of ordinary Canadians. We visited the cities of Regina, Montreal, Halifax and Charlottetown when I was with the committee. Being new to this process and perhaps somewhat naive politically, I was initially impressed that Canadians seemed to have an impact on this very important legislative process.

During my time with the committee, many Canadians sat before the five government members and four opposition MPs and expressed their views on Canada's fiscal policy and the alternatives we now face as a nation. I was fundamentally disappointed that their concerns were not reflected wholly in this committee's report. For this government to engage in an ostensibly consultative process with Canadians without really taking their opinions seriously makes Canadians skeptical and indeed cynical.

As a political representative, I am even skeptical and cynical of this process that led up to the publication of this vacuous government self-serving document.

The Liberals take every opportunity in this House to blame the debt and deficit on the former Conservative government. However, in the 1998 forecast of the *Economist* magazine which came out recently, the Canadian section caught my interest in reference to fiscal policy and deficit reduction. I quote:

Much of the credit for deficit reduction goes to the passage of time and successful reforms earlier this decade. The fiscal drag has been offset by falling interest rates and record exports boosted by the undervalued Canadian dollar to a consistently prosperous America.

The *Economist* refers directly to free trade and NAFTA, the same agreements that the Liberals fought while in opposition, the same agreements that the Liberals fought against during an election, the same agreements that the former Liberal leader John Turner argued against just last night on the CBC news.

These are the Liberals who have allowed greater trade restrictions within Canada than we have internationally, that have allowed the insane situation to exist where there is more trade barriers between Ontario and Newfoundland than there are between Canada and Chile. Today the government's inaction on interprovincial trade barriers is costing Canadians hundreds of thousands of jobs.

An increase in interprovincial trade by 10% would create 200,000 jobs.

The *Economist* article continued and said:

The imposition of a national sales tax in 1991 and the deregulation of financial services, transport and energy are now widely accepted as having contributed to deficit reduction.

Again, Conservative initiatives of which I am very proud.

The Liberals are not responsible for the passage of time. The Liberals are not responsible for interest rates or increased exports. We all know the Liberals are not responsible for free trade or deregulation or the GST, even though the Prime Minister recently took credit for introducing it internationally. The Liberals have no problem taking credit for the remarkable turn-around this economy has made due to the reforms by the previous Conservative government.

The Liberals would also like Canadians to believe that they are responding to the public by increasing the Canadian health and social transfer payments to the provinces. The report, in fact, applauds the government's decision to increase the CHST floor to \$12.5 billion. In fact, the Liberal government is so excited about this exercise that it has announced it twice. The first announcement, I remember it distinctly, was in the opening days of the election in my home province of Nova Scotia. Unfortunately for the Liberals, the voting public of Nova Scotia was not taken in by this smoke and mirrors announcement or fiscal shell game.

Nova Scotians understood, and they still understand today, that the finance minister is not actually increasing the transfer payments as he would like them to believe. He is simply pledging not to cut transfers further, as he has done so dramatically and drastically in previous budgets.

I should probably thank the Minister of Finance for his generosity or lack thereof. It helped me and other colleagues from Atlantic Canada become elected to this House by Atlantic Canadians who had become cynical with this government.

• (1640)

The Minister of Finance made the same announcement this week prior to the premiers' meeting in hopes of softening the blow that the Liberals had given to the provincial governments over the past four years. The minister forgot to mention the \$7 billion cut his government had made that had forced the provincial governments to inflict draconian cuts on their constituents across Canada.

In the same section of this finance committee report, the committee recommends a national home care system. Certainly in my riding of Kings—Hants the promise of a national home care system sounds very seductive. With the reduction in transfer payments, local hospitals in my riding have been forced to close or reduce the numbers of beds. The Hants Community Hospital has

### *Government Orders*

been reduced from 128 beds to approximately 30 beds. Western Kings Memorial Hospital and Eastern Kings Memorial Hospital have suffered cutbacks or have been closed. In some cases the responsibility of providing health care has been shifted to community based boards that now struggle just to keep viable medical services in this area.

The federal government now has the gall to reduce funding to the provinces, forcing bed closures in communities across Canada and then recommends this glistening generality of a policy initiative called a national home care program to make up the difference.

Perhaps the government intends to put the same amount of resources into the home care program that it has committed to national day care or to the pharmacare program that it has spoken of in the past, or will this national home care program simply go into the annals of political rhetoric which Canadians have come to expect from this government.

There is a feeding frenzy going on right now in the Liberal caucus, a feeding frenzy which is akin to that of sharks when they smell blood. There is nothing that incites conflict more in the Liberal caucus than the smell of hard currency around the snouts of Liberal backbenchers.

I remind the members of the Liberal caucus that this feeding frenzy is highly premature. If the finance minister was not using the \$12 billion to \$13 billion surplus in the employment insurance fund to offset the deficit numbers, the arrival of this fiscal dividend would occur much later than the date that he is projecting.

Our leader has made this point clear on a number of occasions. The fact is that the Minister of Finance is balancing the budget on the backs of working and unemployed Canadians.

I agree with the report's recommendation that the government establish clear goals for long term sustainable debt to GDP ratio in Canada. Our party ran on a platform that included just that. In our policy document we promised to set a target of 50% debt-GDP ratio by 2005. The current Liberal strategy is to wait until the economy grows and see how the ratio falls. This is in direct opposition to a study released last month by the OECD which recommended the ratio be put in a clear downward trend with clear targets.

Canadians know the simple fact that this government has yet to learn. By paying off the debt all taxpayers will have less interest to pay and will benefit by reinvestment in programs in the future. By paying off the debt government funds can be reinvested in these programs.

Even European countries previously not known for fiscal fortitude required debt to GDP ratios of 60% simply to comply with the Maastricht agreement.

*Government Orders*

Our country is floundering now with debt to GDP ratio of approximately 70%, the highest of all G-7 nations. This is a competitiveness issue. A low debt to GDP ratio increases Canada's global competitiveness, strengthens our economy and creates jobs for Canadians.

Liberals obviously feel that the status quo is acceptable. While dilly-dallying and dithering in caucus over how to spend the dividend, Canadians wear the heavy yoke of government inaction. Unfortunately, it is those same ordinary Canadians who suffer by that Liberal government inaction.

The PC Party believes that we need to couple debt reduction with tax relief and strategic social investment. No one action should dominate another. Instead, the three should be used to complement each other and to strengthen the economy. New strategic investment is needed in areas that will create real returns for Canadians with measurable outcomes in terms of quality of life and international competitiveness.

At this time strategic investment in education in particular is extremely important and addressing the post-secondary student debt issue is extremely important. I was pleased to see that there are some members in this House who agree with me and there has been a committee report to that effect.

In October I met with the Canadian Academic Round Table. They had their annual meeting in my riding.

• (1645)

I learned there had been a 280% growth in student debt in Canada since 1989 and a 110% growth in tuition costs. We should consider the impact on the future competitiveness of Canada of creating a huge impediment for young Canadians to pursue higher education. We should consider that we are in a global economy and the knowledge based industry is leaving most other sectors.

For the first time as a country, Canada has an opportunity to invest in our competitive advantage and to ensure that young Canadians have an opportunity to participate in prosperous growth by having access to higher education. The government has created huge impediments to higher education and irrevocable damage to the future competitiveness of Canada.

The third part of our plan for economic prosperity is tax relief. Current tax levels in Canada run counter to our culture. Our current tax system penalizes initiative. Wood Gundy reported this month that Canada's personal income taxes as a share of GDP are the highest of all G-7 countries. From 1989 to 1993 the Conservative government reduced the percentage of personal income tax as a per cent of GDP from 14% to 13%.

Since 1993 the Liberals have hiked the ratio to over 14%. Let us make it clear that the PC government reduced the personal income tax to GDP ratio and the Liberals hiked it up.

I like to think of tax relief in terms of a Canadian family that budgets its money every year. Canadians and Canadian families have a better idea of how to spend their own money than the government. The finance minister feels that once the economic crisis which is being dealt with on the backs of ordinary Canadians is under control, the government has the right to dictate to taxpayers how their money should be spent. The government is fundamentally wrong in its judgment.

Higher taxes reduce disposable income in two ways. The obvious is the reduction in the paycheques of taxpayers. The second is the long term reduction in economic growth which results from weaker incentives to work and to invest and the reduction in the international competitiveness of Canadians.

The tax gap between Canada and the United States, as well as that with our other trading partners, continues to increase. The OECD report warned that unless significant measures were taken in Canada we were risking a serious brain drain. That has already begun. Based on the numbers in the House today I would expect that it is occurring quite rapidly.

Young Canadians are the brightest light in our country. We cannot afford to lose them to other countries. I see no serious mention of tax relief in this report. These taxes create a competitive disadvantage for Canadians relative to our closest neighbour and greatest trading partner, the United States, leading to lost opportunities and lost jobs.

Tax burdens are also related to all levels of employment. The Liberals boast of job creation since taking office, but Canada's unemployment rate has been consistently greater than 9% for 86 straight months. Canada's high tax burden has been shifted to the bottom of the wage scale through the payroll taxes the Liberal government continues to support, most recently with the CPP amendments.

The report gives additional resources to helping poor children once the fiscal dividend grows. Everybody in the House feels that child poverty is an important issue which needs to be addressed, but the Liberals have no credibility when they pontificate about programs for impoverished children in Canada.

The children are not the root of the problem. Poor children exist because of poor parents, unemployed parents and parents who have had the Canadian budget balanced on their backs over the past four years. The Liberals simply want to throw money at this problem because it is politically expedient and does not require a great deal of vision to do so.

*Government Orders*

We must address the tax system in Canada. High payroll taxes in particular create the single biggest impediment to job growth that we face as a nation. As a small business person I recognize that when payroll taxes increase I am not able to hire the number of people I would like to hire. A number of small business people in our caucus helped lead us to the consensus and the understanding that high payroll taxes are in fact killing jobs across Canada.

The basic personal exemption should be raised to \$10,000, as we promoted during the election. This would take two million low income Canadians off the tax roll and provide them with a fresh start.

• (1650)

We can draw on other examples when determining what to do in the future to guide Canada victoriously into the 21st century. We can look at the Netherlands. In 1983 it had an unemployment rate in excess of 13%. By reducing payroll, by reducing income taxes and by reducing regulations which hinder the development of small business, the Netherlands has been able to reduce its unemployment rate to sub 7% levels. That is what leadership can achieve.

The report tabled by the Liberal finance committee is a biased and unfair representation of what we have heard from Canadians. It is a direct slap in the face to the process of consultation and an offence to many Canadians who took time out of their schedules to create reports and to make meaningful interventions to the committee. At the end of the report is my party's dissenting opinion.

The government and its report continue to ignore what Canadians already know. Debt and tax reduction will lead to a stronger, more self-reliant and competitive Canadian economy. We can reduce Canada's 9% unemployment rate, but not until we have the vision and the intestinal fortitude to implement policies which create a growth environment to benefit all Canadians.

**Hon. Andy Mitchell (Secretary of State (Parks), Lib.):** Madam Speaker, I listened with great interest to the member opposite. He suggested that the economic prosperity Canada was enjoying today was the result of Tory policies of the previous government.

Obviously the first question he might want to ask himself is why after the last election the Tory party returned as the fifth party in the House. If the viewers could see the full Chamber they would see the small section the Tories occupy.

More important, the member should want to ask some very specific questions. He expressed frustration in his speech about the consultative process. Maybe he would want to ask why the former Tory government had no consultative process when it came to formulating its budget. It never went out to consult with Canadians. The finance committee, under the Tory regime, never has a

prebudget consultation. It was simply all done by Michael Wilson in some backroom when he came up with his budget.

How did it help Canada reach economic prosperity? When the Tory government took over there was about a \$28 billion deficit, but when it left it was at \$42 billion. It had increased by this massive amount.

The Tories are trying to say that we should look at them as being the genesis of our economic prosperity. The Liberal government has been in power for four years and the deficit disappeared. They were in power for nine years and it went from \$28 billion to \$42 billion.

The member talked about the fact that the debt to GDP was far too high, and it is. What he failed to point out was that when the Conservative Party took over it was in the 50% range and when it left it was over 70%. Again I have to ask the hon. member if that is an example of the type of Tory management which led to the great prosperity we see today.

They have talked about EI premiums. When the Tories were in power the UI premiums went up by over \$1. When we came to power they were scheduled to go to \$3.30. In reality today they are down to \$2.70. Is this another example of how the Tory policy has led to the economic prosperity of today?

The member also talked about unemployment, a significant problem in Canada. It is a challenge for all of us to try to address. Was the fact that the unemployment rate had increased to 11.3% when the Tories left office and is now down to 9% today under a Liberal regime an example of their economic policies that have led to the prosperity we enjoy today?

**Mr. Scott Brison:** Madam Speaker, I thank the hon. member for his question. His depth of knowledge on economic issues is obviously only exceeded by his height.

The fact is that economic policy takes years to have meaningful impacts. I cannot explain an international phenomenon. For instance, the U.K. is enjoying one of the most unprecedented levels of economic growth as a direct result of Conservative policy. Unfortunately Conservatives simply try to help by providing sound economic policy but sometimes the benefit falls to a government that has failed to catch on to implementing sound economic policy. It takes years of vision to put in place the fundamentals for an economy to grow.

• (1655)

I was not referring to my own opinion about this issue. I was quoting *The Economist*, a pretty good magazine, which costs about \$172 a year to subscribe. It is to be considered. If I felt the Conservative Party of Canada could influence the opinion of *The Economist*, that would be considerable for the fifth party, which

*Government Orders*

would also bode well for where we will be in four years, which I suggest will be the side the hon. member is currently sitting on.

*The Economist* magazine stated specifically that much of the credit for deficit reduction goes to the passage of time and to the successful reforms implemented earlier in the decade. It was not early in the decade in 1984. It was early in the decade of the 1990s.

The fiscal drag has been offset by falling interest rates and record exports boosted by an undervalued Canadian dollar to a consistently prosperous America. I would like to know where the hon. member stood at that pivotal time in Canadian history on such issues as free trade.

The government now talks glowingly about Liberalized trade. One day it signs an agreement with Chile. Another day it is one with Israel. However it still does not bring down interprovincial trade barriers within Canada.

When the members opposite speak about consultation, who benefits from consultation around the country, listening to Canadian taxpayers spending copious quantities of quid and then ultimately implementing policies completely opposite to those expressed by Canadians? Perhaps it would have been better not to have done that. Maybe we could have invested that money to pay off the debt or reduce taxes.

Don Blenkarn as finance committee chair actually consulted with and listened to Canadians. The Conservative government had enough vision to implement the views of Canadians and to ensure those views were reflected in policy which led to the more recent unprecedented growth of the Canadian economy.

Reference was made to payroll taxes. There are times when payroll taxes need to be increased, for instance during times of recession when the economy needed sufficient EI funds. There are times when it is required.

Liberals do not recognize it, but Keynes was actually right in terms of government spending during times of recession to bring a country out of a recession. If they listened to Keynes a little further—they probably did not get to that chapter—Keynes also advocated paying down the debt when the economy was growing. Now is the time to pay down the debt.

I may have introduced the member to some facts he was not previously introduced to when I told him the Conservative government reduced income taxes as a percentage of GDP from 14% to 13% between the years of 1989 to 1993, only to see them hiked under the Liberal government since 1993.

Let us be perfectly clear. We created the environment which led to a fiscal dividend. We are very proud of that contribution. We are looking forward in four years to adding further to Canadians competitiveness by being on the government side of the House.

**Mr. Ted McWhinney (Parliamentary Secretary to Minister of Foreign Affairs, Lib.):** Madam Speaker, I congratulate the hon. member on an eloquent, low key address.

I noticed with interest his remarks on higher education. Would he support what is called a functional interpretation of constitutional powers, where the need exists the power sensibly should flow? In other words, there is an increasing federal leadership role in setting national standards in education. That is a constitutional area that in the strict terms of the Constitution Act, 1867 was specified as being provincial.

● (1700)

**Mr. Scott Brison:** Madam Speaker, in our platform we actually called for national testing as one way of ensuring that Canadian children across this great country received the same educational opportunities. Young Canadians going to school in Port-aux-Basques should be provided with the same level of education as children growing up in Toronto. Parents should be able to know where their children rank across Canada. That requires leadership to implement and Canadians will have to wait for four years for that kind of leadership.

**Hon. Andy Mitchell (Secretary of State (Parks), Lib.):** Madam Speaker, I will be sharing my time with the Parliamentary Secretary to the Minister of Foreign Affairs.

To begin with I must say to the hon. member for Kings—Hants that I am proud on behalf of all vertically challenged Canadians to have an opportunity to stand in the House to speak in this prebudget debate.

This initiative was established by the Liberal government in the last mandate in 1993. It was to give parliamentarians an opportunity to gather in the House to debate the budget during its formulation process as opposed to the previous practice of having a budget debate after the tabling of the budget. I am pleased that we as members of Parliament have the opportunity to be here because of this Liberal initiative to have a prebudget debate.

I would like to congratulate all the members of the finance committee, particularly the chair. They did a fine job. They travelled across the country soliciting views from Canadians from coast to coast to coast. Members of the committee ensured that the perspectives of Canadians were brought forward and were part of the analysis in putting together the report.

During its first mandate over the last four years the Liberal government made significant progress. Some of the items I mentioned earlier in debate. When we began our mandate we inherited a \$42 billion annual deficit. I was pleased, as I know all Canadians were, when the finance minister was able to make his report to Canadians and indicate that the deficit would be eliminated no later than the next fiscal year.

In reality, several hundred million dollars have already been paid on the debt. We will actually be in a surplus position very shortly. That is a significant accomplishment when we consider it has been a generation and a half since we have been in that position as a country.

I talked a bit about setting strong economic conditions, which we have established in Canada over the last four years. I would like to take a look at some of those achievements in terms of maintaining a low, sustained, constant level of inflation to allow for an economic environment where investment can occur.

Let us take a look at interest rates. If we go back to the beginning of this decade, in 1900 three month treasury bills were at 11%. Today they are at 3%. We were looking at a prime rate in 1990 of 14%. Today it is under 5%. Canadians can very much relate to the rate of interest they pay on their mortgage for their new home. In 1990 a five year rate was around 13.5%. Today it is just a little over 7%.

• (1705)

We have made some good progress. Because of that progress, because this Liberal government has managed the economy of Canada prudently, effectively and efficiently, we now as a nation, as a Parliament, as a government have some important choices to make about where we go from here.

During the election campaign many suggestions were put forward by many parties and many individuals. This government put forward the very straightforward proposal that once we get into a balanced position and we have a surplus, we will take a 50% portion of that surplus and apply it to debt and tax reduction. Over the period of our mandate we will use the other half to invest in the types of programs and priorities wanted by Canadians.

We have been having that discussion with Canadians in order to hear their perspective, to hear what they think about our proposals. Over the past couple of months I had the opportunity to hold two forums in my riding of Parry Sound—Muskoka. One was in the town of Huntsville which was attended by a large number of individuals from the Muskoka side of my riding. The other session was held this past week in the town of Parry Sound which was attended by a large number of people from the Parry Sound side.

We talked about those options, about debt reduction, tax reduction and expenditures. I will summarize what some of those individuals were saying. There was not only a belief but an insistence that we do not ever return to deficit financing in government, that we should bring to an end what had been going on in this country for a number of decades, the deficit financing where we basically use the assets of today for our use and burden our children and grandchildren with the cost of that. Canadians in my riding were very clear to say that must come to an end.

### *Government Orders*

They said very clearly that they understood we were nearing the end of our battle with the deficit, that indeed the debt was too high and that we needed to devote some of our resources to paying down that debt. They talked about tax decreases, and yes they do believe we need to have tax decreases. But they made the point clearly that tax decreases must be made in a way that is the most beneficial to Canadians and most beneficial to our economy.

They are not interested in across the board tax cuts that give the largest financial gain to those Canadians who earn the most. They want targeted tax cuts. Tax cuts like what the Minister of Finance announced in his last budget where he talked about \$850 million to low and middle income families with children, where he talked about the tax cuts of over \$160-odd million to Canadians with disabilities, tax cuts that would help young people with their education and help the parents who support them. Those are the types of tax cuts Canadians want, focused tax cuts that will help those who are least advantaged in society.

They are not interested in large across the board tax cuts. They are not interested in a suggestion made in the Tory campaign platform, to reduce corporate taxes which would have seen our chartered banks receive reduced taxation. They want tax cuts targeted to those in Canada who are most in need.

They talked about the need for new investment. They talked about the need to protect our social programs in Canada. They talked about the need to support programs like medicare. They talked about the need to support things like post-secondary education. They talked about the need to try to stimulate economic activity so it could lead to job creation.

One of the important initiatives that I believe needs to be addressed in this budget is the whole concept and need to deal with the issues that involve rural Canada. I represent a riding that is rural in nature. We are about 30% of the Canadian population. I think we have accomplished and made the point over the last few years that the circumstances under which our constituents live in rural Canada are different than those in urban Canada.

• (1710)

The realities and the economic conditions we face are unique. Things like distances, geography, population density are all factors that need to be taken into account when we develop a budget.

I made this speech on a number of occasions in past debates when we talked about the budget. I would hope that as we formulate those policies, whether they have to do with tax reductions and the type of tax reductions we undertake, or the types of investments that we believe Canadians want and we should undertake, that they reflect the needs and concerns of rural Canadians and that they reflect the economy under which we operate and that

*Government Orders*

we as a parliament make sure that the needs and concerns of rural Canadians are addressed.

I am pleased to have had the opportunity to have spoken on the prebudget issues. I am pleased to have had the opportunity to share some of these thoughts and concerns with my colleagues in the House. I look forward to next February when the finance minister tables his budget in the House and we see another important step on the way to the economic progress of Canada.

[*Translation*]

**Ms. Angela Vautour (Beauséjour—Petitcodiac, NDP):** Mr. Speaker, the member opposite seems to know what is happening with the parks. He says that rural communities are important and that the budget should take them into account. I agree totally. My riding is highly rural.

I am nevertheless concerned and wonder about my Liberal colleague's opinion. Does he agree with the decisions to date to privatize our national parks, which bring us to ASD, which cut salaries and which complicate life even further? Often national parks are in rural settings, and the decisions made by this government department simply compound the economic problems of our communities. Could he explain to me his thoughts on his government's approach to parks?

[*English*]

**Hon. Andy Mitchell:** Mr. Speaker, I will reiterate very briefly what I said in a speech when I introduced the Saguenay-St. Lawrence bill. We have not contemplated, are not contemplating now and will not be introducing into this House any measure that will privatize Parks Canada.

We as Liberals understand that the maintenance of our special places in this country is a public trust, a public trust that is exercised through a minister and overseen by this Parliament. That is the way Parks Canada operates and that is the way Parks Canada will continue to operate.

I would be pleased at any time to have a discussion with the member to clearly demonstrate that that is the way we operate.

**Mr. Murray Calder (Dufferin—Peel—Wellington—Grey, Lib.):** Mr. Speaker, I listened with a lot of interest to the hon. member, especially when he talked about rural Canada. As a farmer that is very close to my heart.

Right now we are moving into the next millennium and we have heard the hon. member for Victoria—Haliburton talk many times about his rotary dial cell phone. Quite frankly we just do not have the services in rural Canada that we should have in order to be viable.

In the last budget there was extra money put into the Farm Credit Corporation. There was extra money put into the Business Development Bank of Canada. I would like the hon. member to enlighten us on what he foresees should go into these good institutions that are helping rural Canada meet those challenges.

**Hon. Andy Mitchell:** Mr. Speaker, the hon. member makes a very good point. During the last budget there were measures which were directed at rural Canadians.

The community access program had an extra \$30 million put into it so that rural Canadians could be hooked into the worldwide web. One of the difficulties is this. Although that type of technology is easily obtained in a large urban centre, it is just now that we are having an opportunity to place that infrastructure into rural Canada. Those types of things are important. I would like to see that type of initiative continued through the next year.

• (1715)

We talked about the investments we made in the Business Development Bank of Canada. That was an excellent example where we saw a targeted program aimed specifically at tourism operators operating in rural areas. That is the kind of initiatives that I talk about when I say we need to design our programming in a way that reflects the needs of rural Canadians.

It was the same thing when we saw the extra investment made in the Farm Credit Corporation, again recognizing the needs of rural Canadians, recognizing the need to develop programs that are in the best interest of rural Canadians.

**The Deputy Speaker:** The hon. member for Etobicoke—Lakeshore, on a point of order.

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, I am asking for unanimous consent for a motion that has been agreed to by all parties in this House, seconded by the members for Ottawa Centre, Ottawa West, Edmonton North, Saint John, Winnipeg North Centre and Laval East. I move:

That, in the opinion of this House, the government should consider the request of the Famous Five Foundation to honour the memory of Emily Murphy, Nellie McClung, Irene Parlby, Louise McKinney, Henrietta Muir Edwards, the Famous Five, by allowing a statue commemorating them to be placed on Parliament Hill.

**The Deputy Speaker:** Does the hon. member for Etobicoke—Lakeshore have the unanimous consent of the House to propose the motion?

**Some hon. members:** Agreed.

**An hon. member:** No.

**The Deputy Speaker:** I hear no consent.

Resuming debate, the Parliament Secretary to Minister of Foreign Affairs.

*Government Orders*

**Mr. Ted McWhinney (Parliamentary Secretary to Minister of Foreign Affairs, Lib.):** Mr. Speaker, I had the pleasure of participating in the hearings of the Standing Committee on Finance in Vancouver. I was impressed by the line from Flaccus of fate casting lots for the high and the low. Everybody came along, the high barons of industry, the trade union bureaucrats, very powerful people, learned professors and not so interesting professors occasionally of economics and journalists, but it was an exercise in public participation.

When I look at the report and try to assess how many witnesses appeared, how many depositions, the answer is it was an exercise in participatory democracy. I think that is one of the legacies of the patriation constitutional process of 1982, the fact that one took little steps but they are now becoming further steps.

I am reminded of this when I get letters from people saying that the MAI project, for example, is being hatched in secret and by an elite. We look at the process with MAI and to become law in Canada, we would need a signature on a treaty if and when a text is adopted, we would need a ratification of the treaty, we would need implementing legislation, federal and provincial I think in that case. That is a lengthy process, which is still incomplete in Canada in relation to the Law of the Sea. We are 14 years away from the first signatures, and still incomplete in many other areas.

I also look at the witnesses who appeared before the standing committee of this House on foreign affairs on MAI. I find 35 witnesses again covering the whole spectrum of society and the whole range of informed opinion on economic matters and 125 separate depositions. That is not a secret process. When we consider it will be open in the future if and when an agreement comes back from the OECD on MAI, the same issue will come again, implementing legislation with public debate.

This is a process we are engaged in with great success and with a large degree of collegiality if we follow the achievements of the committees of this House. I sat on the foreign affairs committee this morning. I noticed on two potentially very controversial subjects a consensus resolution was met. In one case it encompassed all parties and in another case all but one. That is an achievement.

I congratulate the Standing Committee on Finance on an expeditious process with all deliberate speed, producing a report and producing some recommendations with considerable substance in them.

• (1720 )

Allow me, if I may, to comment on the first and general ideas here, the commitment to fiscal integrity which was the key point in the present government's successful campaign in 1993: balance the budget and reduce the external debt.

I would essentially agree with the tenure of this report as I heard witnesses before the committee that Canadians want us to hold the line on that. We want fiscal integrity. We want a balanced budget. It will be achieved before the end of the budget year 1998, several years ahead of our original schedule, and we are attacking the external debt.

However, Canadians want continued investment in health and welfare in the community facilities necessary to maintain a healthy and decent society, which means commitments to pensions and to medicare, the most single Canadian contribution I think in this hemisphere. Only the German's Bismarck in the late 19th century I suppose preceded us, but we have concretized it in a way other countries have not.

I believe I will concentrate on a point that is in this report but is worth special attention. The hon. member for Kings—Hants referred to it previously. It is the investment in knowledge, the recognition that the next century is a knowledge based century and dependent on having an informed, trained, talented and imaginative workforce. The key to job creation is in investment in knowledge and research.

What is known popularly as the Japanese and German syndrome, the defeated countries after World War II invested in pure research. There are no immediate returns in pure research but five or ten years down the road, you know that you are leading in science and technology and that your industries that understand this are beating all competitors.

That shows up in the foundation for innovation, the \$800 million for that, developing the infrastructure and rebuilding it in medicine, engineering and the sciences, the centres for excellence networks, the millennium scholarships, the increased relief to student loans and the post-secondary education debt relief.

I will mention that I have had communications from the heads of universities in the last few weeks asking me to make the case for maintaining the grants to the federal granting agencies, the NRC, the SSHRC and the Canada Council. There was a time in western Canada when we complained that these bodies had a certain eastern Canadian mentality, that the grants seemed heavily weighted in favour of what we call central Canada. I am happy to say that the university presidents tell me that this is being corrected and has been corrected in large measure and they would like to see the grants returned to full vigour; that is to say, the equivalent in 1997-98 of what the grants were before the cuts. I would endorse that.

The intelligent choice of projects in which to invest is the key to an intelligent and reasoned approach to developing our science and technology for the next century. I think this is a recommendation that could come forward from the House to the government in the elaboration of the next budget.

*Government Orders*

When we were making the case for Triumph, the \$167.5 million grant to the University of British Columbia base research in folic physics and particle physics, one had to explain what this was about, but the most telling argument was the spin-off in high talent, high intelligence based industries in British Columbia. We were able to point to a \$200 million export contract enrichment in one year alone and the jobs that it brought.

I think that is the key to what we are talking about. If we are competing with other countries which have larger population bases and perhaps larger resources in other areas, we do it by increasing our investment in education, by making it not really up to world standards but making an issue of leadership.

This brings us to one other area which I raised in my question to the member for Kings—Hants. I think it is necessary to have a federal role of leadership in education, in science and research. It is not merely a matter of creating the national standard, it is not merely a matter of bringing economically less favoured provinces up to national standards. One remembers Nova Scotia, which is certainly not a wealthy province, but for many years it was considered the cradle of education in Canada and there was an extra degree of devotion among Nova Scotians who were poor but honest, some say, to education.

• (1725)

But, look, that is falling away when one looks at the position of the universities and colleges in Nova Scotia. So, a federal role is necessary and there is a certain sense of equalization in education, but much more I think the vision for what is needed in terms of international competitive industry and the research base in science, technology and engineering that will be the precondition for that. I think that requires a federal leadership.

My plea in the budget, as is recognized in the Standing Committee on Education, is to make sure that this is a recognition of the knowledge century and the investment we must make in funding the science, technology and pure research with the skilled people who bring that to a conclusion.

**Mr. Scott Brison (Kings—Hants, PC):** Mr. Speaker, I commend the hon. member on his provocative discussion about the importance of education and his position and opinion relative to the potential of the federal role in terms of leadership in some areas of education.

The member is quite right that Nova Scotia was a cradle of education and to a certain extent, perhaps, that led to the intelligence of the electorate in the recent election. However, I am not certain of that.

In terms of the disparity that exists in education, not just between provinces, but between areas and counties in provinces, we need to

recognize that to a considerable extent the investment in education is based on local tax bases. Wealthy communities can invest considerably more locally in education than poorer communities.

I grew up in a wonderful, picturesque part of Nova Scotia, but an area that is very economically depressed. In that area, there were 30 students who came out of grade six at the time I did and only ten ever graduated from high school. For me it is extraordinarily important that we ensure educational opportunities exist in very community Canada. I believe the federal government can play a role in providing leadership to ensure that is the case.

**Mr. Ted McWhinney:** Mr. Speaker, I would perhaps cite to the hon. member a remark that the former Prime Minister, Mr. Trudeau, made when he was still Prime Minister, just before his retirement when he received an honorary degree from Dalhousie University. He said with great wit and great truth when he looked at the record of the alumni of Dalhousie University and the roles of leadership they held in national politics in Canada, he wondered how he had got so far himself without having a degree from Dalhousie University.

In the wit is a large element of truth. The maritimes invested very heavily in education. But it is time to recognize the disparities in wealth and financing since it simply operates to a severe disadvantage today. I do believe that we are into a system where the federal government may need to deal directly with the municipal school authorities in this area. This looks for more imaginative and mannered approaches to co-operative federalism which was an idea of the 1950s and 1960s, now being revived. However, I think it needs a little more structure and sophistication.

I think his plea for the maritimes would be supported by this side of the House also. I thank the member for that observation.

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, on a point of order.

I am seeking unanimous consent for a motion, seconded by the member for Ottawa Centre, the member for Ottawa West, the member for Edmonton North, the member for Saint John, the member for Winnipeg North Centre, the member for Laval East:

That, in the opinion of this House, the government should consider the request of the Famous Five Foundation to honour the memory of Emily Murphy, Nellie Mooney McClung, Irene Marryat Parly, Louise Crummy McKinney and Henrietta Muir Edwards—the “Famous Five”—by allowing a statue commemorating them to be placed on Parliament Hill.

• (1730)

**The Deputy Speaker:** Does the hon. member have the unanimous consent of the House to put this motion?

**Some hon. members:** Agreed.

**The Deputy Speaker:** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**An hon. member:** No.

**The Deputy Speaker:** The motion is not adopted.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, I rise on a point of order to seek consent for the following motion:

That, notwithstanding Standing Order 24(2) or any other usual practice, the time provided for Government Orders be extended by 15 minutes, therefore expiring at 5.45 p.m., provided that no quorum calls or dilatory motions shall be received by the House after the hour of 5.30 p.m.

**The Deputy Speaker:** Does the hon. member have the unanimous consent of the House to propose the motion to extend the hours of sitting?

**Some hon. members:** No.

**The Deputy Speaker:** There is no unanimous consent.

[*Translation*]

**Mr. Denis Coderre:** Mr. Speaker, I appeal to the Chair. Earlier I saw a member indicate he did not agree. There was, however, unanimous consent on the motion of my hon. colleague, but the person who did not give his consent was not even in his seat. So I do not understand why his remark would be recognized. I therefore believe that there is unanimous consent and I would ask you to reconsider the motion.

**The Deputy Speaker:** The Chair holds that one dissenting voice determines the matter.

[*English*]

The Chair does not inquire about where a member is sitting in the House when a question is put seeking unanimous consent. The Chair asked for unanimous consent. An hon. member said no, and I am afraid that determines the matter.

The Chair is not in a position to determine whether a member was in his seat or not for the purposes of that and, indeed, members do not have to rise to say no. The question is put to the House and the answers come back.

I regret the circumstances are that I cannot entertain the motion.

**Ms. Marlene Catterall (Ottawa West—Nepean, Lib.):** Mr. Speaker, I rise on a point of order. I realize in about a minute things moved rather quickly. I wonder if you might agree to review the tapes of the last five minutes.

What I observed, and I may be mistaken, was that the member from Etobicoke—Lakeshore asked for unanimous consent and nobody said no.

### *Government Orders*

I believe you then asked if the motion is adopted. At that point somebody who was not in the House when the motion was moved came into the House and essentially voted no, but not from his seat.

I am just asking, Mr. Speaker, whether you might review what was said in the last five minutes.

**The Deputy Speaker:** The hon. member is quite correct. Because there were other items moved immediately following, the Chair abandoned because the House seemed to abandon the attempt.

The motion the hon. member for Etobicoke—Lakeshore sought to put before the House was agreed to be put to the House. I then put the motion and a member said no when I put the motion to the House.

The motion is a debatable motion. I can put the motion to the House again if the House is willing to do that. The difficulty we are facing is that it is going to take unanimous consent.

There is unanimous consent that the motion be put to the House. Perhaps the hon. member for Etobicoke—Lakeshore, having obtained that consent, could have her motion delivered to the Chair and I will put the question to the House.

\* \* \*

• (1735)

### FAMOUS FIVE

**Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.),** seconded by the hon. members for Ottawa West, Ottawa Centre, Edmonton North, Saint John, Winnipeg North Centre, and Laval Est, moved:

That, in the opinion of this House, the government should consider the request of the Famous Five Foundation to honour the memory of Emily Murphy, Nellie Mooney McClung, Irene Marryat Parlyby, Louise Crummy McKinney and Henrietta Muir Edwards—the “Famous Five”—by allowing a statue commemorating them to be placed on Parliament Hill.

**The Deputy Speaker:** The question is on the motion. Under the rules there is no time to debate this motion unless the House gives its unanimous consent. I therefore put the question. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

\* \* \*

### COMMITTEES OF THE HOUSE

#### FINANCE

The House resumed consideration of the motion.

**Mr. Monte Solberg:** Mr. Speaker, I rise on a point of order. I think you will find consent for the following motion. I move:

*Government Orders*

That notwithstanding Standing Order 24(2) or any other usual practice, the time provided for Government Orders be extended by 15 minutes, therefore expiring at 5.50 p.m., provided that no quorum calls or dilatory motions shall be received by the House after the hour of 5.35 p.m.

(Motion agreed to)

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, I do not think I have ever fought this hard before to speak in the House of Commons but it is a pleasure to rise to speak today during the debate on the prebudget report issued recently by the finance committee.

While the finance committee was very successful in hearing from groups like the Business Council on National Issues and in hearing from many social activists across the country, I really believe that where the finance committee failed was in hearing from the 70% or 80% of Canadians who are in the middle of those two groups.

I will make my point by reading from a letter. I do not think we will find the views expressed in that letter reflected anywhere in the finance committee report. This letter was originally sent to the hon. member for Cariboo—Chilcotin who recognized its importance immediately:

I am writing in regard to the increase in CPP. I am a housewife with two small children.

My husband works 12 hour days, six or seven days a week. Even with all the hours my husband works we are only making ends meet. We cannot afford an increase in CPP. This increase only means my husband has to work even harder. Which means we will see even less of him. How is this good for my two children? How is this good for our marriage?

The government borrows or should I say steals from the CPP fund and then increases it because they can't pay it back. Why do we have to pay for a dishonest government?

They preach about how they want to save our children. They preach about broken marriages. Then they turn around and screw us again. Couples stress about money and it does affect the children. It does affect the marriage. How can afford to put my children in swimming lessons or baseball when any extra money we have the government takes? My oldest son is five and has said to me "Why can't I Mommy? We can't afford it, right?" This is from a 5 year old. All his friends at school get hot lunches on Fridays but he doesn't. How are we supposed to dish out another \$100 a month? I can't work because of all the hours my husband works. Why should I have to? I want to raise my children not a daycare.

My husband is 34 and I convinced him to finally vote this year. We had many an argument about it. He said why should he bother voting when nothing ever changes. A lot of people feel this way. I am beginning to think he is right.

I have rent, house insurance, truck insurance, life insurance, hydro, gas, phone, food, truck payments. These are basic bills. As for fun, what's that? Will CPP even be there when my husband retires? I doubt it.

I have a friend who at 28 is having to declare bankruptcy. She has three children. I know that it could be us. Kids are in trouble today more than ever because parents aren't there. They have to work harder and longer so the kids are on their own. The future looks bleaker.

Something has to be done about this CPP. Canada is on its way to ruin the way I see it.

• (1740)

It is signed Margaret Snell of Quesnel, British Columbia.

I want to argue that people like Margaret Snell simply were not represented before the finance committee. People like Margaret Snell did not have their views represented in the government's report on the prebudget hearings. It is not only Margaret Snell. I believe that there are hundreds of thousands, in fact millions, of Canadians who feel exactly the same way as Margaret Snell feels.

What should the government do when it hears letters like the one I just read from Margaret Snell or the one which my leader read yesterday from Kim Hicks of Sackville, New Brunswick? If the government had the sense that God gave the goose, the first thing it would do is secure the future of people like Margaret Snell, Kim Hicks and other people who are suffering by first taking the debt situation seriously.

The other day the chairman of the finance committee rose in his place to speak about what the finance committee heard. I know that my hon. friend will acknowledge that we heard representative after representative come before the committee to say that the debt is a real problem and that we should do something about it. In fact, the government report even says that it is a problem.

What was the recommendation? The recommendation was to continue with the promise made during the election campaign, which is to allocate 50% of the surplus for more spending. It is absolutely incredible.

We know that when major polls are conducted across the country Canadians say that debt is an incredible problem. We have to deal with the debt. As my leader pointed out yesterday, when people have a little tax relief, what do they do with it? They pay down their personal debt. Of course they do. It is common sense.

What does the government do? It has a huge agenda to start spending again, but does it have any plan on what to do with the debt?

The government suggests that maybe it will reduce the debt to 50% or 60% of GDP by some point in the future. What exactly does that mean? It did not commit to putting a single dollar toward the debt in absolute terms. The government suggests that maybe if the economy grows fast enough the debt will look smaller as a percentage of our economy.

The very first thing the government should do is borne out by polls, letters and telephone calls which we received. The very first thing the government should do is secure the future of people like Margaret Snell, Kim Hicks and hundreds of thousands of other

*Government Orders*

people by starting to pay down the debt. The government should have a serious plan to pay down the debt.

The second point I want to make is that the government should find a way to secure the future prosperity of Canadians. The way to do that is very obvious. After having read Margaret Snell's letter and after having heard Kim Hicks' letter, it should be obvious to the government as well. It needs to start reducing taxes.

We have a tax burden in this country which is absolutely staggering. In the last four years, since the government came to power, Canadians have seen their disposable incomes drop like a stone. We know that since the government came to power disposable income for the average family in this country has fallen by over \$3,000.

Why is that? It is because taxes continue to mount.

My friends across the way stand every day and say they have cut taxes. If people across the country really believe that the government has cut taxes, I have a bridge that I would like to sell them.

• (1745)

People do not believe that. I do not believe that. We know that government revenues have gone up \$25 billion in the last few years. We also know that the government has introduced 37 tax increases. We know that because income tax is not indexed for inflation, effectively there is an inflation tax in place which brings in just under a billion dollars in new revenues every year because people are pushed up into a higher tax bracket. We know all of those things. So how in the world can the government find the courage to say that somehow it has reduced taxes? Frankly, I do not think anybody believes it.

We know that in Canada today we have personal income taxes that compared to our G-7 trading partners are 54% higher. I do not believe for a moment that the government members across the way in their heart of hearts feel and can even persuasively argue that the government really has reduced taxes. I do not think Canadians are buying that at all.

I want to go over a couple of things which were said by my leader yesterday when he said we provided some tax relief for a family in New Brunswick. When that family in New Brunswick had a chance to spend that money, what did they spend it on? They paid off some personal debt. They set aside about a third of the money. Then they spent some on essentials like medical needs and groceries.

Canadians know better than this government what their priorities are. They should have the chance to direct where that money goes, to keep it in their pockets in the first place. That is why the Reform Party has been at the forefront of advocating lower taxes for all Canadians so that we can start to give Canadians the real hope that they need, the real hope that they have been deprived of over the

last 10 years under successive Liberal and Conservative governments.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Madam Speaker, I would like to thank the Reform Party's finance critic for that speech.

As usual, using a very personalized example of how taxes, debt and deficits impact on a family and on an individual makes it much more meaningful than a long list of statistics. What the member has shown us today is a fine example, or maybe a very poor example, of what happens when governments dip into the pockets of Canadians. The old joke is that it was so cold last winter we actually saw the finance minister with his hands in his own pockets for a change.

Canadians understand. They do not buy this idea that taxes have plateaued, that the light at the end of the tunnel is anything other than an oncoming tax train.

I would like the member to talk specifically about user fees and the hidden taxes that the government keeps denying it has increased. He mentioned several of them, for instance bracket creep. Who is the biggest bracket creep in Canada. There is the issue of these hidden taxes whether they be tariffs or other things we do not see when we pick up the groceries.

In addition there are user fees. I wonder if the finance critic could talk to us about that problem. It is another hidden tax that is eating away at a family's ability to look after itself and has contributed to that \$3,000 drop in income the average Canadian has sustained in the last three or four years.

**Mr. Monte Solberg:** Madam Speaker, I will be brief because my time is running out.

In the last 10 years user fees have increased by about 100% in Canada. User fees effectively are a tax not only on corporations, businesses and all kinds of organizations that use government services, but it is a tax in many cases on individuals, people who use campgrounds and that kind of thing. There is no question the government has set about to raise extra revenues that way and because these things do not pass through Parliament, it does amount to taxation without representation.

I will say one word on the issue of bracket creep. Recently we got a letter from a lady in Abbotsford, British Columbia who was having trouble making it on \$16,000 a year. She pays quite a bit of income tax, even only making \$16,000 a year. In fact she had to mortgage her mobile home in order to pay the \$800 tax bill she owed the government.

• (1750)

I simply want to make the point to my friends around the House today that tax relief is a viable way to help a lot of Canadians, people at the low end of the income scale. In the spirit of Christmas, I urge people to consider this today and to think that

*Private Members' Business*

perhaps there are ways to help people other than initiating a new program.

I want to thank my colleagues around the House for agreeing to let me speak today. I also want to wish them a very Merry Christmas and a safe and prosperous New Year. I know we disagree in this place, very often quite vehemently on various things but I think we all agree that we all want to help Canadians. I want to express my best wishes to all my friends in the House today.

**The Acting Speaker (Ms. Thibeault):** It being 5.50 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's order paper.

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## PRIVATE MEMBERS' BUSINESS

[English]

### MACKENZIE-PAPINEAU BATTALION

**Mr. Nelson Riis (Kamloops, NDP)** moved:

That, in the opinion of this House, the government should consider the advisability of giving to the members of the MacKenzie-Papineau Battalion and other Canadians who fought with Spanish Republican forces in the Spanish Civil War between 1936 and 1939, the status of veterans under the federal legislation and making them eligible for veterans' pensions and benefits.

He said: Madam Speaker, before I begin my remarks there have been discussions among the various parties. I would seek unanimous consent to call it one hour of completed debate after representatives from all the political parties represented here tonight who wish to speak to this motion have had a chance to speak.

**The Acting Speaker (Ms. Thibeault):** Does the member have unanimous consent?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Thibeault):** Would the hon. member please repeat what he just said in order that the members are well informed about what they will be agreeing or disagreeing to.

**Mr. Nelson Riis:** Madam Speaker, there have been discussions among all the parties. I think you will find unanimous consent that after a representative from each of the political parties has spoken to this motion that we will call it a full hour of debate.

**The Acting Speaker (Ms. Thibeault):** Does the hon. member have the unanimous consent of the House?

**Some hon. members:** Agreed.

**The Acting Speaker (Ms. Thibeault):** Carried.

**Mr. Nelson Riis:** Madam Speaker, thank you to my colleagues for agreeing to seeing that this first hour of debate will continue after hearing from the various political parties on Motion No. 75.

The motion has been put and the general intent has been indicated. Basically, it is to find an avenue to recognize those men and women who were part of the MacKenzie-Papineau Battalion.

Who were these people? In response, the Mac-Paps as they were often referred to, were a unit of some 1,300 volunteer soldiers from all parts of Canada who banded together to go abroad to fight the enemies of democracy, the fascist powers of Europe.

It was 1936 when the Spanish Civil War began, when the forces of Franco overthrew Spain's democratically elected republican government. With the help of support from Nazi Germany and from fascist Italy, the Spanish Civil War was under way.

People from Canada became aware of this conflict. They became aware of the threat of fascism and the rise of Nazi Germany. They felt that this was the beginning of what was to be an eventual major conflict in the free world, a conflict of free democratic voices against those of fascism.

• (1755)

The call went out. Volunteers from coast to coast in Canada joined after information rallies and so on and left Canada. They left their families, left their jobs, left their communities to fight in a foreign country against what they felt was a threat to freedom and a threat to democracy.

It was 1936. At the time the government of the day passed legislation called the Foreign Enlistment Act, 1936. This act made volunteers who fought in foreign wars criminals. One would have to know Canadian history to acknowledge that at the time there were many people within the Government of Canada who were somewhat sympathetic in particular to the rise of Hitler in Germany.

The history books will reveal that many political leaders in Canada thought the rise of fascism was quite fashionable and quite acceptable. As a matter of fact, in many of the major cities of Canada fascism was very popular. It was not uncommon to find fascist organizations organizing fascist meetings with a great deal of popular support throughout the country.

The Foreign Enlistment Act was passed in 1936 which made it illegal for volunteers to fight on the side of democracy and freedom in the Spanish Civil War. In spite of that, 1,300 people volunteered to go. They felt they had to defy their government in an effort to stand up for justice and what was right in this world.

*Private Members' Business*

It is fair to say now with the benefit of hindsight that the Spanish Civil War in many ways was the dress rehearsal for the second world war. It was an early test of the resolve of the free world to make a stand against those forces wishing to crush democracy. We know now in retrospect that certainly was the case. The forces of fascism throughout Europe rose up shortly thereafter and it was just a matter of time before Canadians were involved in fighting fascism in a variety of ways and on a variety of fronts.

We read these days about the conflict, about the incredible heroism, the unbelievable personal sacrifices Canadians made when they went to fight in this war. They often fought with outmoded weapons and in some cases fought with no weapons at all. They were fighting against the Luftwaffe. The Nazi Luftwaffe would sweep over Franco's Spain and bomb the units that were fighting on behalf of the republic. Mussolini sent his naval forces and so on to bombard the cities and bombard the trenches where the freedom fighters were fighting.

It was an incredibly bloody conflict. It was in 1936 and it is fair to say it was before any sort of modern medical application was available on the fronts of war.

Interestingly enough, one of the Canadians who distinguished himself, and there were many Canadians, was Dr. Norman Bethune. He revolutionized battlefield blood transfusions which saved the lives of countless of his fellow volunteers and ever since, future generations of soldiers fighting in war. It was then that Norman Bethune almost became a legend in his own time. He travelled from coast to coast to raise support for the republican forces, to raise finances and to encourage people to enlist. He almost became a cult figure among those people who were fighting for freedom and democracy.

The casualty rate was staggering. The suffering was unbelievable. Many of my colleagues in the House of Commons are well aware of the nature of those battles. They are documented in a number of ways. A number of my colleagues are scholars in this area so I will not elaborate at this point. I know we will hear others talk about the casualties of the Spanish Civil War and the recognition that one-quarter of all of the Canadian volunteers were killed or presumed dead by 1939.

• (1800)

One of the darker sides of the issue was that when many of the Mac-Paps who survived the Spanish Civil War and later sought to enlist in our armed forces to continue the fight against fascism in Europe and elsewhere, they were turned away for being politically unreliable individuals. They were identified by government and by the RCMP as being suspect. Their heroic contributions were overwhelmed by the fact that they actually experienced outright discrimination when they returned home to Canada.

The people who prized freedom and democracy acknowledged their contribution and acknowledge that these folks were fighting for the things that have made our country great. Nevertheless they were treated terribly by those in power and influence at the time. They were subjected to police surveillance because of their suspected political connections and political aspirations.

Today in Canada there is only a handful of these survivors left. Remember that this was in 1936. They were young people at the time. Some were not necessarily that young. Almost all of them have passed away regretful that their contribution to the fight against fascism was never acknowledged, recognized or appreciated in a formal way by the Government of Canada and by other levels of government.

Not long ago a memorial was erected at Queen's Park in Toronto on the lawns of parliament in recognition of their contribution. As we speak, funds are being raised in the city of Vancouver to erect a statue to acknowledge the contribution these individuals made in the fight against fascism and the rise of Nazi Germany.

We have not done anything as a federal presence. As a country we have not acknowledged the fact that these folks made a contribution that we have later acknowledged and became involved directly, the conflict now known as the second world war.

My motion is seconded by a number of colleagues from various political parties. It simply asks that the matter be referred to the appropriate committee of the House for study. Whether it is to give full veterans benefits to the survivors, of which there are probably not more than 40; whether it is to recognize the contribution these individuals made or some other form of recognition and support at this twilight time in their lives, we are open to whatever initiative would be appropriate.

Rather than seal off this issue with a negative speech today, we should at least keep it open and keep a dialogue happening between ourselves as political parties and as elected representatives to find some acceptable way to recognize the tremendous sacrifices and the tremendous contribution made by the individuals called the Mac-Paps against the rise of Nazism.

We owe it to these individuals. There are probably no more than 40 left in all of Canada. Therefore the cost is infinitesimal. I think it would be appropriate to seek some method of saying thanks to the people who led the way in our Canadian fight against fascism and their fight for freedom and democracy.

**Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.):** Madam Speaker, I am pleased to be able to debate this motion. I probably find myself in the position of many members of the House; that is to say I have mixed feelings about it. This is the type of initiative that many members, regardless of political persuasion, can have some sympathy with.

*Private Members' Business*

On the surface, Motion No. 75 would seem to have merit. After all, who cannot be sympathetic with the notion of offering some care and comfort to a small group of elderly Canadians who in their youth laid their lives on the line to fight fascism in Europe. It would surely be an act of generosity for caring Canadians. After all what harm could it do?

• (1805)

I wish life were as simple as that: make a decision to call these men veterans, put them on benefits, and that is the end of it. Of course that would not be the end of the issue. It would be the beginning.

The motion calls for the government to consider the advisability of giving these men, the Mac-Paps, veterans status. I assume it follows that the sponsoring member would wish this consideration to lead to such a designation. Unfortunately the motion and its implication is really a non-starter from the beginning.

The Standing Committee on Veterans Affairs studied the issue a decade ago and in its final report stated:

It is the committee's view that while the presentation may portray these issues in black and white, when all facts are looked at in perspective the situation is by no means as clear cut as those who appeared before us wished us to believe.

It is not a clear cut issue at all. My first difficulty is the tendency to revisit history and through today's sensibilities try to apply retroactive judgments about who fought on the right side and who fought on the wrong side.

Although the tide of history would not allow us to say that the Mac-Paps fought on the right side, the fact of the matter is that they took up arms on their own volition. Canada was not at war with Spain. We had laws on the books prohibiting our citizens from fighting in foreign wars.

The fact is that there were Canadians who fought on the other side. What about them? We had and continue to have no veterans benefits for those who volunteered to fight on foreign shores under a flag that was not their own. Yet the motion would have us consider that this group of fighting men, out of all other Canadians who have fought in wars under foreign flags, deserve the same status as veterans who fought under Canada's banner.

At the end of the day we are left to conclude that acceptance of the motion implies and would require Canada to pay veterans benefits to any person who participates in any foreign conflict because he or she sincerely believes he or she is doing the right thing. Lest members think that I exaggerate the possibilities, I suggest that granting of veterans benefits to one group of men who fought for what they believed to be a just cause would open the floodgates for many other groups.

If the hon. member's motion did come to pass, are there other unintended consequences? What would it cost? I am sure there are less than 100 Mac-Paps left. Perhaps less. One might think the cost would be minimal.

I do not know what the exact figures are, but to grant them the same veterans benefits as their Canadian counterparts would not be cheap. They could be eligible for disability benefits, war veterans allowances, comprehensive medical care and a subsidized long term residential care. Would we make these benefits retroactive? If so, retroactive to when? Which dependants would be eligible for what benefits? I do not know what the final price tag would be but it could be a lot steeper than we would guess at first glance.

This does not even begin to touch the horrendous administrative implications. Since the Mac-Paps did not serve in Canadian forces there are no personnel or medical files for them. It would, therefore, be impossible to verify whether any disability claims were war service related. In fact, it would be practically impossible to verify whether any particular individual even served with the Mac-Paps, given that the Canadian government kept no registry of the volunteers. Nor would any of the unit's official records likely have survived the defeat in Spain.

• (1810)

If therefore the proposed motion were adopted and led to veteran status for the Mac-Paps, extremely generous presumptive rules would have to be included in the legislation to allow the Department of Veterans Affairs to accept the flimsiest of evidence in any claim.

Canada recognizes as its veterans those who served Canada or its allies in a war in which Canada was a combatant. That is how it has always been and that is how it should remain. To widen eligibility to those who fought for other nations, in other uniforms, would not be fair to those Canadian veterans who served their country and to those who continue to do so.

To open the benefits to special cases has terribly serious and detrimental consequences, not only at home but abroad where we portray ourselves as an independent and neutral nation. It would suggest that we are not neutral and that Canadians can fight for any nation and return home to receive Canadian benefits.

The case for voting in the affirmative on the motion does not hold up. As the standing committee stated 10 years ago:

It is without regard to the rights or wrongs of the action of those Canadians who are veterans of the Spanish Civil War. They cannot be considered in the same light as Canadians who served in the wars in which Canada was involved as a nation. Consequently, there can be no thought of treating them in the same manner by making them eligible for benefits under veterans legislation.

*Private Members' Business*

The standing committee's recognition of this fact remains no less true today than it did when it issued its report in 1987. Therefore the motion cannot pass reasonable scrutiny. It should not be passed.

**Mr. Peter Goldring (Edmonton East, Ref.):** Madam Speaker, I rise today in my duty as the loyal opposition critic for veterans affairs. It is an honour for me to address the motion before the House. I begin by thanking the hon. member for Kamloops for moving the motion.

It is essential for us to remember our history. As we have heard so often, those who do not remember their history are doomed to repeat it. As parliamentarians we have a special duty to ensure that the past informs the present and helps to shape the future.

I take this opportunity to celebrate the memory of those Canadians who fought in Spain in the 1930s. They took part in a pivotal part of our history. I believe it is appropriate that we recognize their valour and ensure their memory as part of our history, but I cannot agree with the motion put forward for the simple reason that it would not be appropriate for the members of the Mackenzie-Papineau Battalion to have the status of Canadian war veterans.

Canada was not a combatant in the Spanish Civil War. Indeed the Liberal government of the day enacted legislation to make participation on either side an offence. With the 20:20 hindsight provided by almost 60 years, we may object to this and feel that it was unfair. However this does not change the fact that these brave men were not members of a Canadian official force.

We need not think too long or too hard to see what a difficult precedent could be set by such an action. At any time there are unfortunately dozens of declared and undeclared wars being fought around the world. More than almost any other people, Canadians recognize the importance of world events in their lives. As a multicultural country, most of us have connections to some part of the world where conflicts occur.

I would not in any way want to encourage Canadians to feel that they have some sanction to take part in the conflicts in places such as Afghanistan, Algeria or Angola, or to promote violence in places like Ireland.

• (1815)

We need only to think back a few years to the conflict in the former Yugoslavia. Canada has strong and vital communities of people of Serbian and Croatian heritage. We certainly did not sanction any reflection of ethnic tensions here. We value our role as a sanctuary of peace and democracy. We gave generously to charities that sought to help the victims of the war. As always, Canada played a central role in the international effort of the

United Nations in trying to prevent conflict and protect civilians in Croatia and Bosnia.

I hope we are more enlightened today than in 1936. Canada is deeply involved in the work of the United Nations peacekeeping forces that have played an important role in avoiding conflict in the Middle east, Cyprus, Croatia and Bosnia to name a few. Even today we insist that those Canadians who want to help should do so through the proper channels of the United Nations. In matters of war we do not freelance.

As the opposition critic for veterans affairs, I am proud to play a role in remembering the sacrifices of the veterans of the Canadian Armed Forces. This past November I participated as a member of the delegation of veterans, young people, military and government representatives that travelled to France and Belgium. We attended the ceremony and remembrance at the Newfoundland Beaumont-Hamel Memorial to commemorate the war dead of the Royal Newfoundland Regiment. We also attended the Ceremony of Remembrance at the Vimy Memorial.

The ceremonies were very moving and emotional and I would be proud to participate in efforts to ensure the memory of the Mac-Paps is part of this heritage. Our level of knowledge about the first and second world wars is fairly good. Places and names such as Vimy, Flanders and Dieppe resonate in the Canadian mind. But Canadians played a role in other international conflicts going back as far as the Boer War in South Africa. These efforts are not as prominent in our history books.

The hon. member for Kamloops has provided us with an opportunity to reflect on one of the pivotal points of the 20th century and the part played in it by Canadians. The Spanish Civil War has a special place in the art and literature of the western world as well as the history. Anyone who has read Hemingway's *For Whom the Bell Tolls* or Orwell's *Homage to the Catalonia* has an idea of the passion that motivated these Canadians to take part in fighting the forces of fascism.

For many people on the left of the political spectrum, such as the hon. member for Kamloops, there is a romantic element in the principled fight against overwhelming odds. This same spirit prevailed in 1936 when 1,239 men went to Spain with the full knowledge that they were bucking the system and going against the wishes of the government of the day.

What is not so well remembered is what is documented in the second half of *Homage to Catalonia* where the communists, anarchists and socialists turned on each other and destroyed any chance they had to effectively oppose Franco's nationalists. The dream of international communism was betrayed by Stalin and others. Orwell and many other veterans of the International Brigades felt betrayed and only a few short years later Hitler's Germany and Mussolini's Italy used the techniques they developed in Spain like the divebombing of the Basque town of Guernica in the second world war.

*Private Members' Business*

I am sure all members of this House support the important work of our veterans organizations in educating young Canadians about their past and about the horrors of war and about the stories of their parents, grandparents and great grandparents. This is a role that has been played by the veterans of the MacKenzie—Papineau Brigade.

[*Translation*]

**Mr. Maurice Godin (Châteauguay, BQ):** Madam Speaker, as the Bloc Québécois critic for veterans affairs, I am pleased to rise today to support my hon. colleague from Kamloops in asking that the members of the MacKenzie-Papineau Battalion be recognized as veterans.

• (1820)

The MacKenzie-Papineau Battalion, named after the leaders of the 1837 rebellion in Upper and Lower Canada, was made up of 1,300 Canadian volunteers who served in the international brigades to support the Republican government against the authority of fascist dictator General Franco during the Spanish Civil War, between 1936 and 1939.

In spite of their sacrifices and their individual heroism, Canadian veterans of the international brigades are still not recognized as war veterans. As a result, they have never been eligible for veterans' benefits and, more importantly, their merit in defending the freedom and democracy that we, in Canada, enjoy and benefit from today was never recognized.

The purpose of this motion is therefore to ask that official recognition be given to the courage of the men and women who did not wait for the government's formal approval to fight for our fundamental freedoms and against the horrors of fascism. These Canadians went to Spain, where they risked their lives alongside other brave people from around the world to fight for freedom and democracy.

Unfortunately, the Spanish Republican forces and the international brigades, including the MacKenzie-Papineau Battalion, did not win that fight, but history tells us that the Spanish war was the prelude to the downfall of fascism at the end of World War II in Europe. It seems appropriate that these fighters and their willingness to fight for justice and democracy be recognized.

Dare we ask? Why did Canada not accept to provide assistance to Spain at the time? Why did it pass the Foreign Enlistment Act on April 10, 1937, one year after the beginning of the Spanish Civil War? Why did Maurice Duplessis, on March 24, 1937, pass an act to protect the province against communistic propaganda, better known as the "Padlock Act"? Why this discrimination toward our soldiers when they came back? Why give the status of veterans to

those who fought in the Vietnam war, but not those who did so in Spain?

I will try to answer these questions from a historical perspective. It may be that, at the time, Canada was a British colony and England, like France, feared a second world war. It may be because the battalion's name was MacKenzie-Papineau, in memory of the 1837 rebellions in Upper and Lower Canada. As we know, these patriots yearned for freedom and democracy, something which may not have pleased Canadian royalists.

Around 1835, Louis-Joseph Papineau, member of the Patriote Party, wanted a democratic and bilingual country open to free trade with the United States, a country where Church and State would be independent. At the time, each group had its own parliament. Members of parliament in both Upper and Lower Canada were elected, but they did not have any executive power. This power was exercised by the governor, who was appointed by London. This is the main reason why these rebellions took place. Quebec was hit first. Villages were burned, hundreds of people killed, 1,000 arrested, 108 tried, 60 deported, and 12 hanged. The authorities could have hit Upper Canada first, because the rebellions were just the same but, when it comes to reprimanding, history tells us that it takes place in Quebec.

The federal Foreign Enlistment Act and Duplessis' Padlock Act were, to a large extent, adopted in response to requests from the clergy and the right wing. It was also to keep the Canadian right happy when these veterans returned home that they were subjected to job discrimination and RCMP surveillance, and turned down when they tried to enlist at the beginning of World War II.

Finally, I do not understand why Canada recognizes veterans of the war in Vietnam but not the war in Spain. We had no more business being in Vietnam than we did in Spain.

I followed with great interest the deliberations of the standing committee on veterans affairs in 1986 regarding the participation of Canadians in the Spanish Civil War, and the testimony shows that the sole interest of the veterans who appeared before the committee was to stop the progress of fascism and to defend the oppressed. History proved them right. The war in Spain was the prelude to World War II and the end of two dictators, Hitler and Mussolini.

• (1825)

These civil wars between the forces of the right and the Spanish Popular Front government began with clashes over economic and social structure. The landowning class, often noblemen, dominated a country that was essentially agricultural, poor and lacking in social programs. This upper class relied on a clergy that was very rich and, on the whole, very conservative. It also relied on an army whose many officers came from its ranks.

The people were primarily farmers, an underpaid agricultural proletariat, miners or factory workers, and engaged in several violent struggles to fight unemployment and low wages.

On two occasions, the working class had managed to assume democratic power and to implement social, military, ecclesiastical and agrarian reform, early release from the army, the separation of Church and State, some degree of autonomy for Catalonia, and universal education. I should point out as well that this was a time of heavy ideological struggles between communists, fascists and liberalists just about everywhere, but in Europe in particular. In 1934, those reforms were abolished after the right assumed power, but when the left returned in 1936 and these programs were resumed, the right went into action and the civil war ensued.

During that war, according to the statistics, 52 countries in the world were involved in recruiting 40,000 people for the Spanish cause despite the non-intervention agreement.

In short, history proves that these veterans fought for freedom and democracy. This civil war was a class struggle between the landowners, the army and the clergy on the one side, and the people, the proletariat, on the other. It was also an international ideological struggle between communism, fascism and liberalism. It was the prelude to the Second World War and to the downfall of fascism and its dictators. The Mackenzie—Papineau Battalion wanted to share that yearning for freedom and democracy.

For these reasons, I am calling on the government to recognize the sincere contribution of these veterans who enlisted in order to defend freedom and democracy, and to award to surviving Canadian veterans or their widows the benefits to which they would have been entitled if they had been regular members of the Canadian Armed Forces.

**The Acting Speaker (Ms. Thibeault):** The time provided for consideration of Private Members' Business has now expired, and the item is dropped to the bottom of the Order Paper.

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## ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### IMMIGRATION

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Madam Speaker, on November 17, I asked the Minister of Citizenship and Immigration about the measures she intended to take to fight the extremely serious problem of the arrival in Canada of a number of

war criminals, people who are guilty of crimes in their country and who have applied under Canadian law for refugee status.

The issue is of concern, because according to an internal study by Randy Gordon in the Department of Citizenship and Immigration, we learned that, since his first report in February 1997, the total number of cases of all kinds had increased. He reported that the total was now over 300 cases, and including the new files to be considered soon for refugee status, the total would no doubt increase significantly in 1997-98. According to Mr. Gordon, if only 1% of the 38,000 new claims pending processing involved war crimes, the total number of files to process would almost double in very short order.

• (1830)

You must know that in Canada there are nearly 300 people who are guilty or could be considered guilty by the war crimes refugee status commission. There is one thing of considerable concern. Internationally, Canada has the reputation of giving a special welcome to war criminals. In saying that, I know the government is just as concerned as I am about this situation.

I know the Minister of Immigration and Citizenship is not pleased to discover that we are a preferred haven for war criminals. However, for more than 20 years we have known that all sorts of mechanisms have permitted war criminals to come to Canada. Despite all, we must acknowledge that little has been done.

You will recall that, in 1985, there was a commission of inquiry, the Deschênes commission, which looked particularly at Nazi war criminals. It suggested a number of courses of action, including amending the Criminal Code, passing tighter measures on extradition and, of course, the main measure of ensuring that, when someone applied, it would be possible to identify whether they were guilty of war crimes. The moment an individual was identified as a war criminal, without the need for an exhaustive investigation as is presently the case, expulsion and deportation measures were to be taken.

What I hope in raising this question is to offer the government and the Minister of Immigration and Immigration my full support, my participation and my energy so that we may work together, outside party lines, because we all know there can be no justice. We will be able to send a clear message around the world that Canada will not tolerate war criminals on its soil. A clear message will thoroughly discourage regimes guilty of such crimes.

I close by saying that currently under the Immigration Act, specifically subsection 19(1)—

**The Acting Speaker (Ms. Thibeault):** I am sorry, but the member's time is up.

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Madam Speaker,

*Adjournment Debate*

Canada is constantly making progress in how it treats those who have committed war crimes or crimes against humanity, but a lot remains to be done.

[*English*]

The government's approach to such criminals has always been grounded in our commitment to ensure that justice is done and that Canada does not become a safe haven for war criminals and for those who have committed crimes against humanity now or in the future.

Canada is seen as a world leader in the detection and removal of modern war criminals and has removed more modern war criminals than any other western country.

For example, 72 persons have been removed from Canada during the past few years. In addition, hundreds have been excluded by the Immigration and Refugee Board from accessing the refugee determination system.

We have prevented many from obtaining visas to enter Canada. We are proud of this accomplishment and we are working hard to build on this success.

The Department of Citizenship and Immigration Canada, CIC, has taken measures to improve its ability to address the problem of war criminals. For example, CIC regions have identified various co-ordinators to track modern war criminal cases and ensure they are dealt with expeditiously.

CIC continually looks for ways to enhance its ability to deal with enforcement issues. CIC works closely with its partners such as the Department of Justice, the RCMP and CSIS to ensure that information is shared and acted upon.

Protecting the safety and security of the Canadian public will always be a top priority for the department. This is one thing we will never compromise on.

[*Translation*]

I thank the hon. member for Hochelaga—Maisonneuve for his interest in this issue.

• (1835)

## RAIL TRANSPORTATION

**Mr. Ghislain Fournier (Manicouagan, BQ):** Madam Speaker, I am told I will be the last speaker in the House for 1997. If so, I am very proud and honoured to end the proceedings for 1997. As my mother used to say, "the important thing is not to always talk, but to have the last word".

On December 4, I asked the minister of Transport a clear question on the transportation by train of goods to northern cities such as Fermont and Schefferville. To my surprise, the reply was, to say the least, off track.

I asked about rail transportation and the Minister of Transport told me about the condition of Canada's highways. Of course, the

rest of his reply did not make sense. The minister said the provincial government was responsible for setting priorities to meet the collective needs of remote communities. Yet, I was addressing the proper level of government, since I was asking about rail transportation.

Finally, when I asked the minister about what measures he intended to take in the future, he told me that the federal government has been involved in assisting the provinces since 1919 in highway construction, which is utterly useless and irrelevant. All this shows that the minister never took an interest in the claims made by the chamber of commerce of Sept-Îles, which were communicated to him personally more than a month ago. This is a flagrant lack of interest in helping the people of Manicouagan and getting things back to normal.

Admittedly, the Minister of Transport realized his error. In a letter dated December 9, he apologized for not replying to my question and for having given an inaccurate answer. He assures me that officials from his department will look into my allegations and report back.

I could understand that he gave the wrong answer to my question, but I cannot forgive him, on behalf of the North Shore Quebeckers I represent, for not replying promptly to representatives of the Sept-Îles chamber of commerce. I will therefore reiterate the facts, in the interests of advancing our cause.

On November 5, in other words a little more than a month ago, the Sept-Îles chamber of commerce requested the assistance of the Minister of Transport in its efforts to ensure the survival of the merchants in the region. It condemned the increase in rail freight charges.

It was shown, for instance, that it will now cost \$154 to ship 35 cases of milk from Sept-Îles to Schefferville, rather than \$52.

Since the Quebec North Shore & Labrador Railway handed the freight monopoly over to the private sector, rates have more than doubled. The federal government has an obligation to ensure that companies receiving subsidies meet their obligations. How can the government tolerate this, and not act when it knows that IOC is pocketing money for passenger traffic while allowing freight charges to skyrocket.

As the member for Manicouagan, I demand that the government step in to re-establish fair freight rates on the Sept-Îles—Labrador City route.

I would like to reassure people, whether they are from Fermont or Schefferville, that they will be able to obtain food as economically as possible.

To the people in my riding of Manicouagan, and to all Quebeckers, my warmest wishes for 1998. We will be boarding a train headed for the year 2000. It is normal for a self-respecting people to have a country.

Merry Christmas and Happy New Year to all.

*Adjournment Debate*

[English]

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Madam Speaker, in 1996 the Canada Transportation Act, CTA, entered into law. One of the main objectives of this bill was to help revitalize the rail sector by eliminating unnecessary economic regulation and to rely more on commercial arrangements between railways and their customers. Under the CTA, subsidies for uneconomic branch lines and non-VIA Rail passenger services were eliminated. This included the subsidy for the Quebec North Shore and Labrador Railway.

Although the government eliminated the statutory subsidies for non-VIA passenger services, a commitment was made to ensure reasonable passenger rail service to remote communities such as Schefferville. As a result the government entered into contractual arrangements with three railways, including the Quebec North Shore and Labrador Railway, to continue to provide passenger rail service to remote communities.

• (1840)

The agreement specified minimum levels of passenger service such as the frequency of trains. They do not, however, cover all details of other operations since these are best left to the individual railways that provide the freight and passenger services.

Recently the hon. member for Manicouagan raised an issue with respect to a decision by the Quebec North Shore and Labrador Railway to change its merchandise storage service. Recognizing that the federal role is restricted to its contract with the QNS&L for passenger rail services, the Minister of Transport noted the concerns raised by the member and has asked officials from his department to look into this matter.

The minister has made a commitment to respond directly to the member as soon as more details are known. I would personally like to thank the member for Manicouagan for his interest. I lived in Schefferville for a number of years when it was a thriving mining town. One of my daughters was born there. I have travelled this particular railroad scores, not tens, scores of times both before Schefferville closed as a mining town and since. I know Sept-Iles, Manicouagan and the North Shore very well.

I congratulate the member on giving the last speech in the House before the break.

Je vous remercie.

[Translation]

**The Acting Speaker (Ms. Thibeault):** It being 6.42 p.m., the House stands adjourned until Monday, February 2, 1998 at 11 o'clock, pursuant to Standing Orders 28(2) and 24(1).

Joyeux Noël à tous. Merry Christmas.

(The House adjourned at 6.40 p.m.)





# CONTENTS

Thursday, December 11, 1997

## ROUTINE PROCEEDINGS

<b>Board of Internal Economy</b>	
The Speaker .....	3069
<b>Canadian Military Exports</b>	
Mr. Axworthy (Winnipeg South Centre) .....	3069
<b>Canadian Tourism Commission</b>	
Mr. Lastewka .....	3069
<b>Government Response to Petitions</b>	
Mr. Adams .....	3069
<b>Interparliamentary Delegations</b>	
Ms. Parrish .....	3069
Mr. Wilfert .....	3069
<b>Committees of the House</b>	
<b>Public Accounts</b>	
Mr. Williams .....	3070
<b>Human Resources Development and the Status of Persons with Disabilities</b>	
Mr. Alcock .....	3070
<b>Aboriginal Affairs</b>	
Mr. St-Julien .....	3070
<b>Subcommittee on International Trade, Trade Disputes and Investment</b>	
Mr. Speller .....	3070
<b>Expropriation Act</b>	
Bill C-303. Introduction and first reading .....	3070
Mr. Bélanger .....	3070
(Motions deemed adopted, bill read the first time and printed) .....	3070
<b>An Act for the Recognition and Protection of Human Rights and Fundamental Freedoms</b>	
Bill C-304. Introduction and first reading .....	3071
Mr. Breitzkreuz (Yorkton—Melville) .....	3071
(Motions deemed adopted, bill read the first time and printed) .....	3071
<b>Victims Bill of Rights</b>	
Mr. White (Langley—Abbotsford) .....	3071
Motion .....	3071
<b>Famous Five</b>	
Ms. Augustine .....	3071
Motion .....	3071
Mr. Nunziata .....	3071
Ms. Catterall .....	3071
<b>British Pensioners</b>	
Mr. Robinson .....	3071
Motion .....	3071
Mr. Nunziata .....	3072
Mr. Adams .....	3072
<b>Petitions</b>	
<b>The Family</b>	
Mr. Szabo .....	3072
<b>Retirement System</b>	
Ms. Wasylycia-Leis .....	3072

<b>Rail Transportation</b>	
Mr. Guimond .....	3072
<b>National Unity</b>	
Mr. Chatters .....	3072
<b>Crimes of Violence</b>	
Mr. Chatters .....	3073
<b>Pay Equity</b>	
Mrs. Wayne .....	3073
<b>Rural Canada</b>	
Mr. Adams .....	3073
<b>Criminal Code</b>	
Mr. Strahl .....	3073
<b>Rail Transportation</b>	
Mr. Dubé (Lévis) .....	3073
<b>Rights of the Child</b>	
Mr. Breitzkreuz (Yorkton—Melville) .....	3073
<b>Criminal Code</b>	
Mr. Breitzkreuz (Yorkton—Melville) .....	3073
<b>Questions on The Order Paper</b>	
Mr. Adams .....	3074

## GOVERNMENT ORDERS

<b>Finance</b>	
Motion .....	3074
Ms. McDonough .....	3074
Mr. Boudria .....	3076
Motion .....	3076
(Motion agreed to) .....	3076
Mr. Harb .....	3076
Ms. McDonough .....	3077
Mr. Szabo .....	3077
Ms. McDonough .....	3078
Mr. Jones .....	3078
Ms. Catterall .....	3081
Mr. Jones .....	3081
Mr. Pankiw .....	3081
Mr. Jones .....	3082
Mr. Breitzkreuz (Yorkton—Melville) .....	3082
Mr. Jones .....	3082
Mr. Bryden .....	3082
Mr. Nunziata .....	3084
Mr. Bryden .....	3084
Ms. Catterall .....	3084
Mr. Thompson (Wild Rose) .....	3086
Ms. Catterall .....	3086
Mr. Hart .....	3086
Mr. Kerpan .....	3088
Mr. Hart .....	3088
Mr. Kenney .....	3089
Mr. Harb .....	3090
Mr. Kenney .....	3091
Mr. Shepherd .....	3091
Mr. Laurin .....	3092
Mr. Shepherd .....	3093
Mr. Szabo .....	3093
Mr. Shepherd .....	3093
Mr. Finlay .....	3093
Mr. Elley .....	3095

Mr. Finlay .....	3095
Mrs. Picard .....	3095
Mr. Charbonneau .....	3097
Mr. Charbonneau .....	3097
Mrs. Lalonde .....	3097
Mr. Laurin .....	3097
Mr. Charbonneau .....	3097
Mrs. Picard .....	3097
Mr. Crête .....	3097
Ms. Augustine .....	3099
Motion .....	3099
Mr. Breitreuz (Yorkton—Melville) .....	3099
Mr. Harvey .....	3099
Mrs. Picard .....	3100
Mr. Harvey .....	3100
Mr. Crête .....	3100
Ms. Torsney .....	3100
Mr. Thompson (Wild Rose) .....	3102
Ms. Torsney .....	3102
Mr. Thompson (Wild Rose) .....	3102
Ms. Torsney .....	3102
Mrs. Lalonde .....	3102
Ms. Torsney .....	3103
Mrs. Redman .....	3103

#### STATEMENTS BY MEMBERS

<b>Holiday Greetings</b>	
Mr. McCormick .....	3105
<b>Westaim</b>	
Mr. Epp .....	3105
<b>Tribute to Father Gérald Mauzeroll</b>	
Mr. Assad .....	3105
<b>Patriots of Saint-Eustache</b>	
Mr. Perron .....	3105
<b>War Crimes</b>	
Ms. Caplan .....	3105
<b>Rail Transportation</b>	
Mr. St-Julien .....	3106
<b>'Twas the Night Before Christmas</b>	
Mr. Thompson (Wild Rose) .....	3106
<b>Young Offenders Act</b>	
Mr. Provenzano .....	3106
<b>Violence Against Aboriginal Women</b>	
Ms. Girard-Bujold .....	3106
<b>Tribute to Soeur Lorette Gallant</b>	
Ms. Bradshaw .....	3107
<b>'Twas the Night After Kyoto</b>	
Mr. Strahl .....	3107
<b>Economic and Social Programs</b>	
Mr. Charbonneau .....	3107
<b>Cape Tormentine</b>	
Ms. Vautour .....	3107
<b>“Let us Spend”</b>	
Mrs. Wayne .....	3108
<b>Cultural and Sporting Events in the Mauricie</b>	
Mr. Rocheleau .....	3108

<b>Speaker's Workshop</b>	
Ms. Catterall .....	3108

#### ORAL QUESTION PERIOD

<b>The Environment</b>	
Mr. Manning .....	3108
Mr. Gray .....	3109
Mr. Manning .....	3109
Mr. Gray .....	3109
Mr. Manning .....	3109
Mr. Gray .....	3109
Miss Grey .....	3109
Mr. Gray .....	3109
Miss Grey .....	3109
Mr. Gray .....	3109
<b>Fiscal Dividend</b>	
Mr. Duceppe .....	3109
Mr. Martin (LaSalle—Émard) .....	3110
Mr. Duceppe .....	3110
Mr. Martin (LaSalle—Émard) .....	3110
Mr. Brien .....	3110
Mr. Martin (LaSalle—Émard) .....	3110
Mr. Brien .....	3110
Mr. Dion .....	3110
Mr. Dion .....	3110
<b>Education</b>	
Ms. McDonough .....	3110
Mr. Pettigrew .....	3110
Ms. McDonough .....	3111
Mr. Pettigrew .....	3111
<b>Federal—Provincial Relations</b>	
Mr. Charest .....	3111
Mr. Gray .....	3111
Mr. Charest .....	3111
Mr. Martin (LaSalle—Émard) .....	3111
<b>Search and Rescue</b>	
Mr. Hanger .....	3111
Mr. Eggleton .....	3111
Mr. Hanger .....	3111
Mr. Eggleton .....	3111
<b>Budget Surplus</b>	
Mr. Gauthier .....	3112
Mr. Martin (LaSalle—Émard) .....	3112
Mr. Gauthier .....	3112
Mr. Martin (LaSalle—Émard) .....	3112
<b>Taxation</b>	
Mr. Solberg .....	3112
Mr. Martin (LaSalle—Émard) .....	3112
Mr. Solberg .....	3112
Mr. Martin (LaSalle—Émard) .....	3112
<b>Victoria Bridge</b>	
Mr. Guimond .....	3112
Mr. Collenette .....	3113
Mr. Guimond .....	3113
Mr. Collenette .....	3113
<b>Taxation</b>	
Mr. Ritz .....	3113
Mr. Martin (LaSalle—Émard) .....	3113
Mr. Ritz .....	3113
Mr. Martin (LaSalle—Émard) .....	3113

**Spirit of Columbus Platform**

Mr. Dubé (Lévis) .....	3113
Mr. Marchi .....	3113

**APEC Summit**

Mr. McNally .....	3114
Mr. Scott (Fredericton) .....	3114

**Refugees**

Mr. Obhrai .....	3114
Ms. Robillard .....	3114

**Veterans Affairs**

Mrs. Redman .....	3114
Mr. Mifflin .....	3114

**APEC Summit**

Mr. Robinson .....	3114
Mr. Scott (Fredericton) .....	3114

**Search and Rescue**

Ms. Desjarlais .....	3114
Mr. Eggleton .....	3115
Mr. Bernier (Tobique—Mactaquac) .....	3115
Mr. Eggleton .....	3115
Mr. Bernier (Tobique—Mactaquac) .....	3115
Mr. Eggleton .....	3115

**Dairy Industry**

Mr. Shepherd .....	3115
Mr. Vanclief .....	3115

**Coinage**

Mr. Epp .....	3115
Mr. Gagliano .....	3115

**Singer Retirees**

Mr. Bachand (Saint-Jean) .....	3116
Mr. Pettigrew .....	3116

**Child Poverty**

Mr. Riis .....	3116
Mr. Martin (LaSalle—Émard) .....	3116

**Gun Control**

Mr. MacKay .....	3116
Ms. McLellan .....	3116

**Immigration**

Ms. Folco .....	3116
Ms. Robillard .....	3116

**Season's Greetings**

Mr. Manning .....	3117
Mr. Gray .....	3117
The Speaker .....	3117

**Tribute to the Late Antonio Yanakis**

Mr. Gray .....	3117
Mr. White (Langley—Abbotsford) .....	3117
Mr. Nystrom .....	3117
Mr. Harvey .....	3118
The Speaker .....	3118

**Privilege****Department of National Revenue**

Mr. MacKay .....	3118
Mr. Gray .....	3119
Mr. Adams .....	3119
Mr. Nunziata .....	3119
Ms. Jennings .....	3120

**ROUTINE PROCEEDINGS****Committees of the House****National Defence and Veterans Affairs**

Mr. Szabo .....	3120
Motion .....	3120
(Motion agreed to) .....	3120
Mr. Szabo .....	3120
Mr. Nunziata .....	3120

**Fisheries and Oceans**

Mr. Szabo .....	3120
Motion .....	3120
(Motion agreed to) .....	3120
Ms. Parrish .....	3120

**Interparliamentary Delegations**

Ms. Parrish .....	3120
Mr. Coderre .....	3120
Mr. MacKay .....	3121

**Petitions****Taxation**

Mr. MacKay .....	3121
------------------	------

**GOVERNMENT ORDERS****Finance**

Motion .....	3121
Mr. Szabo .....	3121
Mrs. Redman .....	3121
Mr. Epp .....	3121
Mrs. Redman .....	3121
Ms. Vautour .....	3121
Mrs. Redman .....	3122
Mr. Riis .....	3122
Mr. Riis .....	3123
Mr. Nunziata .....	3124
Mr. Riis .....	3124
Mr. Calder .....	3125
Mr. Riis .....	3125
Mr. Pankiw .....	3126
Mr. Riis .....	3126
Mr. Telegdi .....	3126
Mr. Riis .....	3126
Mr. Nystrom .....	3127
Mr. Charbonneau .....	3127
Mr. Pillitteri .....	3128
Ms. Vautour .....	3129
Mr. Pillitteri .....	3130
Ms. Vautour .....	3130
Mr. Pillitteri .....	3130
Mr. Brison .....	3130
Mr. Mitchell .....	3133
Mr. Brison .....	3133
Mr. McWhinney .....	3134
Mr. Brison .....	3134
Mr. Mitchell .....	3134
Ms. Vautour .....	3136
Mr. Mitchell .....	3136
Mr. Calder .....	3136
Mr. Mitchell .....	3136
Ms. Augustine .....	3136
Motion .....	3136
Mr. McWhinney .....	3137
Mr. Brison .....	3138
Mr. McWhinney .....	3138

Ms. Augustine .....	3138
Mr. Solberg .....	3139
Motion .....	3139
Mr. Coderre .....	3139
Ms. Catterall .....	3139
<b>Famous Five</b>	
Motion .....	3139
Ms. Augustine .....	3139
(Motion agreed to) .....	3139
<b>Finance</b>	
Motion .....	3139
Mr. Solberg .....	3139
Motion .....	3139
(Motion agreed to) .....	3140
Mr. Solberg .....	3140
Mr. Strahl .....	3141
Mr. Solberg .....	3141

## PRIVATE MEMBERS' BUSINESS

### MacKenzie-Papineau Battalion

Mr. Riis .....	3142
Motion .....	3142
Mr. Riis .....	3142
Mr. Bertrand .....	3143
Mr. Goldring .....	3145
Mr. Godin (Châteauguay) .....	3146

## ADJOURNMENT PROCEEDINGS

### Immigration

Mr. Ménard .....	3147
Mr. Adams .....	3147

### Rail Transportation

Mr. Fournier .....	3148
Mr. Adams .....	3149

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