



# House of Commons Debates

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VOLUME 133

NUMBER 152

1st SESSION

35th PARLIAMENT

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, February 14, 1995**

**Speaker: The Honourable Gilbert Parent**

# HOUSE OF COMMONS

Tuesday, February 14, 1995

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

[*English*]

### INTERPARLIAMENTARY DELEGATIONS

**Mr. John Maloney (Erie, Lib.):** Mr. Speaker, pursuant to Standing Order 34(1), I have the honour to present, in both official languages, the report of the Canadian delegation to the third annual meeting of the Asia-Pacific parliamentary forum which was held in Acapulco, Mexico, from January 12 to 15, 1995.

The Asia-Pacific parliamentary forum, which was inaugurated in January 1993, is quickly becoming an important voice in dealing with political and security matters, co-operative economic arrangements and other key regional interests and issues.

At the same time the Asia-Pacific region is becoming increasingly significant in the achievement of Canada's goals in terms of trade, technology acquisition in job creation, in sustaining a global environment and in managing the demographics of immigration.

These forums provide parliamentarians of the subject regions the opportunity to express their own views and those of the people they represent in a frank and open manner. The opportunity to meet and discuss issues with fellow parliamentarians from 20 other Pacific rim countries was a positive experience. In effect it was an international discussion at the grassroots level and this is to be encouraged.

In 1997 Canada will host the heads of government and the ministerial meetings of the Asia-Pacific economic co-operation, APEC. The government is considering that 1997 be declared the year of Canada in Asia-Pacific.

I am pleased to add that Canada has also been asked to host the fifth meeting of the Asia-Pacific parliamentary forum in January 1997. This is an honour and an indication of the high regard in which our country is held in the international community.

## FIREARMS ACT

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.)** moved for leave to introduce Bill C-68, an act respecting firearms and other weapons.

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

\* \* \*

(1005)

## PETITIONS

### GUN CONTROL

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, pursuant to Standing Order 36, I am today presenting petitions signed by 1,563 of my constituents of Prince George—Peace River.

The petitioners feel that no amount of gun control has ever succeeded in preventing criminals from acquiring guns for illegal means. Therefore they ask Parliament to support laws that punish criminals using firearms, support, recognize and protect the rights of law-abiding citizens to own and use recreational firearms, and abolish any existing gun control laws that have proven ineffective.

I concur and fully endorse these petitions.

JUSTICE

**Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.):** Mr. Speaker, I have four petitions to present today.

On behalf of the hon. member for Calgary Southeast I rise before the House on day seven to present petition number seven. These petitions are being presented on behalf of constituents who wish to halt the early release from prison of Robert Paul Thompson. April 11 is the date set for the parole hearing.

The petitioners are concerned about making our streets safer for citizens. They are opposed to the current practice of early release of violent offenders prior to serving the full extent of their sentences.

The petitioners pray that the streets will be made safer for law-abiding citizens and the families of the victims of convicted murderers.

*Routine Proceedings*

## RRSPS

**Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.):** The second petition, Mr. Speaker, has a very simple message: do not tax RRSPs.

## GUN CONTROL

**Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.):** Mr. Speaker, the third and fourth petitions deal with the issue of gun control.

The petitioners call on the House to oppose further legislation for firearms acquisition and possession and provide strict guidelines and mandatory sentencing for the use or possession of a firearm in the commission of a violent crime.

To date, 1,571 constituents from Okanagan—Similkameen—Merritt have signed this petition and there are many more to come.

## HUMAN RIGHTS

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.):** Mr. Speaker, pursuant to Standing Order 36, I have two petitions to table today.

The first one is signed by 75 of my constituents in the Langham area. It draws to the attention of the House that because of the inclusion of sexual orientation the Canadian Human Rights Act will provide certain groups with special status, rights and privileges and because these rights and privileges would be granted solely on the basis of sexual behaviour these petitioners call upon Parliament to oppose any amendments to the Canadian Human Rights Act or the Canadian Charter of Rights and Freedoms which provides for the inclusion of the phrase sexual orientation.

## ASSISTED SUICIDE

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.):** Mr. Speaker, the second petition is from the Rosetown area and is signed by 29 of my constituents, I believe primarily from the Rosetown Alliance Church.

They draw to the attention of the House that whereas the majority of Canadians are law-abiding citizens who respect the law and respect the sanctity of human life, and whereas the majority of Canadians believe that physicians in Canada should be working to save lives and not to end them, they pray that Parliament ensure the present provisions of the Criminal Code of Canada prohibiting assisted suicide be enforced vigorously and that Parliament make no changes in the law which would sanction or allow the aiding or abetting of suicide or active or passive euthanasia.

I concur with both of these petitions.

## GUN CONTROL

**Mrs. Sharon Hayes (Port Moody—Coquitlam, Ref.):** Mr. Speaker, I would like to present four petitions today on behalf of my constituents.

The first one is rather timely. The petitioners request that Parliament support laws that severely punish all violent criminals who use weapons in the commission of a crime, support new Criminal Code firearms control provisions and recognize and protect the right of law-abiding citizens to only use recreational firearms, and support legislation which will repeal and modify existing gun control laws which have not improved public safety and have proven not to be cost effective or have proven to be overly complex so as to be ineffective or unenforceable.

There are 125 signatures which support that petition.

(1010)

## YOUNG OFFENDERS ACT

**Mrs. Sharon Hayes (Port Moody—Coquitlam, Ref.):** Mr. Speaker, I have three petitions that call upon Parliament to review the Young Offenders Act in an open and accountable process which addresses the following principles: deterrence of the offender, accountability of the offender and the rights of the victim.

I support these petitions.

## EUTHANASIA

**Mr. Francis G. LeBlanc (Cape Breton Highlands—Canso, Lib.):** Mr. Speaker, I have a number of petitions dealing with various subjects that I would like to table before Parliament today pursuant to Standing Order 36.

The first is from a large number of constituents who want to prevail upon Parliament to respect human life and not to sanction euthanasia.

## SAME SEX RELATIONSHIPS

**Mr. Francis G. LeBlanc (Cape Breton Highlands—Canso, Lib.):** Mr. Speaker, the second petition concerns the issue of same sex relationships.

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

## YOUNG OFFENDERS ACT

**Mr. Francis G. LeBlanc (Cape Breton Highlands—Canso, Lib.):** Mr. Speaker, the third petition deals with the Young Offenders Act.

The petitioners call upon Parliament to amend the Young Offenders Act to reflect the changing character of young offenders by increasing the maximum penalty for first and second degree murder from five to ten years, allowing the publication of the young offender's name after a second indictable offence

and lowering the age limits that define a young offender to include those children between the ages of 10 and 15.

SEALS

**Mr. Francis G. LeBlanc (Cape Breton Highlands—Canso, Lib.):** Mr. Speaker, the last petition has to do with the question of the relationship between the decline in the groundfish population in Atlantic Canada and the burgeoning seal population and calls upon Parliament to urge the federal government to recognize the opportunity presented by the huge seal populations and designate herds for uses to viable entrepreneurial resources.

[Translation]

MR. TRAN TRIEU QUAN

**Mr. Philippe Paré (Louis-Hébert, BQ):** Mr. Speaker, one of my constituents, Tran Trieu Quan, has now been in prison in Vietnam for nearly a year. Your petitioners call upon Parliament to take action as soon as possible in order to obtain the release of Mr. Quan, a request I fully support.

\* \* \*

[English]

#### QUESTIONS ON THE ORDER PAPER

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the following questions will be answered today: Nos. 118 and 120.

[Text]

Question No. 118—**Mr. Penson:**

How many business people accompanied the Prime Minister to China; what were the criteria for choosing these people; how many of these people had part of their trip paid for by the Canadian government; and what was the total amount of federal government assistance to business people on the trip?

**Hon. Roy MacLaren (Minister for International Trade, Lib.):** The Team Canada delegation was comprised of approximately 450 representatives of over 250 companies. Participation was open to all Canadian companies on a first come, first served basis. No members of the business delegation had any part of their trip paid for by the federal government.

Question No. 120—**Mr. Penson:**

Which memorandums of understanding were signed in China, and what promises were made of possible federal government financing or other assistance if these should result in firm sales?

**Hon. Roy MacLaren (Minister for International Trade, Lib.):** For a complete list of memorandums of understanding, please refer to the answer to question No. 119 tabled this day. No promises of possible federal government financing were made in support of potential firm sales.

#### Supply

[English]

**The Deputy Speaker:** The questions as enumerated by the parliamentary secretary have been answered.

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#### QUESTIONS PASSED AS ORDERS FOR RETURNS

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, if Question No. 119 could be made an Order for Return, the return would be tabled immediately.

**The Deputy Speaker:** Is it the pleasure of the House that Question No. 119 be deemed to have been made an Order for Return?

**Some hon. members:** Agreed.

[Text]

Question No. 119—**Mr. Penson:**

Which Canadian companies signed firm deals in China, what was the total dollar amount for these deals, and what was the extent and source of federal government financing to make these deals possible?

(Return tabled.)

[English]

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

**The Deputy Speaker:** Shall the remaining questions stand?

**Some hon. members:** Agreed.

#### GOVERNMENT ORDERS

[English]

#### SUPPLY

ALLOTTED DAY—DEFICIT ELIMINATION

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.)** moved:

That this House urge the government to respond to the demands of Canadians for decisive spending cuts and no net tax-increases to eliminate the deficit and to produce a smaller federal government.

He said: Mr. Speaker, as one of Reform's co-critics for finance, I have the honour to lead today's debate of this resolution. I will discuss its importance by drawing on my background as an economist and a long time teacher of international finance courses.

A number of my colleagues later in the day will expand on the theme in the light of their roles as Reform critics of different ministries. All of our remarks reflect consultations with

*Supply*

constituents through personal and town hall meetings, electronic media consultations and the return of questionnaires.

As a preliminary, let me note that Reformers do not enjoy our role as advocates for spending cuts and a smaller government. The government's involvement in the affairs of Canadians is so pervasive that few of us, our families or friends will escape the effects of such cuts.

(1015)

As a professor, I am personally concerned about their effects on higher education, my own future and that of my friends and colleagues. We all dislike it when changes in government policies force us to alter our habits and way of life. Reformers therefore appreciate very much the personal difficulties which these cuts will bring. We know these difficulties will seem puny in relation to those that will be forced upon Canadians if we do not get our fiscal house in order on our own terms.

Consider what may happen to the exchange rate, interest rates and Canada's foreign position if the forthcoming Liberal budget does not satisfy both Canadian and foreign investors. Investors sell Canadian government bonds and move their money into some other governments' bonds, be they American, German or Japanese. Such sales depress bond prices and increase interest rates, sending the Canadian dollar on a downward slide.

How far will these adverse developments go? No one knows. There is no doubt that at some interest rate high enough and exchange rate low enough, investors will once more purchase Canadian bonds and dollars and the slide will be halted.

It is often said that rationality or real economic values take a back seat to investors' mass hysteria during such speculative bubbles. Falling values create expectations of further falls. Investors rush to liquidate their holdings before they are worth even less. Some hope to buy them back once the bottom has been hit, expecting quick profits. Others are made to move their money into foreign assets which increase in value at the same time that Canadian asset values fall.

At some point a new class of speculators enters the fray. They hold no Canadian assets but sell Canadian dollars short at today's price in the expectation that they can deliver it a few days later at an even lower price.

Some domestic investors will borrow Canadian dollars and buy foreign currencies. The hot money ready to enter such speculation is so large that no country in the world, certainly not Canada, can stop the slide once it has gathered enough momentum.

Many can understand what goes on during such speculative bubbles. They are likely to have been caught in the fever of buying real estate, gold or similar investments in the past. They will remember how profitable it can be to participate in the exciting events and how difficult it is to resist the herd instinct.

We need only to look at the recent experience of Mexico during the last few months to appreciate what can happen to Canada. The Mexican peso depreciated by over 50 per cent against the U.S. and Canadian dollars before stability was restored and a slow recovery started. Interest rates went sky high.

Canadians had a foretaste of possible developments in the middle of January when a small speculative bubble hit the Canadian dollar. The interest and exchange rates moved by extraordinary amounts in a very short time.

In the case of both countries the dramatic interest and exchange rate changes were halted by the interventions of governments. They bought bonds and currency that were being dumped by investors. They used at first the dollar and gold reserves in the accounts of their own central banks. They then drew on credit with private banks, foreign central banks and international organizations that have been negotiated before. They then went, hat in hand, to arrange new lines of credit, asking other central banks to help them by buying their national currencies.

The Government of Mexico went down very far on this road of using ever more costly sources of intervention. It ended up arranging for huge direct loans and standby credits from foreign governments and international organizations.

The cost of such borrowing is now quite transparent and not just monetary. The U.S. Congress debated loan conditions and came very close to requiring Mexico to adopt very stringent policies.

(1020)

The important thing is that such loan conditions would have represented an almost unprecedented interference in the domestic economic, social and foreign aid policies of an independent nation state. In the end, President Clinton avoided the imposition of such extreme conditions by the use of administrative devices which bypassed Congress.

It is not clear that Congress will let presidents use these devices in the future. The American people and their elected representatives are in a foul mood when it comes to bailing out foreign governments which have what they consider to be inappropriate social and economic policies.

Reformers are not willing to gamble on any of these eventualities. Our first objective as a country must be to never be placed in a predicament like that experienced by Mexico. We want to retain Canada's sovereignty over its economic and social policies.

In the middle of January Canada came very close to the point where we too had to go hat in hand to foreign lenders. As some put it, we came very close to hitting the wall. An economist who watched the tickers flashing interest rates and exchange rates

dropping by the minute suggested to me that the situation was saved this time by massive intervention of the G-7 central banks. He is worried that we may not be so lucky the next time or that we can escape really burdensome loan conditions.

The next time may well be in the wake of the upcoming budget, not immediately but when some other event upsets investors. That may be a few days, weeks or even months later.

Investors will look for four major policies in the budget. The finance minister had better not goof.

First, investors will look for tax increases. Individual Canadians oppose tax increases because they feel overtaxed and want a smaller government for understandable personal reasons. Investors would interpret tax increases as a signal that the government does not have the courage to make the spending cuts needed to eliminate the deficit.

Higher taxes mean eventually a bigger government, one which during the last 30 years has grown but has not solved and instead has increased the problems of slow economic growth, increased poverty and unemployment, the breakup of families and which to boot, has created frighteningly large and persistent deficits. It is big government which has created among Canadians the pervasive sense that their and their children's lives are getting worse, not better.

Second, investors will look for cuts to social spending. Social spending programs broadly defined use about \$70 billion or 60 per cent of the federal program spending of \$120 billion. The current deficit of \$38 billion cannot possibly be eliminated through cuts in non-social spending even in the face of rapid growth in revenue during the current boom without a threat to essential efficiency increasing government services.

Past governments have lacked the courage to tackle social spending. That is why the fiscal situation has deteriorated to the present cliffhanger. I predict very confidently that if the upcoming budget does not contain hard-nosed cuts to social spending, investors will be very unhappy. They will point with some justification to a lost opportunity since most Canadians are ready for such cuts.

In addition, it is now official. The OECD noted in a recent report that Canada's social programs are an outstanding example of excessive generosity.

Third, investors will look for a plan for the complete elimination of the deficit during the current economic boom. The Liberal red book target of \$25 billion two years from now has been criticized roundly by many experts. It implies an increase in the federal debt by \$100 billion or 20 per cent of the \$500 billion during the first years of Liberal rule.

### *Supply*

(1025)

Like the Conservatives during the 1980s, the Liberals will find that the debt will cease to grow as a percentage of national income during the upswing if they achieve their deficit target. But this is a hollow victory because the cause of the debt will resume the moment the economy slows down again as inevitably it will.

Predictions are that this may well happen before the end of the present election cycle. Few expect decisive spending cuts during the last two years before the next election. Therefore, one of the crucial aspects of the budget that investors will study is whether and by how much spending cuts go beyond the \$25 billion deficit target in two years.

They will also look for further plans for deficit reduction beyond the last fiscal year covered in the budget. Will the Minister of Finance have the backing of cabinet and the Prime Minister to plan for further cuts in the future?

Fourth, I believe that investors will look to the budget for one other important subject. They will look for evidence that the government has accepted certain radically different ideas about the causes of unemployment which have moved out of conservative think tanks and are now discussed freely by the Auditor General, the OECD and many academics.

According to these ideas Canada's high and persistent unemployment rates are caused to a considerable degree by the generous social programs themselves. The unfortunate but unavoidable reality is that Canada once had the choice of having high unemployment rates and generous UIC and welfare benefits as a matter of deliberate public preference. That choice has disappeared with the debt, deficit and slow growth of the last decade.

These are harsh messages for a Liberal government to accept, which on these matters is caught in its own rhetoric. Investors are watching to see if the Liberals can live up to their reputation as the ultimate non-dogmatic pragmatists.

Let me close by suggesting that Reformers have listened to the public and to investors. Our own alternative budget will reflect what we have heard. It will outline steps we would be prepared to take in order to address the four issues crucial for investor confidence and most thoughtful Canadians.

My colleagues speaking after me will elaborate on some of these matters without revealing too much about our specific recommendations. We invite the Liberals to present a budget which will take the news out of the policies on these matters we will propose very soon.

After this gloom and doom, a few words of hope. Once Canadians have gone through three years and deal with the necessary deliberate and thoughtful spending cuts, there is a light at the end of the tunnel.

*Supply*

Such cuts will restore investor and consumer confidence. The economic boom will be fueled and expanded. Economic growth will return to the high levels we have not seen since the pervasive government intrusion of the last three decades.

In a few short years after the budget is balanced there is a prospect of tax reduction, a smaller debt, or both. Mild, short run pain will not only avoid catastrophic pain in the intermediate term, it will also bring large and important gains in what in retrospect will seem like a very short time of sacrifice.

We hope the Liberals will hear this message, not because we want to be right, but because it is right for Canada.

**Mr. David Walker (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I welcome this opportunity to remind the House of the fiscal commitment and philosophy that will frame our government's upcoming budget. I believe this debate should also include some plain and some plain, positive talk about the Canadian economy and outlook.

This Reform motion cites "the demand by Canadians to cut spending and hold the line on taxes to eliminate the deficit and produce a smaller federal government". Our government does not need this grandstanding motion or any of the stage managed events of a publicity starved party to be deeply aware of what Canadians want.

(1030)

Starting last October, we put in place the most extensive and most public consultation process in budget history. In my view, these consultations prove that Canadians have a more profound and positive understanding of the budget challenge than the simplistic slash and trash approach of the Reform Party.

[*Translation*]

In fact, Canadians have identified priorities that are realistic and require a great deal of effort. They want a strategy for phase two, based on last year's budget, to get Canada out of this vicious circle of deficit and debt.

However, the vast majority of Canadians also want the budget measures to meet other essential criteria. They have made it clear that they agree with the principles set forth last fall by the Minister of Finance.

First of all, deficit reduction must be an essential part of a strategy to create jobs through economic growth. Second, fairness is paramount, to ensure that the most vulnerable in our society are not left behind. Third, deficit reduction measures must be based on reasoned choices and reflect clear-cut priorities. Fourth, we must use taxpayers' money wisely. And finally, budgetary actions should focus on reductions in expenditures, as opposed to raising revenues.

[*English*]

The Canadians I have heard from want a lean government but not a mean government. They want a budget that builds market confidence but not one that abandons basic social responsibility. This budget will meet that dynamic challenge.

There is no contradiction here. Our budget will, because we know it must, take the tough action needed to meet the deficit goals we set out last year. As the Prime Minister said in Quebec City last fall, the time to reduce deficits is when the economy is growing. Therefore, now is the time. The economy is growing which is good news for all Canadians.

Let me give members some examples. Canada's growth rate last year was 4.25 per cent, the highest in the G-7. The OECD predicts that Canada will continue to lead the industrial world for the next two years. In the past 12 months, real exports surged over 20 per cent and we continued to set all time records for our country.

A survey by the Conference Board found that 81 per cent of firms planned to maintain or boost investment over the next six months, another record high for our country. That investment means jobs. Since January 1994 the economy has created over 400,000 jobs. All of these are full-time jobs. The unemployment rate is down to single digits for the first time in four years.

This good news does not mean that Canadian economic renewal is permanently secured. We know that. The government knows that cohesive, co-ordinated action is needed on all fronts. We understand that the spearhead for this action agenda must be to restore a healthy fiscal climate.

[*Translation*]

We all know the price we have to pay today for having let deficits and the debt rise to new heights during the past decades. That price is higher taxes and interest rates, factors that slow down growth.

(1035)

This government, however, believes that in order to meet the debt challenge successfully, we must first set realistic and credible targets. This means maintaining the deficit reduction momentum we have set in motion, in other words, bringing the deficit down to 3 per cent of GDP in three years. That is exactly what we intend to do, and as the Minister of Finance said, there are no excuses.

The last time we had a deficit level of 3 per cent was in 1974-75. Since then, the deficit has increased steadily and is now close to 6 per cent of GDP.

It should also be said that setting firm deficit reduction objectives is a considerable departure from past policy.

[English]

Canadians and markets lost confidence because they have suffered too many years of rosy, long term promises that became nothing but short term fertilizer.

Instead, we have set out realistic targets and will take the action to deliver bottom line results. Our success here will strengthen credibility for our long term objective, which is eliminating the deficit completely. This strategy is based on fundamental political and public reality.

We believe it is best to set short term targets, concrete milestones and hit them. With short term targets there is no excuse for delay, no acceptable grounds for not taking tough action to address the problem. When unrealistic long term goals are set, reasons can always be found to avoid tough action today and tomorrow and tomorrow after that.

That was the Tory record, the first cousins of today's Reformers, a legacy we refuse to accept. Let me remind the House that we did more than stake out a deficit goal last year. We backed that goal with real bottom line action.

The 1994 budget set out measures to deliver \$20 billion in deficit reduction over three years. For every \$1 of revenue action there were \$5 of spending cuts. No budget in a decade moved so strongly to cut spending. The fact is we have always recognized the need for continued fiscal action. The 1995 budget process started the minute we introduced the 1994 plan.

That is why we combined immediate action with a sweeping series of program reviews of government operations, defence and social security reform. These have set concrete foundations for this year's budget and the tough decisions needed.

We all understand that we have a long way to go but I think we have made a strong start. I am certain that 1995 budget will show all Canadians and markets around the world that the fiscal commitments made by the government are the fiscal commitments kept by the government.

Before concluding my remarks let me comment directly on the so-called demand that today's motion cites for no net tax increases in the upcoming budget. Nobody likes higher taxes. Only a foolhardy politician would think otherwise. That is why cuts in government spending must and will be our priority in reducing the deficit. We proved that last year when we cut spending by \$5 for every \$1 in revenue measures.

Most Canadians know that to ever bring taxes down and more immediately to ease the pressure on interest rates and the dollar we have to get the debt under control. That can only start by meeting our deficit targets. Given this challenge, I cannot promise that the budget will not include revenue action. If we

*Supply*

take it, the focus will be on improving the fairness of the tax system.

(1040)

Let me challenge those who argue against any tax action. Do they really believe that the tax system right now is completely fair? Do they really believe that there are no loopholes or no unjustified preferences, especially given our fiscal situation? That type of Pollyanna politicking is not what Canadians demand or need at this time.

[Translation]

In concluding, I would like to point out that the motion before the House today refers basically to decisive spending cuts, a refusal to tolerate tax increases, initiatives to reduce the size of government, and all those measures that are part of an effective deficit reduction strategy. In other words, we have here the entire substance of what our government has said it would do. Unfortunately, the opposition in this House has shown once again it is better at spouting clichés than at making proposals of any substance.

[English]

We welcome the opportunity to debate tax issues before the budget, but we wish the opposition would bring some reality to the dilemma facing Canadians and hope that we hear more constructive propositions during this debate.

**Mr. Grubel:** Mr. Speaker, could you tell me how much time is allocated please?

**The Deputy Speaker:** It is 10 minutes for questions and comments. The member will appreciate that in error the government was not given a chance to ask questions or make comments about his speech. It was my error and I apologize to the House. It is 10 minutes basically for questions and comments.

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, I can understand that the hon. parliamentary secretary cannot reveal anything about the forthcoming budget and that he had to stay with generalities.

The basic principles he laid out, I believe 80 per cent of Reformers agree with. The system must be fair, the cuts must be discussed widely. All the principles he set out are so universally accepted that they are almost empty rhetoric.

I was talking about four issues which were raised before the finance committee where the member opposite sat and listened. An overwhelming proportion of witnesses said we must not do these kinds of things. The report that the finance committee came up with did not reflect these recommendations.

As I said in my speech, those recommendations are absolutely crucial to the way in which the investors of the world are likely to react to the forthcoming budget. I hope that the government



*Supply*

will not goof in the budget, that it will take the advice of the overwhelming number of witnesses on those four issues. The four issues are that a \$25 billion deficit target in two years is insufficient given the length of the business cycle. It is absolutely dangerous during a period of boom when the economy is growing at 3 or 4 percentage points a year to do as little as necessary to get to \$25 billion in two years. It will send the wrong signal.

Everyone who studies the budget realizes that the social programs are absorbing such a large proportion of the total that unless we take very tough steps on those, as has been recommended widely by the OECD and the Auditor General, the budget will not be credible.

(1045)

I raise this matter because early in this session I asked the Minister of Human Resources Development when he presented his plan for social policy reform whether there would be any savings from the reform. He went into a rhetorical flourish and said they will not eliminate the deficit on the backs of poor people.

The world hears this message but the world also knows that we cannot get away without making such cuts. We will be judged very harshly, especially in light of the fact that we probably have the most generous social security net in the world and in the light of the fact that it is now increasingly recognized that it was a noble experiment. When we are generous we also create dependence and increase unemployment as unwanted side effects.

The world will look for a message on what the government thinks about the cause of our persistently high unemployment rate. For years, for decades, American and Canadian unemployment rates moved in unison. They diverged by very little until the middle seventies when Canada increased the generosity of her social programs. Since then the Americans, who are at the same level of economic prosperity as we are in the business cycle, have had unemployment rates below 6 per cent. We are at around 10 per cent. In Canada 4 per cent of the labour force is unemployed, yet there is no explanation for it. If the deficit could eliminate it, if large exports could eliminate it, if low interest rates could have eliminated it a few years ago, it would have happened. It is not just me who is saying this. The cause is somewhere else.

Unless the government addresses these issues investors will be very unhappy. The probability is that the need for reform and for tough measures on all these issues will not come after deliberate consideration in the House or in committee. It will be imposed by governments and international organizations we have to go to in order to get money to stabilize our exchange rate and interest rate.

It is not a happy picture. We do not enjoy talking about these things. I appreciate the hon. member cannot say more about it, but the generalities that we heard again today are not the way to go. I appreciate the opportunity to share these thoughts with the House and the people of Canada.

**Mr. Walker:** Mr. Speaker, it is difficult to know where to begin. It is obvious that the rough edges of his speech were left for the comments period and not for his actual speech. In his speech he kept himself on track and was quite reasonable, but when he stood on comments he began to get a bit sidetracked as to what the budget process was all about.

The committee very carefully listened to witnesses. We were very careful in our own presentation to reflect the interest of Canadians. We can talk about majorities and what the majority said, but we also have in this country a respect for the minority. Groups that appeared before us were very concerned about the programs that were being presented. They asked us to protect the programs.

The job of a government is not only to get on the high horse of a protest movement. It is also very much to bring into focus what a government should be doing in these very difficult times.

I would argue that the approach taken by the majority report was a reasonable approach. We asked the finance minister to go further than he was originally intending to go. Then in January there were increased interest rates and difficulty with the dollar. I believe it is now accepted that actions will have to be as dramatic as they can possibly be.

(1050)

The opposition critic vacillates between two important points in this debate: between Canadians they are encouraging to fight against a tax increase and international markets that want to be reassured we have our house in order.

If we ask somebody in New York who is concerned about the Canadian budget whether there should be any tax increases, he would argue that we should do anything to get to our target. He would say: "If you are really concerned about what I think, do what you have to do. If it means tax increases, do it and get to your target". Then the Reformers go back to Calgary and say: "Tell them not to raise taxes". The whole strategy is made vulnerable because they are playing a double game and they know they are playing a double game. Somebody on the floor of the House of Commons should call them on that.

**Mr. Jim Abbott (Kootenay East, Ref.):** Mr. Speaker, I was wondering if the member has difficulty with his hearing. I was in Toronto last week on Wednesday night. There were well over 2,000 people jammed into the Sheraton Centre who gave a very clear message, and I am delivering it to the House: No tax increase.

I wonder if he could help us understand how it is Liberals do not understand that message when there are rally after rally,

*Supply*

grassroots organizations after grassroots organizations, buttons, petitions and everything else. The Liberals are not listening. Why?

**Mr. Walker:** Mr. Speaker, if my hearing is bad, perhaps his eyesight is also bad. Did he see the 5,000 people in Montreal who were worried about their futures?

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, I find it hard to be part of a discussion where people call each other deaf and blind. I am grateful for the chance our colleagues in the Reform Party have given us to discuss the government's budget and, in particular, the appropriateness of keeping taxes and income taxes at their present level in the Minister of Finance's upcoming budget.

I will say right off that the Bloc Québécois supports the Reform Party's statement that increasing taxes and income tax at the present time, as the Minister of Finance himself acknowledged when he appeared before the finance committee in October, would kill the Canadian economy. It would put a strangle hold on job creation opportunities in the short term and before Canada enters a new period of slowing down, following the economic slowdown in the United States.

Thus I say straight off that we support the Reform Party's proposal that the upcoming budget contain no general increase in income tax, as the Liberal majority on the finance committee suggested in December, and no additional taxes. Taxes and income tax also have an effect on the black market economy, the underground economy. The Minister of Finance himself estimated it represented between 10 and 15 per cent of Canada's GDP. This is a lot and it is the direct result of the excessively high level of taxes and income tax in Canada.

Having said this, we have not forgotten that the budgetary situation of the Canadian government is critical, that the budgetary situation of the governments, as well, in Canada is one of the worst among industrialized countries. The federal debt alone, at \$558 billion, represents over 80 per cent of the GDP. This is almost a world record. If we add the provincial debts, the figure increases from 80 per cent of the GDP to 115 per cent of the GDP. A catastrophe.

Another catastrophe, in terms of Canadian public finances, is the high proportion of Canadian securities in the hands of foreigners—43 per cent. This means we have a lot less control over our economic destiny and, in addition the capacity our governments have to act in budgetary or other areas is jeopardized.

(1055)

In regard to this long-standing situation—it has existed for some ten years—we knew we would find ourselves sooner or later in a catastrophic situation such as the present one. In spite

of this, the Minister of Finance gave himself a break of nearly a year and a half. The Minister of Finance has done nothing since assuming his position. The Minister of Finance has done nothing but present a first budget which hurt the most vulnerable, a budget which cut \$7.5 billion from unemployment insurance programs but, in the end, solved nothing because in financial circles, both in Canada and abroad, the measures were not viewed as truly serious measures to correct the budget situation in Canada.

In fact, in May 1994, a mere three months after the first budget was brought down by the Minister of Finance, the C.D. Howe Institute was already forecasting additional cuts beyond those mentioned in the minister's budget, additional cuts of \$7 billion over two years to allow the Minister of Finance to achieve his goal of a federal deficit of \$25 billion for 1996–97, that is 3 per cent of GDP.

In his economic statement of last October—just to give members an example of the seriousness or, to be more precise, the lack thereof, and laziness on the part of the Minister of Finance—the minister estimated that costs would have to be cut not by \$7 billion, as the C.D. Howe Institute indicated, but by more than \$9 billion. And since January, precisely because of the lack of serious intent on the part of the Minister of Finance, his inability to take truly corrective measures and immediate action, we are now facing necessary cuts estimated at between \$12 and \$16 billion over the next two years because of variable interest rates. Over a seven month period, forecasts were changed four times as pertains to required cuts or new revenues if the Canadian government is to meet its goal of reducing the deficit to 3 per cent of GDP as established by the Minister of Finance.

And people wonder why things are not going well. People wonder why they still do not know what the federal government is doing to correct the situation. This is what happens when nothing is done for a year and a half, when financial circles tell us for a year and a half, with increasing urgency, that nothing is being done to correct the situation: panic sets in. And at present, we are seeing total panic from the Liberal government. They do not really know where to go from here. They are making proposals left and right. They have been sending test balloons out over the last two or three months, but have failed to do what was needed for a year and a half.

I would even say that not only is the official opposition awaiting the Minister of Finance's next budget, but also the entire international community. Indeed, all foreign investors who hold Canadian debt securities are getting ready to pounce on the Minister of Finance.

The next budget needs to be a budget that clearly shows that a structural reform is taking place, that measures are being taken, not just haphazard measures but serious corrective measures. Not just superficial cuts, cuts concealing the true catastrophic state of our public finances, but real cuts, airtight fiscal measur-

*Supply*

es that will not only permit the Minister of Finance to brag, and pat himself on the back for, reaching his goal of bringing the deficit down to three per cent of GDP in 1996–97, we will come back to this later, but real proof that the Minister of Finance has gotten public finances under control. This is what financial circles are expecting.

And let me tell you that if they are not convinced that this and the 1996–97 budgets contain serious corrective measures and take at least some strain off the public finances, since that is the heart of the problem, I would say that they are going to demand risk premiums, like they did in January and May 1994. In addition to the regular return they receive on Canadian debt securities, they will demand that an additional percentage be tacked on to compensate for the absolutely decrepit state of Canada's public finances and for the Minister of Finance's lack of action, other than his stand-up comedy act, to really correct the situation.

(1100)

I would argue that people are a little tired of hearing the government and its representatives tell us every day that they will achieve their goal of reducing the deficit to 3 per cent of GDP.

I will make two comments on this. First, if they want to reduce the deficit to 3 per cent of GDP by continuing to slash social programs enthusiastically, they are on the wrong track. People are fed up with this government's hypocrisy. They are fed up with the red book telling them that they will be protected against underemployment or other social problems they may face and with a government that has been doing exactly the opposite in the past year.

The government has cut UI and stopped contributing to the UI fund. It is raising the spectre of additional cuts in transfers for social assistance, post-secondary education and even pensions. They have been talking about it on that side of the House for about six months. People are fed up with the Liberals' actions, which are not consistent with the reasons they were elected in October 1993.

Second, let me reiterate that even if the government managed to reduce the deficit to 3 per cent of GDP by 1996–97, it would not solve anything, and that is a little indecent. They tell us every day that they will reduce the deficit to 3 per cent of GDP and solve everything, but that will not solve anything. In 1996–97, we will still be saddled with a \$25 billion deficit and, most importantly, with a debt approaching \$625 billion. So they are not solving the problem. They are behaving like a government that only cares about being re-elected in three years.

From a structural point of view, they are not solving the federal debt problem at all. With a \$625 billion debt, the problem will be just as serious in 1996–97 as it is today; the public finance crisis will be as serious as it is today. That is, in

my opinion, Canada's biggest problem. There are other problems but that is the biggest one.

Despite the gravity of the problem, this government, which bragged during the election campaign of wanting to create as many jobs as possible, is doing, in my opinion, the opposite of what it should be doing as a result of its attitude toward public finance.

The debt is so big that going after domestic savings to periodically finance part of this debt pushes up interest rates. Interest rates are going up in this country. The Minister of Finance has lost his credibility with international investors, who are demanding higher yields, and this is also putting upward pressure on interest rates, which in turn affects our national interest rates.

If you happen to be an investor and want to invest money and create jobs, you will invest less and create fewer jobs because of high interest rates due to the pressure of the debt on the Canadian economy, the so-called crowding out effect, and it will not be any different in 1996–97. This jeopardizes our chances of experiencing a really strong economic recovery with substantial job creation.

When we consider how job creation has evolved during the past two and half years since the end of the recession, or at least its end in technical terms, it should come as no surprise that in Canada we are still about 800,000 jobs short of reaching the same labour force participation rate that existed before the first quarter of 1990 or before the recession began. And this is all because of the federal debt.

Even the Department of Finance has calculated that structural unemployment is at 8.5 per cent, in Canada, because of the size of the debt. Even with an economy that is doing well, even when the circumstances for job creation are ideal, the unemployment rate is around 8.5 per cent because of the size of the debt and the pressure of the debt on the economy, and the situation will not change until the structural problems besetting Canada's public finances have been solved.

(1105)

That is the situation, and I do not think there is any reason for members on the other side to be proud of what the Minister of Finance has accomplished in one year. If I were the minister, I would be ashamed, and if I were the government, I would be even more so.

In any case, and I have a few minutes left, the official opposition wanted to make its own contribution last October when the Minister of Finance appeared before the committee, and we repeated our suggestions last December when the Liberal majority tabled its report on pre-budget consultations. We wanted to make a short-term contribution that would at least reduce the impact of the deficit and give the Minister of Finance

a chance to brag that he would hit his 3 per cent of GDP target. We wanted to submit recommendations as an alternative to the drastic cuts in social programs which the government has made and plans to continue.

We made ten recommendations, and I will mention the first eight, which are the most important ones. The first one, and I want the Secretary of State for Finance to listen very carefully, because although his minister realizes we made recommendations, he himself insists we never did, or maybe he cannot read and in that case, he should learn or at least find out about the recommendations enclosed with the report tabled by the Finance Committee last December.

The first recommendation we submitted to the Minister of Finance, to help him be on target with his deficit of 3 per cent of GDP in 1996–97, was that the federal government should withdraw altogether from areas under provincial jurisdiction. For Quebec alone, this means a savings of \$2 to \$3 billion a year by eliminating overlap, duplication and redundant administration.

The second recommendation we made to the Minister of Finance—and we are still waiting for him and his team to analyse these recommendations—is that we stop giving subsidies to business, which, last year, amounted to \$3.3 billion and which are, more often than not, a form of patronage for friends of the Liberal Party of Canada rather than real support to business in meeting the challenges of globalization. Here then is \$3 billion; a big savings in reaching the goal of reducing the federal deficit to 3 per cent of the GDP in 1996–97.

The third recommendation we made to the Minister of Finance, and we continue to stand by it, was to make a further cut of at least \$1.6 billion in the national defence budget. This would have meant a 25 per cent cut in the defence budget over the past two years. This corresponds to the analysis we made during the electoral campaign. We held that, even with a 25 per cent budget cut, national defence could retain its past and present efficiency in a world of reduced international tensions.

The fourth recommendation, and we still make this recommendation to the federal government, which claims to want to avoid white elephants and wastage, is that, if it wants to maintain some credibility, it withdraw from the Hibernia project, which has already absorbed some \$3 billion with no promise of producing any profits within the next twenty years. If this government wants to do something other than playing politics, if it wants to be taken seriously, it must withdraw from the Hibernia project.

The fifth recommendation, one we have been making for a long time—but I think the Liberal government lacks transparency—is for a complete review of the taxation system. Complete, from A to Z, including the 16 tax treaties signed between Canada and several countries which are, in fact, regarded as tax havens.

### *Supply*

Businesses can claim operating losses abroad, repatriate these losses, though they are fictitious losses, and deduct them from their Canadian income to avoid paying taxes. That too is a major problem, and will become an even bigger one if allowed to continue.

(1110)

We had also asked, in the context of this taxation review, that the privileges associated with family trusts be eliminated. Shortly before adjournment, we made a motion in the finance committee which was readily defeated by Liberals and Reformers. Why? Because it affected privileges enjoyed by their buddies, the wealthiest of Canadians, who avoid taxes year after year by paying no tax on capital gains or on personal fortunes valued at several hundred million if not several billion dollars. We cannot quote the precise figure because, although the Minister of Finance is ostensibly in favour of transparency, his department does not want to conduct the studies necessary to determine the true value of these tax loopholes.

The seventh recommendation would be to impose a true minimum tax on corporate profits. Not with the aim of adding to their tax burden, but because several thousand companies have paid no taxes in the last ten years. We must be sure, at least, that they are escaping taxes because of their specific production conditions and product–process cycles and not because they have hired tax experts to save money by not paying Canadian taxes.

The eighth recommendation is one of the most important. I was saving it for the end. The auditor general even made the same recommendation, in his last report, regarding the \$6.6 billion that Canadians owe in unpaid income taxes. These are not amounts in dispute, but simply money owed to the federal government that has remained uncollected due to the government's lax approach and failure to allot the resources necessary to recover these amounts. The auditor general's own opinion is that 80 per cent of the amount owed, more than \$5 billion, could be recovered if only enough resources were available for the task.

In conclusion, we too are not in favour of new general taxes, as was recommended in the Liberal majority reports from the finance committee, but at the same time, we recommend that the government find ways to improve, even in the slightest way, the state of Canada's public finances, at least on the short term, because we have very serious longer term problems.

*[English]*

**Mr. Barry Campbell (St. Paul's, Lib.):** Mr. Speaker, on behalf of the Parliamentary Secretary to the Minister of Finance I have a few comments I would like to make to the member opposite—

**The Deputy Speaker:** The hon. member cannot make comments on behalf of another member. He has to speak on his own behalf, not on behalf of someone else.

*Supply*

**Mr. Campbell:** Mr. Speaker, I appreciate that correction. Canadians might have a little sympathy for the government after seeing this spectacle of members opposite saying no taxes, while the opposition was saying through the last speaker no cuts and maybe we should have tax increases.

What bothers me particularly about the last comments from the opposition critic are the internal consistencies in his very statement. Those members speak often about logic, yet I hear them say: "We recommended a whole host of cuts. On one hand, cut national defence spending but of course not in Quebec. Cut Hibernia but help out MIL Davie", which we heard much about in the months leading up to the Christmas recess.

There were other thoughts about family trusts. The comments on family trusts, as in the minority report they proposed, reflect a complete misunderstanding of the role of trusts in Canada and the importance of family trusts to family businesses, to small businesses, to families; completely misrepresenting the importance and reality of trusts. In the fullness of time, I have confidence the finance committee will issue a majority report that sets the record straight.

With respect to three per cent and the three per cent figure, on one hand we have members opposite saying that it is not enough. On the other hand we get criticized by the opposition critic for adjusting our outlook to take into account the real world, reality, and to make sure we get there.

(1115)

When we meet that target it will be the first time in a long time that we have met a target in the right direction. It will go a great distance toward restoring the credibility that members opposite suggest is lacking in financial markets and go a great way toward restoring the confidence we should have in our ability to solve our problems.

*[Translation]*

**Mr. Loubier:** Mr. Speaker, absolutely, I have a reply for my colleague, a reply to his three questions. Regarding inconsistency, because we are proposing cuts at the same time as we are asking for an increase in the national defence budget in Quebec, I would say that if there is any inconsistency, it is on the other side, not here. We have always been consistent with ourselves, with our option and, above all, with our analysis of the situation.

At the present time, 17.4 per cent of national defence spending takes place in Quebec. We represent very close to a quarter of the population, or, if you consider it in terms of taxes paid, we pay almost 23 per cent of the taxes collected by the federal government, but we receive only 17.4 per cent of the spending. This means that there are others receiving more than they should

in terms of population or in terms of their contribution to the federal coffers.

What we have always said is that cuts should be across the board, but with an adjustment for Quebec. This is what happens in the case of agriculture, it is what happens in most areas. So, that dispenses with the first inconsistency.

The second point was family trusts. My colleague claims that I have no idea of the importance of family trusts, but neither does he. And do you know why? Because we repeatedly asked the Finance Committee, senior officials in the finance department, the finance minister, the revenue minister, and senior officials in the revenue department to provide us with an exhaustive evaluation of how much money is in family trusts and the resultant losses in tax revenue to the federal coffers. So he can stop talking about the importance of family trusts, because he is just as much in the dark about them as we are.

We have estimates and are at least trying to give some thought to the magnitude of tax losses resulting from trusts and from tax agreements. My colleague prefers to turn a blind eye to these fiscal inequalities. If we are going to talk about credibility, I would say that the Liberals should look in their own back yard. There has been no sign of credibility for a year and a half now.

*[English]*

**Mr. Ray Speaker (Lethbridge, Ref.):** Mr. Speaker, I would like to pose two questions to the hon. member who has just spoken in response to the member for St. Paul's.

The first question is with regard to tax increases. The hon. member for Saint-Hyacinthe—Bagot indicated that the Bloc as a party did not want tax increases. Then he went on to say that maybe there are some places where new taxes can be applied.

Is the Bloc Quebecois saying there should be no net tax increases of any kind and that if there is a redistribution because of a change in tax policy, that if there is an increase in revenue in one area, it should be redistributed to other Canadians by way of a tax reduction? Is that the position of the Bloc Quebecois, no tax increases?

I say that in light of some of the other comments and the other observations that I have made in this assembly. When we look at the cafeteria of social programs, unemployment insurance, post-secondary education, old age assistance and also the tax credit with regard to those people over 65, the Bloc did not want to allow or make the change that was recommended in the 1994-95 budget.

If we maintain all of those programs at their current level, how are we going to deal with the deficit and possibly maintain the tax policy that the hon. member recommended to the House?

*Supply*

I would like the hon. member to comment on that first of all. Is his party in favour of no tax increases on a net basis?

Second, with regard to family trusts, I am a member of the finance committee and I have been waiting for some type of a presentation which indicates that there is a major error in family trusts. Is the hon. member asking the finance committee or the government to pass legislation or some mechanism by which it is able to deal with people's private income and private bank accounts to derive what is the composition of a family trust?

(1120)

[*Translation*]

**Mr. Loubier:** Mr. Speaker, in response to the first question on taxes, we do not want the Minister of Finance to raise taxes when he tables his next budget, or the one after that.

However—and I have the feeling my colleague is having trouble reading our recommendations, does not understand them or does not want to understand them—, there are inequities in Canada's current tax system. There are so many inequities, as I demonstrated a little before the House adjourned last December, business taxation in Canada has become so ludicrous that some businesses even sell their unused tax deductions to other businesses. There was a classified advertisement in the newspaper offering a tax loss for sale to businesses that could use it. If you do not find this ludicrous, there is a problem.

What we are saying is that there are loopholes to be closed, inequities to be corrected in our tax system. As a result, we have been recommending for a year and a half that the government undertake a comprehensive review of the tax system.

We already know about the loopholes. The auditor general has already pointed out some of them. He mentioned the 16 tax treaties, saying that there were problems with them because they were often concluded with countries considered to be tax havens, where Canadian businesses open fictitious subsidiaries, report fictitious losses, and manage not to pay what they owe Revenue Canada.

If you want to maintain these inequities, these loopholes, these inconsistencies, while asking Canadian men and women to tighten their belts another notch, there is a problem within the Reform Party although it is not the only problem.

As for family trusts, let me reiterate that the Minister of Finance held out his hand to us by saying that he would let a finance subcommittee look into the matter of family trusts, that it would be given *carte blanche*, that his officials would visit the committee and do whatever it would ask them to do. It was a monumental farce.

It was even, I would say—no, I will not say it because it would be unparliamentary—but it is a monumental farce. We had four months of regular hearings. We met with officials and experts. Imagine, the Liberal chair told the officials that they did not have to answer the questions. Enough is enough. There is a problem with respect to the relations between the government and senior officials. Senior officials can answer if they feel like it. They never responded to that.

How can we propose specific measures when you and I along with my Liberal colleagues do not know what is happening with family trusts nor how much money we are losing as a result of the tax treaties.

There is a lack of transparency, of understanding, and I think that it has become ridiculous.

[*English*]

**Mr. Jim Peterson (Willowdale, Lib.):** Mr. Speaker, I am pleased to rise in the House today on this important issue. It is very important that Canadians have access to the facts and to the issues that face us. We are going to be forced in the next budget to make some of the most difficult budgetary decisions that have been made in this Parliament's history, probably the most difficult decisions that we have had to make outside wartime.

As Canadians know, the government inherited a national debt of \$500 billion and an annual deficit that had gone up to over \$45 billion. As much as we politicians wish we could spend money on people and help people, we can no longer continue at this rate.

If we do not get the deficits down and start to eventually reduce our national debt, we will continue to be even more hostage to the international capital markets whose investors are demanding higher and higher interest rates in order to fund our debt. It is a debt which is so enormous we can no longer fund it out of the pockets and the savings of Canadians alone.

(1125)

If we do not get the deficit down we will no longer be able to have the economic climate in which we can get lower interest rates, have more investment and create more jobs. Unless we are able to meet the deficit targets that have been set, every one of our social programs will be in jeopardy. We will not much longer be able to go on spending way beyond our means and yet create the type of Canada that all of us want.

It is going to be a difficult task as we go about, over the next two years, of taking maybe \$10 billion, \$12 billion or even \$14 billion in budgetary actions, that is spending and/or tax increases.

One of the things that we must continually bear in mind as we make these difficult decisions and choices is that when social programs are cut, programs designed to protect the most vul-

*Supply*

nerable in our nation, it must be done with caution, with compassion and with care. For so many Canadians these programs are the only means to security, dignity and opportunity.

In making the difficult decisions that we are called on to make and that we shall make, let us not only remember those who are most in need, but let us also remember that the burden should, to the extent possible, be shared fairly by all Canadians.

We know and the finance committee in its report recognized that Canadians are just about at the ceiling of taxation. Personal income tax rates are very high. When they are combined with the taxes on commodities, the payroll taxes and municipal taxes, Canadians are saying: "We want less. We are prepared to do with less. We cannot afford vastly higher taxes in order to continue the lifestyle to which we have become used".

However, they are also saying to us that when these cuts are made, please be fair. We will be judged, first of all on whether we meet those deficit targets, and we had better meet them, but we will be judged on whether we have done it fairly.

When we cut social programs are we really asking the wealthy in our society to contribute? How are they bearing their fair share when all we are doing is cutting programs? We have \$3.1 billion in business subsidies. We want to get rid of all of those as quickly as we can. However realistically our committee looked at these, we said that we probably could not cut more than 36 per cent of those subsidies over the next two years. That will contribute slightly over a billion dollars to deficit reduction. It is not going to be enough.

We may just have to suggest that the very well-off in our society contribute their share to the deficit reduction targets through a few added tax measures. This is why we suggested in our report that we could perhaps ask the large corporations, corporations with capital over \$10 million who do not pay taxes because they have losses carried forward or they have capital cost allowances expenditures, to pay just a little bit more. Maybe we could ask Canadians who have huge winnings on lotteries to put 10 per cent or 15 per cent of the winnings toward the deficit reduction. Is it fair to say to wage earners that they will be taxed at 53 per cent or 54 per cent on their wages but that they can make a million dollars in a lottery and not pay any taxes at all?

(1130)

We recognize our marginal tax rates over the past nine or ten years of Tory government have become less and less progressive. The wealthy in Canada are paying less tax proportionately than the poor and middle income Canadian have been asked to pay.

We suggested that low and middle income Canadians should have their surtax reduced by one percentage point. We think this would introduce an element of fairness. In the overall package

that we called for, recognizing that budget cuts must be the prime factor, we said that for about every \$9 billion in expenditure cuts we might need about \$1 billion in tax increases over the next two years. I do not believe Canadians are going to be reluctant to accept some of the proposed measures, particularly when they are expressed in terms of the fairness we must go about practising when all Canadians are asked to contribute to helping us get out of the mess we are in.

The principle of fairness applies not only to the most disadvantaged of Canadians who need our programs in many cases. This does not mean that we should not reform our programs to help people get off welfare more quickly or to help them rely less on unemployment insurance. After all, we want Canadians want to be working and not be on the dole.

In setting these difficult courses we have to start with ourselves in Parliament. We cannot ask Canadians to make greater sacrifices than we are prepared to make ourselves. This is why the first item of business must be the pensions of members of Parliament before we ask other Canadians to make their sacrifices. This is why we have called in our report for major areas to be cut, namely the \$20 billion out of \$120 billion in program spending. This \$20 billion applies to our government operations, how we conduct our business and how we conduct our affairs. We have said that over two years it should be cut by 12 per cent. In terms of parliamentarians in our own little niche, we have called for a cut of 15 per cent.

I have mentioned business subsidies. We believe we can get rid of most of them over time. There are outstanding commitments that we just cannot break. Therefore we concluded that we had to be practical. About the most we can hope to get rid of over the next two years is 36 per cent. I believe the total amount would be slightly over \$1 billion.

We have to bring a new philosophy to how government deals with the private sector. If the only way a private sector enterprise can exist is through government handouts and government grants, it will not be long before we can no longer afford the grants and handouts. Not only that, it is not fair to legitimate operators who do not rely on the dole or do not rely on the deep pockets of government but compete with industries that get these breaks. Not only that. With the new trading regime, the GATT and the NAFTA, we have less and less ability to interfere in this way because subsidies will be subject to countervail.

(1135)

We are in a new world. We are in a world that many Canadians would not have believed 10 years ago that we would be facing today. The levers of control we had as a national government are no longer there. Whether we like it or not we have to live with the new reality of global competitiveness, international capital flows and international investment.

*Supply*

This will impose upon us new challenges. However one of the challenges cannot be grants to business. That is why we suggested abolishing all outright grants to business. We cannot give business a leg up by way of a loan because our capital markets are not working adequately to supply all small businesses and entrepreneurs with the startup capital they need.

However, if we are to do it, let us do it only on a loan basis. We will lend the money but let us make sure that we have equity in the company. We do not want a one-way street for the public sector such that if the business goes under we lose it. We want to ensure that if the business profits from the investment we make by way of a loan there is an upside for us so that we have money to fund programs and to make them self-funding and self-liquidating.

There are other areas where we have called for cuts. One such area is subsidies. We have about \$7.7 billion in subsidies for various crown corporations and others like that. Let us start weaning them from subsidies. Here we have called for a 10 per cent cut. The lowest cut we called for was within the overall package of social programs worth about \$40 billion at which the human resources development committee was looking. Because many of these programs go to the most vulnerable in our society we called for cuts of 7 per cent over two years.

There is a number of areas in which the committee did not feel there could be cuts, such as Canada's native people, the Inuit and veterans, people who have a lot of catching up to do because our programs may not be working adequately to bring about the type of social justice they need.

We were also very concerned about the aging population. Many Canadians have not provided for their own retirement needs. Too few Canadians are taking advantage of the very generous tax breaks available to provide for their own retirement. The ideal would be as our population ages that fewer Canadians have to rely on government.

This is a major issue and none of us pretends to have the answer. That is why we suggested before changes were made to retirement provisions, pension plans and RRSPs that we had to take into consideration a number of principles. One is parity between public sector and private sector pensions. Another is the need of those who are self-employed and have to provide for their own retirement through registered retirement savings plans. They need to be able to build a pension fund comparable to those who have been in the private sector and have had long years of contributions to private pension plans.

We also have to look at our public responsibility. Right now we are spending about \$15 billion in forgone tax revenues—we can call them tax expenditures or whatever we want—to encourage self-sufficiency during retirement. Before we change this

regime we should do so in the context of how we help more and more Canadians provide for a secure and dignified retirement. We are becoming more and more an aging population.

(1140)

The challenge before us is not an easy one. We have called for getting our deficit down over a two-year period from about \$40 billion to about \$25 billion. That is about 3 per cent of gross domestic product.

Why is that 3 per cent level important? It is important because with the current growth that is the level where our economy will be growing more quickly than our national debt. That will be the turning point. It will only be one turning point. We will have to go much further in subsequent years. We will have to start at some point paying down a huge national debt that will absorb one-quarter of our national expenditures this year. It takes one-third of every tax dollar paid to the federal government.

I hope we might be able to go slightly beyond the targets. Why? It is because we never know what the economic circumstances will be a few months down the road. We have seen the volatility of interest rates over the last three or four months that make the moderate projections in the papers tabled by the finance minister now seem passé. We are on to a new scenario. We do not know whether it will happen in the future but we must be prepared for it because our credibility depends on at least meeting those targets.

We need a cushion. It is fundamental to have a cushion for an additional reason. Let us admit that we might make mistakes when making cuts that we are not used to doing and we are probably not going to be extremely good at doing. We might unduly prejudice individuals we did not intend to hurt. We might cause pain where it is not deserved. I know we will bring to these people a Liberal spirit of generosity in attempting to undo any harm that was not intended.

Let us approach this tremendous challenge with the spirit of fairness and with the spirit that every Canadian must be called upon to contribute his or her fair share to getting our national resources and our financial picture in shape. Let us not achieve it on the backs of those who are most vulnerable in the country. Let us do it in a spirit of humility that we cannot be right 100 per cent of the time, that we will make mistakes and that we want to hear from Canadians as to where we have made those errors. If that is the case on reflection, let us freely admit that we have made a mistake and rectify it quickly.

By following these principles we can go into the next decades with a much healthier Canada and with a much stronger Canada. We will be able to pass on to succeeding generations what our mothers and fathers have given us: a strong and united Canada.

**Mr. Jim Abbott (Kootenay East, Ref.):** Madam Speaker, before I became involved in politics which was only 15 months



*Supply*

ago, I was wondering what was meant by the term code words in politics. I suggest code words are being used by the Liberals.

With due respect to the chairman of the finance committee, when he uses the word "fair" and the phrase "contribute their fair share" what he is really talking about is a further tax increase. Taxes are simply the confiscation of wealth.

(1145)

It is absolutely outrageous that this government would be compounding the problems created by the Conservatives, particularly with the corporations, that when the corporations have a loss, a no profit year, the government would turn around and confiscate some of their working capital by virtue of the fact that it says they did not make a profit this year, therefore it is going to tax them. It is a simply confiscation of their ability to be able to fund their enterprise. It is absolutely outrageous.

The top 10 per cent of people earning over the \$51,000 figure pay 50 per cent of the income taxes. How much fairer can we possibly get? The top 1 per cent who earn over \$100,000 pay 15 per cent. How much fairer can we get? Is this not progressive enough?

The reality is that according to well documented and fully accepted statistics, the average tax take on Canadians at all levels of government at this point is 46 cents out of every dollar. How much fairer can we get? Is there any more room in taxation?

Considering that, let us get away from the \$51,000 and the \$100,000 ranges and talk about the average family income, a joint family income of \$46,488. Consider that family spends \$17,000 on food, clothing and shelter. However, with all levels of government as a result of past activity of the federal government down loading the taxation to other levels of government, that family with an after tax income of \$46,488, \$17,000 of which is spent on food, clothing and shelter, has a tax bill of \$21,000, which is \$4,000 more than it costs to cover food, clothing and shelter.

Does the chairman not believe that there is no more room, no net tax increase, that this is the only position this government can take?

**Mr. Peterson:** Madam Speaker, I do not believe that for one minute.

There are some inconsistencies here. The hon. member has talked about down loading. That is the concept whereby when we make cuts in program spending or transfers to the provinces, are those services going to be performed at a lower level of government, either the provincial or municipal government?

In some cases those services will not be performed because there is no money available. As the member points out, provinces have increased their taxes in response to certain down loadings that have taken place. Is he saying that we should not be

downloading this time? Why are they calling for cuts in transfers—

**Mr. Abbott:** Provide tax room.

**Mr. Peterson:** That is to me a great inconsistency. The member has also said that a large corporation with \$10 million in capital that is running at a loss position should not have to pay taxes. I agree. However, if the corporation apart from loss carryovers and apart from capital cost allowances is actually experiencing a profitable year in terms of income but not in terms of taxable income, perhaps it could contribute a little more to our deficit reduction. I do not consider that unfair.

If the member is making the point that we are highly taxed, he is right. We cannot argue with this. Canadians realize this. However, this is the party that said no new taxes whatsoever. Then in the next breath it said it will tax the Governor General. In other words, there are no hard and fast absolute rules.

(1150)

Let us look at each particular tax measure to see if we can afford it, if it would make us non-competitive, if it would have adverse consequences. Let us look at these things with an open mind.

I go back to the fundamental premise. I cannot guarantee that our entire tax system is fair today, that everybody is paying their fair share of taxes. We know that overall we are just about at the limit. We found over two years \$1.1 billion in possible net tax increases that we thought might work. Two hundred million dollars out of the proceeds of lotteries; is it unfair that we should have a 10 or 15 per cent tax on \$1 million won through a lottery?

**Mr. Abbott:** Taxing a dream.

**Mr. Peterson:** The hon. member says it is taxing a dream. We are also taking 15 per cent out of \$1 million which was unearned as opposed to taking over 50 per cent out of the pocket of the person who has to toil all day long in order to earn that wage. Is that the concept of fairness?

I hope we do not approach this from an absolute statistic point of view. There may be certain cases in which only tax increases will give rise to that fairness but we face another problem, as the hon. members know. When we cut federal programs we do not often in the first year or in the second year obtain actual savings.

When we close down a military base and put people on the street do we actually save in expenditures when we have to provide for unemployment, severance, reconfiguring the land, getting rid of equipment and materials and things like this? We do not always have savings in the first two years.

I believe our deficit crisis is such that we have to meet our targets that we have set and we have to meet them within the time limit we set. Therefore expenditure cuts alone, while they will produce the savings we need over the longer term, may not work adequately in the first two years. This is why we may need

a little tax room on a temporary basis during the first one or two years in order to meet those targets.

I hope that Canadians will keep an open mind when they see the program, when they see the budget that comes down. I hope they will come to the conclusion that the single most important thing we must do is meet our deficit reduction targets.

The second most important priority is how we meet them. If we had to have minor tax adjustments in order to meet those targets, in order to be fair I believe that Canadians would say they do not like them, they may not like the cuts we have imposed but they will judge our overall budget package in terms of all of its aspects; who has been hurt through the cuts, who is hurt through the tax increases, minor as they may be, if there are any. We will be prepared to be judged on the basis of that entire package.

**Mr. Leon E. Benoit (Vegreville, Ref.):** Madam Speaker, I have a question for the hon. member for Willowdale.

The hon. member talked about this government's commitment to balancing the budget and he talked about the target of its very weak goal of 3 per cent of GDP in three years.

The interesting thing about that is it is a moving target. It has been much more rapidly moving than economic growth. The government started out talking about \$22 billion. Lately the talk has been of \$25 billion. It is a rapidly moving target.

The hon. member talked about economic growth and how it has been much higher than what was forecast. The interesting thing is that although economic growth has been much higher than forecasts I have not seen an acceleration in the reduction of the deficit to correspond with this income which was not anticipated.

(1155)

I would like to ask the hon. member why there has not been a reduction in the three year target to correspond with the unexpected increase in growth.

**Mr. Peterson:** Madam Speaker, I am pleased to respond to that. All Canadians need an answer.

The member is right. Our growth in Canada has been higher than the norm that was set out, the target that was set out, the standard that was set out in the finance minister's economic analysis. All of us on all sides of the House I believe are pleased that our growth has been this vigorous. It means we are creating more jobs. It means we have unemployment down from over 11 per cent when we took office to under 10 per cent now. This is very encouraging because the reason we have to meet deficit targets is not an abstract study. It is not just because we want the deficit down. It is because we want to help the economy that can create the jobs and the opportunities.

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Offside right now in terms of the targets, in spite of excellent growth, the interest rates have gone much higher than we thought. That is the problem and that is one of the reasons we have to meet our targets and get them down. It is one of the main reasons we will.

**The Acting Speaker (Mrs. Maheu):** Because the Chair recognized a Liberal prior to a Reform member, we will be doing two blocks of Reform speakers beginning with the hon. member for Lethbridge.

**Mr. Ray Speaker (Lethbridge, Ref.):** Madam Speaker, I would like to give notice to the chair that Reform intends to divide its time from this period forward.

The resolution that we have before us that was placed on the Order Paper by the hon. member for Capilano—Howe Sound makes a very clear point not only to this House but to Canadians that we believe there should be no net tax increases at all used to eliminate the deficit that we face in this country. I think that should be the focus of the debate here today.

Canadians have told us very clearly, as a Reform caucus, that is the message that should be brought to this House. I have found in the last few days that the rate of mail that deals with the matter of taxes has increased significantly. For example, this morning I had 80 letters delivered to my office which sent a clear message that there should be no new taxes or no net tax increase of any kind in the upcoming budget expected at the end of February 1995. I think that is a message we should listen to and not ignore it at all when we are debating this issue.

It is important that this resolution is on the floor here today prior to the finalization of the 1995-96 budget because the minister and the Liberal government must hear a clear message. By debating this supply motion I think the clear message can be presented here on behalf of Canadians.

I want to put into the record a copy of a letter I received that was directed to the finance minister. I have the approval of the author of this letter to make it available in this House if necessary. The letter comes from a resident of my constituency from Magrath, Alberta, Mr. McClung. I thought he put this tax question clearly on the table as a middle income taxpayer of Canada.

He said this to our finance minister as of January 31, 1995: "Sir, I am mad as hell and I am not going to take it any more. Don't raise taxes, cut your spending. If you raise taxes on gasoline I will be forced by you to cut back on my driving. If you raise taxes on milk I will drink water. If you raise taxes on goods and services I will cut back on my purchases of taxed goods and services. If you raise taxes on my income I will be forced by you to again follow the above pattern."

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(1200)

“In my workforce lifetime of 36 years I have seen my take home pay dwindle and my purchasing power of that take home pay dwindle to the extent that I now need a second job in order to pay for my basic needs of shelter, food, clothing and transportation.

“Your suggestion of raising taxes is revolting. It will not fly this time. This is a revolt against higher taxes. Follow the lead from the states in the United States who have raised taxes and achieved the negative revenue increase and from those states who have lowered taxes and have achieved their goal of increased revenues”.

His final advice to the minister is this: “Tighten your belt as I have tightened mine”. Thousands and thousands of Canadians want that message placed on the floor of the House of Commons prior to the delivery of the 1995–96 budget.

Canadians do not only feel very strongly about taxes not being increased, but they also feel they are not getting value for their dollar. They also feel they are not getting the services nor the results from that dollar that is sent to Ottawa where it is redistributed in a variety of ways.

They asked this very basic question. “Where were our tax dollars being spent? I cannot see any difference, except that I have less left over at the end of the day”. They have less in their pockets to spend on their own personal needs. If we look at some of the statistics available to us, that comment is only reinforced and confirmed in many ways.

Canadians today are paying more in taxes but a smaller percentage of these dollars are really being spent on services. In 1961 the average family’s tax bill was 22 per cent of the family income. Today in 1994 the average family’s tax bill is 46 per cent of that respective income.

I know we have all heard the projection as to how many months of the year we pay taxes to various forms of government. Not too long ago we paid taxes until the month of May. Now we are paying taxes until the month of June and then after the month of June we have some money left over for our own personal needs and support for our family responsibilities.

We also find that since 1980 alone the average family’s tax bill has increased on average by \$3,500. That includes a variety of taxes that are paid. That is a major increase, a major imposition on Canadians.

If we look at the other side of what is happening in terms of services, we will see the other part of this paradox that Canadians talk about, the fact that there are less services. I have heard that expounded here in this assembly.

People today find that crime is spreading. There is more crime, more dollars are being spent. This country’s roads,

bridges and infrastructure are somewhat deteriorating. The government is trying to shore that up with some kind of an infrastructure program that really did not directed to roads and bridges like it should have.

It got involved in a lot of other hobby projects and projects that seemed to be the pet objectives of local, provincial and federal politicians, but not on target in terms of what is really the basic infrastructure. Look at hospital beds for example across Canada. Waiting lists have been growing while we have been spending more and taxing more on the Canadian people.

The question is obvious. Why has this happened? It is because of our debt. We owe too much money and it is costing us too much to keep on going the way we have been. In fact, if we look at it in a small segment of time, every minute costs us \$86,000 in terms of interest on the debt. Interest on the debt was about 10 per cent of government spending in 1974. Today it is over 25 per cent. In other words, 25 cents out of every dollar that government spends goes to pay the interest on the debt. That is not good enough.

(1205)

The hon. member for Willowdale has made a very eloquent speech in this House. He said that the job is tough. It is a difficult job to face this deficit question and the government is going to stand up to it. He also said in those remarks—and I hear other Liberal members saying it at the same time—that we are going to introduce new taxes when the budget is brought down at the end of February.

The hon. member for Willowdale said: “We are just about at the ceiling”. Those are the kind of weaselly words we use sometimes as politicians to say: “We are going to do something. We do not think we have pressed you hard enough. We do not think we have taken enough from you. We are just about there but we can take more”.

In the Reform Party we believe we are at the ceiling. Canadians believe we are at the ceiling. We have paid enough taxes and there is no room between us and the ceiling of taxation.

The government has made a great case to Canadians about the fact that we have to create jobs. If we tax more, what is going to happen to the jobs?

The question was raised earlier about the hurt in terms of taxes and the economy. We know it will hurt individuals. We know it will hurt the budget of this country. Every 1 per cent increase in our interest rates, which is a direct result of increased taxes, will create a problem. I do not think that is acceptable.

**Mr. Harold Culbert (Carleton—Charlotte, Lib.):** Madam Speaker, I listened with great interest to the hon. member’s presentation this morning.

One of the things I should tell him and other members of the Reform Party is that they are not the only party or the only body

*Supply*

to invent public forums to create the opportunity for people to provide direct input to their members. Like the Minister of Finance and many other members of this House, I have had many public forums.

Last fall we talked about the debt and the deficit. We talked about the ratio of offshore debt which we currently have and the concerns which that gave all of us here in this House as well as Canadians.

He referred to the goal this government had set of bringing our debt under control over the next three years, starting with the current year of bringing the deficit down to \$39.7 billion, to go on to \$32.7 billion and \$25 billion in the third year, to reach our 3 per cent of gross domestic product. I want to assure the hon. member across the way that is only the first goal. The second goal will be to achieve a balanced budget as we go on to tackle and to break the back of the debt which this country has.

One of the things I have often heard from that side of the House is: Let us fill those loopholes that are in our taxation system; I am sure learned accountants across the country will find new ones if new taxation forms, but let us fill them. The minister has indicated on many occasions that he will make every attempt to fill those loopholes.

The system which we have to work with today, which has been inherited and has been added to over many years is cumbersome. We would like to streamline it. There is no question it needs to be done. I believe the minister will make every attempt to fill those loopholes to make our tax system more fair and equitable to all Canadians, regardless of whether they are in the upper echelon of social status, in the middle income group, or in the lower income group. That is what balance and equity are all about.

(1210)

There will be those who will consider that attempt to fill in those tax loopholes as a tax increase, no question. Anyone it is going to affect will consider it a tax increase.

I would like to ask the hon. member across the way if that is not really indeed what he and his party stands for and would support and which the minister, I certainly hope, will bring forth in his budget.

**Mr. Speaker (Lethbridge):** Madam Speaker, the Reform Party believes there should be no net tax increase in terms of revenue to the Government of Canada. There is adequate revenue to support the programs that are here with a change in some priorities. That is number one.

If we plug a loophole somewhere which increases revenue, that should not mean we increase the overall revenue but we should then look at reducing tax somewhere else to the benefit of Canadians which may create some jobs in the marketplace. That

would be a good transfer if it is possible. We are not against the plugging of loopholes for fairness, whatever that term means.

On the other side of the balance scale, expenditure reduction and deficit elimination is the road to which we can balance the budget and bring our fiscal house in proper order. We do not believe that 1 per cent of GDP expenditure reduction in three subsequent years will hurt or harm our economy in any way. That is a goal that could be achieved.

The government should look at that. The government is not. It is going to, as the member has stated, work toward the objective of 3 per cent of GDP, which will accumulate another \$100 billion on top of our debt. This means that our interest payments may go from \$40 billion to \$50 billion which I think Canadians do not want to tolerate at this time.

**Mr. Cliff Breitkreuz (Yellowhead, Ref.):** Madam Speaker, today our country stands at a crossroads. Some say it is a watershed year for Canada. Two very crucial issues must be addressed as we go further into 1995, a year that could very well be the most decisive since Confederation.

The most important issue which must be addressed this year is the national deficit and debt crisis. It is growing by \$110 million per day because of federal government mismanagement. The public is becoming all too aware of the effects of big government, big spending and big debt.

My colleagues alluded to the effects which are upward fluctuating interest rates, downward pressure on the dollar, higher taxes, lower consumer and investor confidence, and of course a lower standard of living.

It is interesting to examine what has happened to Canada's fiscal health since the 1960s. That decade rushed in the era of soak everyone, pay everyone's style of government, a government that would create a host of programs to look after the people, the creation of the just society.

Now we see the results of the so-called just society. We have the social welfare state, unsafe streets and the average family's tax bill which has soared by 1,200 per cent since 1961. That is three times the rate of inflation.

The time of government largesse must stop. The Canadian public is demanding balanced books from all levels of government. People are tired of paying for programs they never wanted, they never asked for and they certainly do not want to pay for.

That is why the Reform's supply motion is so important. We are asking that the federal government respond to the demands of Canadians for decisive spending cuts and no net tax increases to eliminate the deficit and to produce a smaller federal government.

*Supply*

My constituents are expressing their dismay over continued federal government mismanagement of their tax dollars. Like my colleague before me, I receive letters as well, lots of them.

Patrick W. Paul, a concerned taxpayer who lives in Edson in my Alberta riding of Yellowhead, expressed his sentiments in a letter to the finance minister. I have his permission to refer to it: Mr. Paul writes:

I would like to express my extreme concern over the fiscal quagmire our country of Canada has descended into. The taxpayers of our country have been forced to shoulder the burden of government fiscal mismanagement for too long. It is time for government to change. Increased taxes, year after year, rampant out of control government spending, rising interest rates and an ever downward spiralling dollar have caused tremendous pressure on the Canadian taxpayer.

Massive government bureaucracy, ridiculous social programs and paper tiger politicians are costing us too much. We cannot continue. We are the source of ridicule around the world, from the world press to even more seriously the world financial community. Our out of control debt, weak willed politicians and rudderless leadership are the sources of this ridicule.

(1215)

Patrick Paul shares the opinion of most of my constituents who have taken the time to phone, to write or to stop me on the street. It is coffee shop talk. They want accountability. They want the federal government spending spree to stop.

Mr. Paul continues in his letter to the finance minister:

Now is the time to stop this lunacy. Use your mandate to dramatically reduce government spending and the size of government. This budget must reflect an immediate move by government to correct our problem. Do not increase taxes in any way, shape or form! Do not attack my pension plan through any alterations to the RRSP program—this is my pension plan, not yours. Do not approach this in a cavalier manner. There is no accountability in the federal political system, only pandering to special interest groups, lip service and finger pointing. Stand up, do the right thing and make the necessary cuts required. Accept the responsibility of your position, be accountable for your actions. Help your country. We are doing all we can.

Like so many Canadians, Mr. Paul has a warning for the finance minister and his government:

If this process does not begin with the new budget and there are no significant moves to correct this out of control situation, I promise that I will do everything in my power to contribute to the defeat of your party in the next election.

Despite the most serious warning from the taxpayers and voters of Canada this government continues to be unaccountable. We keep hearing through the media about possible tax increases in a few areas. People are demanding accountability. Unaccountability also takes form through the convoluted, cooked up answers we receive from the Liberal government regarding government spending.

Last week my colleague from Fraser Valley West asked a pertinent question regarding a suspect federal expenditure. He specifically questioned the merit of a grant for \$33,800 for the

study of major league baseball in Detroit and how this possibly benefits the taxpayers of this country?

The Secretary of State for Science, Research and Technology expounded a typical non-answer and told the House: "The Social Sciences and Humanities Research Council, an independent arm's length body, has done a great service to university researchers and has provided a very important foundation for knowledge in the country". Since when is the knowledge of the Detroit Tigers baseball team between 1945 and 1992 of any importance to the knowledge base in Canada?

The Secretary of State for Science, Research and Development does not have a monopoly on unaccountable answers in this place. The Minister for Western Economic Diversification is also good at dodging the issue of accountability of public funds. I asked him about spending in his department last week. He reply was filled with more rhetoric than substance.

I recently released a critical report of the Department of Western Economic Diversification. This 36 page document points out the inherent flaws of regional development programs, including using government money to subsidize private industry, distorting the competitive marketplace and pork barrelling.

The report I released, based on data received from the WED department, showed that the minister's home town of Winnipeg received a disproportionate amount of WED dollars between November 1, 1993 and November 15, 1994. The figures used in this report included a list of all the projects both announced and published by the department during that year. It shows Winnipeg received five times more than Vancouver, seven times more than Calgary and seventy times more than Regina.

In defence of this program the WED minister said there is another 80 per cent of projects which have not been announced yet.

(1220)

I refer to an editorial which recently ran in the Vancouver *Sun* which sums up the absurdity of trying to defend this pork barrel program. The editorial is aptly entitled "The Sage of Patronage" and begins: "And the prize for the worst political defence of 1995—yes, it's early but we just can't believe anyone will outdo this—goes to the staff of minister for Manitoba patronage, Lloyd Axworthy. Alberta Reform MP Breikreuz pointed out that while Manitoba, population one million, had received \$22 million between November 1, 1993 and November 15, 1994, British Columbia with a population of 3.3 million received \$52 million. That is \$22 a head for Manitobans, \$15.75 for British Columbians".

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The editorial goes on to state: "Not fair, said Mr. Axworthy's communications assistant. A better comparison, she said, would include all projects which have been approved but not yet announced. Using her figures we see that while Winnipeg, population 652,000-plus, received \$27.4 million, greater Vancouver with a population of 1.6 million received \$19 million. That is \$42 for every Winnipegger as against something less than \$12 per head in greater Vancouver".

In trying to defend this program we see Winnipeg gets even more money than is stated in my report.

The taxpayers of Canada are tired of politicians trying to preserve the status quo because it is painfully obvious that the status quo no longer works. They want and demand their federal government to be fiscally responsible. The upcoming federal budget gives the government a chance to prove to Canadians that it is capable of acting in the best interest of the majority of taxpayers and cut spending, prioritize spending to do the right thing for Canada.

**Mr. Alex Shepherd (Durham, Lib.):** Madam Speaker, I listened with interest to my fellow colleague.

All of us are opposed to tax increases. In my lifetime I do not remember anyone ever saying that they were in favour of tax increases. I can go back 20 or 30 years, I do not remember anybody saying that they liked the concept of tax increases.

I am surprised by some of the attitudes of the members of the Reform Party toward changes in expenditures. For instance, I heard the previous speaker talk in terms of any changes in revenue that came through a redefinition of taxation expenditures should somehow be turned around and given back. In other words, it should not be used to reduce the deficit.

At the same time, the same people are telling us that we are not moving fast enough on deficit reduction. I am getting mixed messages. I do not quite understand what they are trying to say.

RRSPs are a good example. The previous government raised RRSP exemption levels to \$13,500, that is income levels for individuals earning \$75,000. A proposal that I have had is to reduce that down to \$9,000. With a \$9,000 exemption that would be somebody with a \$50,000 income. The object of the exercise would be that people earning over \$50,000 surely can save for their own retirement without getting assistance from the taxpayers of Canada.

A second aspect of this also has to do with the foreign component of registered retirement savings plans. Currently we allow up to 20 per cent of RRSP funds to be held in foreign denominations. Once again the question is why is it that the Canadian taxpayer is allowing a tax deduction on their tax return simply so people can invest in foreign countries? It seems to me if people want to make the decision to invest in foreign countries they can do so without the credit of the taxpayers of the rest of Canada.

I am often concerned when I hear people talk about loopholes and incentives.

(1225)

In my background as an accountant, today's incentives become tomorrow's loopholes. The loopholes we are talking about blocking today were probably yesterday's incentives.

The other aspect about no more taxes, of which I am a believer, is the deficit. The reality is that a deficit is unpaid taxes. In other words, we did not pay enough taxes and that is how we created this deficit; or, as some my colleagues would argue, we spent too much relative to our tax base. Be that as it may, as of today the deficit represents taxes we have not paid. The bottom line is how are we going to resolve those kinds of problems?

I have taken the time to work on a private member's bill which I hope to introduce this month that I call the taxpayers' bill of rights. The bill basically focuses on government spending and how government spending affects each and every individual. In other words, every time the government announces a program it should be visible and costed on a per taxpayer basis. It should allow the individual taxpayer choices and rights.

Do they think a bill in that vein would be good for accountability? Why do they feel expenditure reduction should not be used in fighting the deficit?

**Mr. Breitreuz (Yellowhead):** Madam Speaker, it will have to be very brief. I believe the member used almost my entire five minutes with some more Liberal rhetoric.

We believe in a zero tax increase. We believe money is much better left in the hands of Canadian citizens than in the hands of politicians. The whole problem is not increased taxes, it is the money the government spends. It is definitely a spending problem, not a revenue problem.

**Mrs. Daphne Jennings (Mission—Coquitlam, Ref.):** Madam Speaker, I would not have thought it necessary to have this debate today. After the October 1993 election I thought the message would have sunk into whichever party formed the government.

Canadians want decisive spending cuts, no net increases in taxes and a smaller, less interfering central government. What has happened? Since taking office the Liberal government immediately inflated the size of the deficit so when it was seemingly reduced it could pat itself on the back, saying job well done.

By doing this Liberals avoided tough decisions. Then we had the costly cancellation of the helicopter EH-101 purchase. Long term, high tech jobs were lost and millions paid in cancellation fees. The Pearson airport contract was cancelled. An airport desperately in need of refurbishing is allowed to decay while the

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Liberal government fights it out with developers over the costs of cancellation. Again, jobs are lost and taxpayers' money is to be paid out with no gain whatsoever.

The infrastructure program begins. Billions of dollars borrowed for infrastructure programs by communities that needed jobs but not increased debt. We know that in a healthy economy it is the business sector that creates jobs, real jobs, and not the government through temporary government programs. As the unemployment figures released last week indicate, the jobs are not there anymore but the debt surely is and will be for years to come.

Then in the 1994 budget it is handed down, the great wait until next time budget. Canadians sat in anxious anticipation, hoping at last a Liberal government would make tough decisions. Who were they kidding? The joke was on the people of Canada. The government they elected, this Liberal government, let them down. Spending programs abound in last year's government's budget.

It is hard to imagine a government elected to make tough decisions using the old phrase that losing sports teams use, wait until next year. This is next year and there is still no sign of any willingness to take tough decisions. The government had a chance but really side stepped it.

Canada was going to go through the most massive restructuring of the social welfare system since it was put in place. Studies began. The minister of human resources made grand announcements. Policy and discussion booklets were produced. Two sets of committee hearings were held. This committee of the House of Commons travelled across the country in both sets of hearings.

Four million was given to 159 special interest groups. The people we should have heard from are regular, hard working Canadians who regularly pay their taxes and receive no special grants or privileges. However we heard from special interest groups to ensure that the committee heard testimony. And to what avail?

(1230)

The minister of human resources announced that the government will have to deal with its budgetary problems before it will be able to get on with reforms. To paraphrase and perhaps combine a couple of old expressions, when the government's fiscal chickens came home to roost, they could not because the field was too full of social welfare sacred cows.

The Liberals side stepped yet another decision to revamp and reshape our social system. It is hard to believe a government so early in its mandate would admit to be fresh out of new ideas.

No one in Canada who has studied our social welfare system believes it needs more money thrown at it. If the government was not going to do anything, why did it spend all the money studying reform? How much did this exercise cost: \$10 million,

\$20 million? Who knows, who cares? Obviously no one on the government side.

We in the Reform Party care deeply. We care about the country and we care about its people. As elected members to this House we realize we owe the people of Canada a duty, a duty not just to criticize but to present alternatives. We believe that the country's financial situation must be addressed in a positive way before the next election.

As a policy the Reform Party believes the solution to our deficit problem must be found on the expenditure side rather than on the revenue side. Presently the government has more than sufficient tax income.

Canadians expect to pay taxes. Canadians expect the government to spend our tax dollars wisely. When the government mismanages our tax dollars as governments have been doing since the 1960s, Canadians get angry. We cannot blame our fellow Canadians for not wanting their hard earned tax dollars to be wasted on grants, unnecessary byelections, make work programs and government to government international aid, among other things.

I recently heard a suggestion that the Liberals might bring in temporary tax increases. Let us not forget another temporary tax measure which was introduced many years ago. It is still with us today. It is called income tax. This tax takes the biggest bite out of our incomes. But it is not the GST, income tax or any other tax that is the problem. It is mismanagement. The problem is mismanagement of our tax dollars.

As Reformers are saying, Canadians fear that the Liberal budget will be the worst of all worlds: spending cuts that are insufficient to lead to a balanced budget and solve the problem, combined with tax increases that reduce disposable income and kill jobs.

As Reformers have said in the past, we believe the first change should come with reform of the MP pension plan. We are not talking about MPs' salaries, which from what I have seen since I have been in Ottawa indicates that MPs work very hard to earn their salaries. Cuts must also come in the institutions of government; the office of the Governor General, the Senate, the House of Commons, the Privy Council and the Prime Minister's office.

We must look at excessive travel of senior officials and urge the government to reduce the number of ministers of state and associate ministers. Cut down the size of government. The Reform plan in the end is to have a smaller, less intrusive and more efficient federal government.

We can include the electoral boundaries reform. Cut spending. We do not need 295 MPs in the House of Commons or 300 plus, as the government is suggesting. Each MP costs Canadian taxpayers about \$1 million. The country to the south of us has 270 million people to our 27 million. They have approximately 437 in government to our 295. Last week in Washington I met

with American congressmen, congresswomen and constituents who told me their representation was very effective.

Reform is on record for looking at federal funding to multiculturalism and the official languages program. These are just some of the examples where Reform would cut.

We must protect law enforcement, health, education and our environment. We believe we must bring forward alternatives so Canadians can see there is another way other than the Liberal way. We see a need for a fresh, new vision of social policy in the next century, forwarded on the belief that the best guarantee governments can provide of individual personal security is to establish a framework of laws within which individuals can save for or insure against each of the contingencies that life may bring upon them.

We believe in five guiding principles to support our vision of the future. First, build on the Canadian tradition of self-reliance, recognizing the family as the primary caregiver in society.

Second, empower communities and charitable organizations to play an ever increasing rather than a diminishing role in social security.

Third, provide temporary assistance to people who experience short term misfortune while ensuring that long term assistance is reserved for those who are generally incapable of providing for themselves.

(1235)

Fourth, where government must be involved in social service delivery, entrust the resources and the responsibility to that level of government which is closest to the people.

Fifth, ensure that we can pay for security measures without borrowing more money.

We believe that security must be provided against these types of problems. The first class of security need is for protection against personal catastrophes, such as a medical emergency or the death of a family's chief income earner.

The second class of security need consists of needs that will arise reasonably far into the future but which are predictable. Most people will have such needs at some point in the future. One cannot insure against them but one can prepare for them. Typical needs in this class are post-secondary education, non-catastrophic health care, retirement income and periodic unemployment.

The final class of security need is for intermediate help for those who have not been able to provide for themselves. This is the proper function of charity or, in the absence of it, government transfers.

### *Supply*

This is not the cruel and heartless vision of social reform that is attributed to us by the media. It is a system designed to deliver a sufficient level of income to ensure that nobody lives in poverty. Public assistance is to be directed at those who for reasons of physical disability or advanced age are incapable of providing for themselves. At the other end of the scale no one with enough to pay taxes would receive assistance and those who receive assistance would pay no tax.

We must begin to rely on ourselves. We must rely on our families. We can no longer ask the government to provide personal security from the cradle to the grave.

These are some of the ways in which we can achieve a government which is smaller but more effective; spending cuts which eliminate programs that are no longer useful but retain our much needed health care system and our criminal justice system.

I hope the government is listening and will adopt these measures in its upcoming budget.

**Mr. Mike Scott (Skeena, Ref.):** Madam Speaker, it gives me great pleasure to rise in the House today to support my hon. colleague's motion urging the government to deal with our budget crisis through spending cuts rather than new tax increases.

I cannot stress enough how important it is to approach budgetary policy from the point of view that government in Canada is too big. There is a very simple reason why government spends too much. It tries to do too much. It tries to do things that it either cannot do at all or that it can do but does very badly.

I brought up this point in discussing Bill C-65. I said then, and I say now, that unless the Liberal government understands where the deficit problem is coming from, it will not be able to solve it. I said that our spending problem comes from our big social programs and that no solution which fails to target them can allow us to deal with our spending problems.

I also said then, as I say now, that we should listen to the Auditor General. We should make sure that when we devise a program we understand clearly what it is supposed to achieve. We should also make sure that we have a clear set of criteria to measure whether or not it has succeeded. We should shut it down if it is not succeeding and shows no signs of succeeding. That applies to the question of how to cut spending. It also applies to the question of whether to cut spending.

Our fundamental objective is to balance the budget. A secondary objective is to balance it at a sufficiently low level. If the government were to balance its books by spending and by taking in taxes three-quarters of the GDP I would not be happy. We should certainly consider whether any budget balancing measures lead to a zero deficit at an acceptably low level of overall spending and taxation. Our main objective is to balance the budget.



*Supply*

I know that the Liberals are still waving their little red book and claiming that 3 per cent of GDP is a good deficit target. It is not. It is painfully inadequate. Let us suppose that all we are setting out to do is to reduce the deficit to 3 per cent of GDP, to go over the cliff a little more slowly. How are we going to do it? What will our program be? How will we tell if it is working? What will we do if it is not?

There are three ways to try to control the deficit. The first one is to raise taxes. The second one is to cut spending. The third one is to fiddle the books. In my home province of British Columbia they are getting pretty good at number three. I am not even going to consider it. The only thing that I am going to say is that leaving things like the Canada pension plan off budget is not a good idea.

(1240)

Let us assume that the federal government's books get neither better nor worse over the next few years. That leaves raising taxes or cutting spending. I do not think there is any big mystery about the appropriate yardstick for success or failure. Is the deficit getting bigger, staying about the same or is it getting smaller? By that standard, any reasonable person would conclude that what we have done over the past decade has failed.

If members want a grim laugh go back and read some of the speeches by one Brian Mulroney while campaigning for the Prime Minister's job. Or go back and read the budgets of Michael Wilson or Don Mazankowski. Heck, read the budgets by the former Liberal finance minister, the Prime Minister. They all preach about the dangers of deficits and debt.

It is absolutely amazing to see how many budgets are brought into this House and prefaced with the remarks that the deficit and the debt are the most primary concern of the government of the day. They all promise to bring budgets under control and I have no reason to think they were anything but sincere. Look at the method they chose: constant tax increases. Apply the yardstick. Did the deficit shrink appreciably? No, it did not.

George Orwell once said it is the first duty of every intelligent person to state the obvious. I am about to state the obvious. Tax increases have been tried as a deficit reduction measure for a long time and they have failed. This is also true internationally. It is time therefore for us to recognize the wisdom of an observation by Nobel prize winning economist Milton Friedman: "Governments will spend whatever they can take in plus whatever they can get away with".

The record is clear. Tax increases do not solve budget imbalances. Budget imbalances are caused by spending. They are caused by programs whose appetite is far greater than the tax system can deal with. No tax increases. Spending cuts.

The problem is on the spending side. That is where the ducks are. As Ralph Klein from Alberta said: "If you want to go duck hunting you have to hunt where the ducks are".

**Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.):** Madam Speaker, I would like to note that I will be sharing my time with the member for Carleton—Charlotte.

I am pleased to participate in this supply day debate. It allows me to remind the House of a very important policy paper on the government's economic strategy by the Minister of Finance presented at the Standing Committee on Finance last fall.

I know that Reform has little time and less interest in any prescription requiring more than a single syllable. Its formula for government, for the economy and for the budget is simply slash and burn. It has the same petulant one-syllable approach to even boosting revenues by improving tax system fairness, that is, no, no, no.

I regret sounding so sarcastic but frankly that is the only reasonable response to a motion that sings a one-note song: cut the deficit. It proves that the Reform, a Johnny one-note party still cannot recognize the wider economic context that governments and budgets must address.

The great political philosopher Edmund Burke said: "The essence of tyranny is the denial of complexity". Deficit reduction in a way that lays the foundation for deficit elimination is essential. That is why the government has staked out concrete targets for dramatic deficit cuts. We have made clear that the ultimate goal is deficit elimination. Just reducing or eliminating the deficit by itself will not sustain or secure the type of country most Canadians want and expect. At a time of accelerating technology and evolving skills, when almost one in ten Canadian workers are still jobless, even a balanced budget alone will not deliver the new opportunities they need.

(1245)

This is where our government differs so fundamentally from the Reform opposition. We understand because a majority of Canadians understand that Canada needs a disciplined strategy for economic security and growth.

Under the previous government Canadians saw too often and too much what happens when a government implements spending cuts without clear guiding principles. It is like building a house without a blueprint. It is costly in the long run and then the roof falls in.

That is why our government has set out the framework for economic policies we intend to build upon. The paper "A New Framework for Economic Policy" is a clear statement of objectives that will guide what the government will do and what it will not do. The logic and approaches of the 1960s simply are no

longer good enough for a 21st century global arena. We cannot afford them and we will not succeed with them.

Previous generations responded to the challenges of their eras by building the physical and social infrastructures of Canada. We too must create a new infrastructure for our time, the infrastructure of ideas and innovation. That is the thrust of our new framework paper. It proposes five key areas on which we must focus.

The first is helping Canadians acquire the skills to get jobs, to keep jobs and to find better jobs. The facts are clear. Jobs for people with high school education or less are shrinking while jobs for those with education beyond high school are growing. In fact projections show that almost half the new jobs now being created require more than 16 years of education and training combined.

I should add that there is a particular element of this challenge that engages small business. They do not have the resources of large firms to bring employees up to speed with the new skills that our information age increasingly demands. They depend on a public education system that can do its job.

In terms of education the challenge in Canada is not money. We spend more on education than just about anyone else. What we need are better results. Individuals, employers and the government must co-operate and share responsibility for improving education and training.

The second part of our framework is encouraging Canadians to adjust to change. Economic progress depends on a willingness to embrace new opportunities. It is our view that protecting and subsidizing business is almost always the wrong way to go.

For that reason the government is going to change the entire approach to subsidies. Equally we believe regional economic assistance should focus on genuine opportunities such as tourism that have great potential to be self-sustaining. Further, we believe high payroll taxes are nothing more than a tax on hiring. That is why we have taken steps to reduce UI premiums.

The third element of our framework is getting government right. Our attitude here is straightforward. It is time to make choices. We must eliminate or reduce lower priority activities and target scarce resources on the highest priority programs. That is one reason we are also trying to eliminate unnecessary federal regulations that cost Canadian business tens of billions of dollars every year.

Regulatory reform has the potential to increase productivity, stimulate new investment and create a more cost efficient government. We have already reviewed more than half of the 3,000 regulations on the books. We have eliminated one-quarter, left another quarter in place, and the rest are being revised or examined further.

### *Supply*

Providing leadership in the economy is the fourth objective. While the private sector creates jobs the government has a clear role in fostering economic growth. In our knowledge based economy success depends on skill and innovation. The government can contribute to this dynamic process by gathering and disseminating information and ideas about technology and new markets. As well it can play an important role in bringing business together, something that is critical in an economy where new firms are small and specialized.

(1250)

One priority is to do more to harness science and technology in order to improve productivity and growth. Government can help by building better links among industry, universities and government labs. It also has a particular role in making sure small business benefits from the latest know-how, particularly in the high technology sector.

Trade is another area where government involvement is essential for success. Today more than ever Canada is an exporting nation. It is vital that more companies become exporters and that we look beyond our traditional markets to the emerging economies of Asia, Latin America and eastern Europe. Here the government can help by providing more information and by ensuring that small businesses have access to export financing.

The fifth and final objective is absolutely essential to all others. We must create a healthy fiscal and monetary climate in Canada. If we do not meet this fiscal challenge, as the finance minister told the Standing Committee on Finance, we will fail at everything else.

That is why we have staked out a rigid commitment to bringing the deficit down to 3 per cent of the economy in three years, effectively cutting it in half. That is why we have also made it clear that this deficit target is a first step in meeting our ultimate goal of eliminating the deficit completely.

It would be absurd to claim that a single paper is the answer to curing Canada's future, but it is equally absurd to promote deficit elimination as a cure-all of every Canadian challenge. To me and I hope to all Canadians the evidence is clear. Our government has a vision of the role for government in building a more prosperous nation.

The opposition would better serve its mandate by providing meaningful policy alternatives rather than simplistic motions without scope, without depth and especially without heart.

**Mr. Jim Abbott (Kootenay East, Ref.):** Madam Speaker, it is interesting the secretary of state, being as it were second in command just under the finance minister, delivered the speech that he did this morning. I do not think he or perhaps the government or perhaps the Liberal side understands that Canadians are concerned about a further tax grab, about further tax increases.

*Supply*

While I respect the fact that the secretary of state gave us a nicely balanced speech about economic objectives, fostering economic growth and all these other things that are essential, nonetheless I would point out to him that what is concerning Canadians at this time, and I would suggest what is concerning foreign investment or people who are buying marketable securities offshore or outside the country, is that his government just does not seem to understand. It is an overexpenditure problem; it is not a taxation problem.

I am fully aware that my comment and my follow-up question are not going to be directly on what he just spoke about, but I suggest with the greatest respect that his speech did not have anything to do with the topic that has been brought forward by the opposition, the Reform Party in this instance.

I am sure that coming from the banking background and as an economist he would be aware of the fact that while corporate profits have dropped 10 per cent in the last 10 years corporate taxes at all levels, including compliance costs, have increased by 69 per cent. I therefore find it somewhat strange that he and his government would be talking about a further confiscation of the wealth or the ability of corporations to be able to fund themselves.

I was listening to the chair of the finance committee talking about the fact that there are corporations that because of fast write-offs or other procedures involved in the current tax system should be taxed. That is why the government is talking about a wealth or a capital tax on larger corporations. This is exactly what the Liberals are talking about.

Would the secretary of state be able to inform us whether he, the finance minister and their colleagues are perhaps talking about a cash flow tax? In other words we understand that we have a wealth tax.

(1255)

Because a corporation is able to carry forward losses and other legitimate things in the tax system it has a sufficient amount of flow. The government will say: "My goodness, here is a couple of million dollars flowing along. Why don't we put our ladle, our pail or our big scoop into this tax?"

Does the Liberal government not understand that individuals and corporations are saying no tax increase?

**Mr. Peters:** Madam Speaker, I am delighted to reply to the hon. member's question. Again we find the Reform Party is suggesting new taxes. The only matter of taxation the finance minister has mentioned is that we will continue to make the Canadian tax system fairer.

The Reform Party keeps suggesting new taxes. Let me tell Reform Party members that Canadians are not just concerned

with taxes. They are concerned with taxes; they are not just concerned with taxes. They are also concerned with jobs. They are concerned with education. They are concerned with crime in the streets. I read my mail every day. They are concerned about all these things.

The Reform Party is playing a Johnny one-note tune on deficits and on taxes and is missing what Canadians really want.

**Mr. Harold Culbert (Carleton—Charlotte, Lib.):** Madam Speaker, I am pleased to join in the debate.

During one of the question and comment periods this morning I mentioned that like many members on all sides of the House I have had an opportunity to host public forums on issues such as the debt and the deficit. We got input from people across our constituencies on what their approach would be. That is part of our responsibility. That is a part of our ongoing job.

Many people said to me that there had to be cuts on the expenditure side, that the government had to do better, that we had to eliminate waste wherever we find it or wherever possible, and that we had to avoid duplication in efforts whether with departments internationally or our provincial counterparts in their respective departments.

The finance committee looked at those matters during its review. The minister and his department have taken them into consideration during the process of preparing for the budget. I say to my colleagues across the way that many Canadians have told us at these meetings that they want government to get it right. That is exactly what we are attempting to do.

People lost faith in our predecessors. Goal after goal was set. Was one ever met? I do not recall one that stands out in my mind as being met.

The government set goals like one might in business. Any good business person knows that challenges and goals must be set for both the business and the staff. Goals are set that offer challenge; the goals are achievable albeit difficult. That is exactly what we have done as a government. We have set some difficult goals.

(1300)

I have to admit in many cases I have scratched my head and asked how we are going to meet this, that it is going to be very difficult. During the process both the finance minister and quite obviously the Prime Minister have asked all departments, all portfolios and all ministers to share in this challenge before us. I am sure in many cases specific sums were expected to be cut from the respective departments.

As everyone in this House knows, program review has been taking place. That program review asked every department and every portfolio to look at every line of every expenditure to ensure that they were going to be able to justify it to you and me. Ultimately that is where our responsibility lies. It lies not in the

day to day operation but in the policy, the planning and the review of the results. That is exactly what the Minister of Finance will do when he brings down his budget.

As we mentioned earlier, this government did set a goal. We took over in the 1993 fiscal year a deficit of some \$42 billion which had once again gone even further than the previous administration had projected. We set a goal to bring that deficit down this current fiscal year to \$39.7 billion, next year to \$32.7 billion, and the third year to \$25 billion, thus meeting our commitment of 3 per cent of gross domestic product.

Members would know that in the last couple of weeks the Minister of Finance has stated publicly that not only will we meet that goal this current fiscal year but we will exceed it. That is great news for us. It is fantastic. That is what we should be working toward and challenging ourselves toward. I know the Minister of Finance is doing that and is impressing on the staff of the department to ensure we do all possible to not only meet the current year and subsequent year goals but to surpass them if we possibly can.

During this whole process of reaching our goals we have another goal. That goal is for growth and job creation in this country. Of all the G-7 nations in the world, the economic leaders of the world, in the 1994 calendar year this country was number one. We were number one in the world in economic increase and development.

That in itself is part of our challenge, the balancing part, to be very gentle. The actions we take must be balanced to achieve our goals in reducing our deficit, taking hold of our debt, bringing home those offshore portions wherever possible but at the same time doing it in a balanced fashion that will keep another commitment of this government for economic development: jobs and growth. We call it our growth and jobs agenda.

(1305)

Members will notice that every piece of material which has been brought forward by this government has had that as the number one priority: jobs and growth. Growth economically for our businesses. Jobs for our young people completing community college and post-secondary education in universities. It is so they will have the opportunity we and our parents had to have a job, to have that self-discipline, to have respect for themselves, to know that following their education there is an opportunity in this country to go to work and to provide for themselves and their subsequent families.

As a member of this government I am indeed proud of the approach it and our finance minister have taken fiscally. There is no question we want to see the major part of deficit reduction done on the expense side. There is no question and the minister has stated that time and time again.

### *Supply*

As I mentioned before, a number of those loophole areas are going to have to be filled. I pressured the minister, others did as well. That will be seen by some people as tax increases. I see it as being a fair and equitable tax system for all Canadians.

**Mr. Jim Abbott (Kootenay East, Ref.):** Mr. Speaker, I was listening with great interest to the member's speech. He was talking about the goals the government has set. I would like to talk about those goals.

I wonder if the hon. member would agree with me that if we aim low we just might be able to succeed sometimes, if to aim low so we can succeed is not necessarily where the government is coming from. I wonder why the Liberals do not realize that you cannot get over a wide chasm in two jumps.

The situation is that with our constant overspending and our constant deficit building we are taking the future from our great-grandchildren who we do not know and we have not seen yet. This is an intergenerational transfer of taxation. With the spending we as Canadians under this Liberal government are presently doing, we are handcuffing our descendants countless years into the future with taxation. It is for money we are spending today.

Specifically the government talks frequently about this 3 per cent thing. The people of Canada should know that since the government took over, the federal debt, not the deficit which is the overspending but the federal debt, has increased \$60 billion. That is just since this government has taken over.

The government's target is to get to 25 per cent of gross domestic product within four years. People like ourselves figure four years times \$25 billion is \$100 billion. It will be significantly more than \$100 billion. Even if we stayed with \$100 billion additional debt, the interest charge on that additional \$100 billion that we are having our great, great, great-grandchildren responsible for with their taxation, is \$9 billion a year.

The federal transfers for post-secondary education are \$2.6 billion. The federal transfers for health are \$6.5 billion. In other words for just health and post-secondary education, it is \$9.1 billion. And this government with \$100 billion more debt is going to be encumbering our great, great-grandchildren with \$9 billion more.

It is going to be a lot more than \$100 billion, but let us take that number. If the government in all of its wisdom is prepared to go \$100 billion more into debt, the interest charges will be at least \$9 billion. That then wipes out our ability to fund post-secondary education or to make federal transfers to the provinces in support of health care. Where in the world does the hon. member expect to get that from, except the bogey man which Canadians are concerned about because it is more of a tax grab, more of this government in Canadians' wallets?

*Supply*

(1310)

**Mr. Culbert:** Mr. Speaker, relative to the points and concerns made by my hon. colleague across the way, I should say first of all that I am not sure how the Reform Party set its goals low as he has suggested. However the Liberal way is to set goals that are a challenge, yet goals that are achievable even though they may be somewhat difficult to achieve. We as a Liberal government have set those goals and we will achieve them, as everyone well knows.

I agree with my hon. colleague across the way that no question, when talking about compound interest, it is a wonderful thing when you are receiving it or if you have dollars to invest and can receive it. It multiplies day in and day out and is a wonderful thing. He is absolutely right. It is a terrible thing when it is the other way around and you are paying your debts. Whether it be us in our private lives, or business, or certainly as government, there is no question it is a terrible thing.

Those goals have to be set and we have to meet those goals and those challenges each step of the way as we go along. In this case we will meet our first goal of reaching 3 per cent of the gross domestic product. Our next goal will be on a balanced budget. Following that, we will break the back of this country's debt. We will take hold of these finances for years and years to come.

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, I would like to respond to the remarks made by my colleague across the way.

We hear from these Liberal members today about how essential it is for government to be involved in the economy and how if we can do things just a little better, if government can just get it right, things will get better in Canada.

We hear about complexity and we hear about the wider economic reality as if these were some buzz phrases that meant that government has to stay involved in the economy. I would suggest that we have had 25 or 30 years of government involved in the economy, trying to direct the economy, trying to drive us to where it would like us to be and it has failed miserably.

There is a model right now for government to emulate and that is Mr. Klein's government in Alberta. Mr. Klein has done some very courageous things starting with the elimination of the MLA's pension plan and a reduction of the MLA's remuneration. He has demonstrated leadership at the top.

Then he has gone on from there to make across the board cuts, major cuts in his government's spending. The reality of that is that Alberta is creating jobs. It is instilling investor confidence and it is showing the people in Alberta that it is serious about reducing its debt and its deficit.

Would the member across the way not agree that is the model for this government to be following rather than to be following the tired old ideas that have not worked and will continue not to work if this government continues on its present course of action?

**Mr. Culbert:** Mr. Speaker, first I should say that government's involvement is certainly to set an economic confidence in this country in which the business and industry communities can build economically to create those jobs. That is where the jobs come from. The member is right. They do not come directly from government. They come from government indirectly because government has to set that confidence, that pace and that tone economically in the country for that to happen. That is exactly what this government is doing.

[*Translation*]

**Mr. Pierre Brien (Témiscamingue, BQ):** Madam Speaker, today we are discussing a motion by the Reform Party whose purpose is, basically, to make the government reduce its spending so as to improve the state of public finances. There is nothing wrong with the principle as such. The motion also wants the government to avoid raising taxes and to downsize government. The Bloc Québécois certainly has no trouble accepting these three principles.

However, the position behind this motion is not necessarily one we can embrace. Our position on the economy is certainly not that of the Reform Party, certainly not the position of the right, which says that economic growth depends largely on what the wealthiest in our society contribute to the economy.

(1315)

This is often the group they try to defend, either by proposing a single tax or other measures to avoid any form of progressive taxation or redistribution. There are certainly major differences in how the role of government is viewed with respect to redistribution of income. In any case, since it came to power, this government has done very little to improve public finances.

A few weeks from now, we will be told that by the end of the fiscal year, we will have a deficit of about 38 or 39 billion dollars, in addition to a debt of over \$500 billion, accumulated during the past twenty years. This is hardly a reason to celebrate.

However, I know some members will celebrate, because the deficit will be one or two billion dollars less than the original forecast. However, whether the deficit is on target is irrelevant. We have to consider the facts.

The facts are that we will still have a very substantial deficit of 37 or 38 billion dollars, as I said earlier, and perhaps even 39 billion, if the government tries to include some of next year's

spending in this year's budget to reduce the pressure on the next fiscal year. We must get back to basics. Forget about objectives. What we want is results.

Since the government failed to make certain cuts last year, this has put a lot of pressure on Canadian interest rates. Since February, interest rates have gone up by about 300 base points. Everyone who has to borrow money is feeling the impact on the economy. The Minister of Finance likes to say that increases in the interest rate are like increases in income tax. If he believes what he says, why did he not do something earlier in the year, instead of adding this pressure to the interest rates?

Of course, our friends like to say that the state of the economy is a destabilizing factor. I, however, contend that the greatest destabilizing factor is the state of public finances. Foreign investors recognize this, and this is what they look at first.

There is also no vision for society. It is unfortunate to find that, after a year and a half in office, the present government is taking the same approach as its predecessor. According to this approach, cuts are the only way to improve public finances—a view shared by the Reform Party.

I can remember during the elections speeches about giving priority to jobs and trying to generate growth as ways to improve public finances. So much for those speeches. No vision of society has been put forward in an effort to find a way to revitalize the economy, to everyone's benefit.

You are aware that economic indicators measure growth with traditional indicators such as production levels. We must not forget, however, what we learned in the 1980s—that increased does not necessarily mean increased employment.

The two are linked, of course. If there is an increase in total production, or in the gross domestic product, the number of jobs will certainly increase also, but these two trends are separate. Production may increase significantly faster than the level of employment.

The gross domestic product is therefore not the only yardstick for the economy. We have to focus on the people who are increasingly excluded from society, the unemployed living on unemployment insurance or welfare or who have returned to school because they cannot find a job. Many people are waiting to enter the labour market. The present government has no vision, in this regard.

I would like to speak a bit about the approach which consists of saying that the deficit problem will be resolved by making cuts across the board. We agree that certain cuts can readily be made, for example in the government machine. Later on, I will return to the Bloc Québécois' suggestions which we have repeated time and again.

### *Supply*

We have a major difference of opinion with the Reform Party: in our opinion, some expenditures are tax expenditures. We must look beyond budget expenditures, transfers to individuals and to the provinces.

(1320)

We should also look at whether they are tax expenditures, lost revenues. We could get into a real philosophical debate on this issue: Is it a tax hike? Is it a spending cut? It seems clear to us that it is a question of spending.

It has always been difficult to discuss the issue of tax expenditures in an effective way, even during the finance committee's hearings, because the figures are derived from data that is only partly revealed. Expenditures that the government plans to make are revealed, but no roll-up of these expenditures is ever given, even though that information is available.

Therefore, I want to talk about this right leaning philosophy that only wants to see across-the-board cuts, blind indiscriminate cuts, a philosophy that often ferments such ideas as a single tax rate, the same rate for everyone. It tempts even the people who would be affected the most. They say "use one tax rate". Currently, we use a progressive tax rate system; the higher the income, the higher the tax rate. Of course, the tax system, however, sometimes reverses trends, but that is another problem which can be looked at in a different way.

Therefore, the principle of redistribution, which is desirable in society, would be severely compromised under a system with one tax rate. I said to someone who was explaining the concept to me that I would give the matter more thought if that person could explain to me how income would be redistributed with just one tax rate for everyone. As long as the proposal cannot be linked with redistribution, how the state redistributes wealth, the concept will not get any support from me.

I would now like to return to what can be expected in the next budget and rumours on this subject. It is becoming clearer that the government will increase its revenues in the next budget. An increase in the surtax for individuals or in income tax rates, traditional taxes or certain consumption taxes is planned, or pension funds may even be hit. There is obviously a lot of money there, and the government is looking for revenue. It is much easier to get a quick revenue fix than to cut spending; it takes more courage to cut spending, especially when friends are among those affected. The Liberals have always had trouble cutting their friends's spending so this may be very difficult to do.

Now why does the government want to do that? Because of the two additional years, and the Conservatives and Liberals are equally at fault. For the past two years, there have been no major changes in budget policy, and we have just had two consecutive

*Supply*

deficits of \$40 billion, record amounts in Canadian history. This is a country that is supposed to have the best quality of life in the world. This is the country they are trying to sell us, especially to Quebecers. Perhaps we should check the size of the mortgage.

My point is that this government has only itself to blame, because it failed to take action during the second year.

I will give an example of tax expenditures that were introduced and then withdrawn, to show the lack of vision and judgment we see so often in our tax system. That is why we favour a genuine review of the tax system, not a quick fix to please friends who contribute to the party coffers but something that will reflect our social values, our principles and our objectives. Look at the way the government treats capital gains, for instance.

What was the procedure in recent years? First, the government introduced the principle of allowing a \$500,000 exemption; the first \$500,000 of capital gains were not taxable. After a while, the exemption was reduced to \$100,000. Once taxpayers in the highest bracket had taken advantage of this exemption—not everyone can declare a capital gain of \$500,000—the government said: “Well, this is costing the government a pretty penny. We will reduce the exemption to \$100,000”, and so they did. Now that the others had managed to take advantage of this exemption, they said: “Well, this might be too costly for the government after all, so let us cut the exemption to zero”, which they did.

If it does not make sense to treat capital gains differently today, why did they do it in the past? How much money did the government lose in the process? How much did it have to borrow to compensate? How much did it cost society? Now, they claim social programs are too expensive, that they are putting us into debt, and the government has all kinds of names for those people.

Actually, if we look at the operating budget, although it does show a deficit, it is practically negligible, which means that if we had not accumulated all this debt over the years, we would not be having this discussion today.

What caused these problems? Is it our social programs? I am not so sure.

(1325)

This certainly requires some adjustment and a serious look. I come back to the approach advocating only cuts and not fiscal spending. What does this mean? Forty billion dollars spread among 20 million taxpayers. That means about \$2,000 per person. We resolve the deficit problem by cutting \$2,000 per individual, cuts in expenditures related to individuals.

Can everyone handle \$2,000 in cuts? We here in this House can do it easily, with no problem. However, what about people

on social assistance, single parent families and older people? Can they handle a \$2,000 cut per person? Can they really? It is not a sure thing.

This is why we need to have another way of looking at the approach to public finances as well. There has to be a way to put a stop to the present inefficiencies and straighten out the job market with different and new ideas. We could use our imaginations, we could be creative. There is no end to technological innovation these days. When it comes to public finances, we are stuck for ideas. We want to copy other formulae and other approaches.

We hear more and more talk about New Zealand in Canada these days. People are trying to convince us that we will share the same fate. Why do we not try a different formula? Why not do things differently?

Over the next year, debate will be vigorous, because two visions of society are on a collision course, particularly in Quebec with the discussions on the referendum. I hope there are Canadians who also share a different vision from what we are hearing conveyed at present.

I would like to speak about reviewing the taxation system in connection with current statistics on income. Sixty per cent of people, 60 per cent of the population, have incomes of \$25,000 or less. Returning to my earlier idea of cutting expenditures by \$2,000, for people with a \$25,000 income, that is going to hurt. We must target the cuts where the money is and where it will hurt much less.

Of course, I mentioned redistribution. Also, when we put forward budget policies, specific taxation policies, we must evaluate them before developing them, while they are being developed and after they have been developed. Given the veritable army of civil servants, this could be done and it would be a more productive use of their time. Perhaps cutting 45,000 employees would not be contemplated if this type of useful analysis were conducted. It is certainly possible to re-think the work of the public service in regards to such an approach.

I took part in prebudget consultations. I must say that I was rather disappointed. Earlier, I heard a Liberal member say that all departmental programs were undergoing a review. It is a shame that, in politics, we lack the courage to lay working hypotheses out on the table when people are being consulted. These public consultations were very difficult because the discussion became almost philosophical at one point. It was hard to say that there was nothing concrete, only partial information. It was difficult for people to judge, even for members of the committee.

If that review had been conducted a little quicker, put out on the table to be debated, but it was not, and the government does not want to be transparent, it wants to give itself as much leeway

*Supply*

as possible. It does not want to resolve the public finances issue effectively, publicly. Never. This will be done in the backrooms.

Therefore, in my opinion, the exercise will be relatively ineffective. Anyway, most of the report was written by the Department of Finance, which does not want to be affected by the recommendations, so it is making sure it has some leeway.

I would like to use the remaining three or four minutes to talk about the rumour going around regarding a form of flexible federalism which will be introduced in the next budget by decentralizing some powers. What a laugh. The Axworthy reforms were strongly contested and implementing his reforms is proving very difficult; the proposal is obviously lacking vision; people are not rallying around it, they are divided on the issue.

The government had to put these reforms on the back burner because of the referendum campaign. But the underlying idea was to cut social program spending. How can this be done now, and in a more positive way? That must be the challenge that Cabinet is facing now, and a decision on the issue has probably already been reached, since the budget has to go to the printer any day now.

(1330)

Therefore, it is probably already a done deal and the Minister of Finance is probably now in the process of announcing to his provincial counterparts how he intends to reduce the amount of money they receive, and trying to have them believe that he is telling them good news.

What the government is essentially trying to do is to regroup certain transfer payments. Education, health and Canada Assistance Plan transfer payments will be grouped together and added up. What the government will be doing is an addition of sorts. The government will add up the amounts and say to Quebec or another province: "This was what you received in the past, and now we will give it to you in one block payment. However, you will get a lot less, because we have to improve public finances. The rest is up to you. You must decide where to cut, make unpopular choices, tell students their tuition fees will go up. You will bear the responsibility». That is essentially the message they want to convey, while trying to pass it off as decentralized federalism.

Will they cut the workforce which administers these programs here? I doubt it. Will they abolish national standards if they stop contributing financially? If they no longer make a financial contribution, will they forget about national standards? On what logical basis would we maintain national standards, although we know full well that the Liberal Party has this vision of national standards, centralized here and equal across the country, a single country, a single nation in their opinion?

It would be very surprising for them to really decentralize, but they try to convince people that this is flexible federalism. I said

yesterday, and I still think today, that this type of federalism is so flexible that we are broke.

In conclusion, I will say a word about transfer payments to the provinces. If I remember correctly, transfer payments to the provinces have been cut by \$48 billion since 1982, including \$12 billion for Quebec alone, but that did not improve the government's financial situation. So we must not fall into the trap of thinking that this will do much to improve government finances. First of all, it is shifting the burden to the provinces. This will be hard on several provinces whose credit ratings are substantially lower than that of the federal government. The federal government's financial situation is worse, except that it is easy for them to generate revenue by collecting more taxes, but in theory only because people would not stand for it in practice.

This did not put government finances on a healthier footing and it is not a good approach. We must also look at job creation, an issue on which the government is very silent. It lacks a vision. In summary, yes to selective cutbacks, first in the administrative machinery, at the Department of National Defence. We must also collect unpaid taxes. We can achieve a real reduction in overlap, which provides much more effective ways to create a better climate and improve the economic situation. However, I doubt very much that this is the approach contemplated by the government and that concerns me a great deal. In any case, people will have to make choices soon and we will see which vision of society they prefer, especially in Quebec.

**Mr. Nick Discepola (Vaudreuil, Lib.):** Madam Speaker, it was with considerable interest that I listened to and participated in the debate this morning. I listened closely to the speeches by the member for Saint-Hyacinthe—Bagot and my colleague from Témiscamingue, for whom I have a great deal of respect. I do not always agree with them and I would even say that I am almost in complete disagreement with their option, but I do agree with one point that both members raised this morning, in this House.

The member for Témiscamingue has just concluded with the remark that flexible federalism, or a flexible status quo, if I may so describe it, is the cause of the problem we are now facing daily in Canada. In this regard, I am in complete agreement with him. It is because of the debt load that has plagued the country for years now.

I also agree with another of their observations, which is that the debt load and particularly the deficit we have had for a number of years are not the result of social programs.

(1335)

There are two factors, first of all the debt load, which is very high, and the political uncertainty, which has resulted in an incredible jump in interest rates.



*Supply*

As the member has already pointed out, since the report was tabled in December there has been an increase of 300 base points, or 3 per cent. I would remind this House that an increase of 1 per cent represents an additional burden of 1.7 billion dollars. This is why, with the budget soon to be tabled, we are 12 to 14 billion dollars short of our objective to reduce the deficit to 3 per cent of the gross domestic product.

I would like to put a question to my honourable colleague, who said that our problem is one of the main reasons why their future is brighter in an independent Quebec. I cannot believe that an independent Quebec will be in a better position to offer the services that taxpayers now receive.

Take the debt, for example. It is a very good example. The member for Saint-Hyacinthe told us himself this morning that he was prepared to absorb 25 per cent of the debt. Some economists say that this additional burden would drive the debt of an independent Quebec up to 215 billion dollars. That would be 123 per cent of its gross domestic product. There is no way that an independent Quebec can offer the same services that taxpayers are receiving today.

Could the member explain, for the benefit of all those who will soon have to make a decision, how he expects to offer the same services in an independent Quebec without extensive cuts, when the debt burden is so heavy and there is the risk of a premium on interest rates that would add to the load?

**Mr. Brien:** Madam Speaker, I will be pleased to answer my colleague who, I hope, will be living in that Quebec with us too. By then, I also hope we will be able to convince him because he seems to show a certain interest in that new Quebec.

First of all, I would like to make a few corrections in what he said about the causes of economic uncertainty. As a primary factor, and I hope this is an error, he cited the political situation as a cause of instability over the last year. May I remind him that the greatest instability in interest rates, when they increased the most, in April and May, that was in reaction to the federal budget when the stock markets recognized that public finance had no means to correct the situation. If he has stock market investments, he will be able to check as stock market performance and interest rates are very often at variance.

The federal budget and overall indebtedness are the first factor. Even if some people mention the uncertainty associated with a sovereign Quebec, this is not because of the political regime or because they have concerns about public finances in a sovereign Quebec in view of the present high Canadian deficit.

They themselves implicitly admit that it is the size of the Canadian deficit which causes uncertainty. This has nothing to do with politics. A sovereign Quebec with viable public finances would be of no concern whatsoever to financial markets.

He also stated that a sovereign Quebec would be responsible for 25 per cent of the debt and that my colleague had mentioned that this morning. He probably remembered part of what my colleague said. The latter probably said that this is what the Liberal and federalists would want. If I may give an example, the Bélanger-Campeau commission which examined this subject indicated that we do not share only one side of the balance sheet, we share the assets and the debt, both sides.

(1340)

When we add this all up and look at it from an assets standpoint, we arrive at a figure of 18.5 per cent. Since we are contributing 23 per cent of federal government revenues, and taking on 18.5 per cent of the debt, this means a significant gain on top of savings in overlap. There will no longer be two departments of revenue, two departments of the environment, two departments of whatever. I could go on a long time. This will eliminate problems for business, which has to meet the different environmental standards of Ottawa and Quebec City, complete tonnes of forms, GST reports, QST reports. Our business people will use this time to concentrate on what they do best: improve the economy. This will be good for Quebec and good for Canada. I hope Canada's economy will be as strong as it can be, because Canada will be our principal trading partner.

I have no concerns about the viability of a sovereign Quebec. I am perhaps a bit more concerned, sincerely, about the viability of a Canada without Quebec, since it will have to redefine itself, and the process has not yet begun. It will be hard to adjust quickly.

Things are happening in Quebec. A lot of people are taking part in the regional commissions. They are expressing their ideas. They are describing their vision of Quebec in the future. And as I said, it is completely different from what I hear people talking about here. There, they are talking about equity, redistribution and social justice. Here, people are talking about reforms to social programs that involve cuts affecting the disadvantaged in order to improve public finances.

There are other ways to improve public finances, and I think the approach of a sovereign Quebec will show the way, and we can become an international example on how to turn public finances around and achieve sovereignty democratically. Quebec knowledge and know-how will become an international export.

[English]

**Mr. Leon E. Benoit (Vegreville, Ref.):** Madam Speaker, I cannot believe what I am hearing here today from this member

*Supply*

of the Bloc. I think it is time he became accountable to this House, to the people in his constituency and to the people across the country because he is not being accountable.

This member has said that spending on social programs has not played a part and has not been the reason that we have a deficit in this country. I would like him to answer some very direct questions.

Total federal spending was about \$163 billion last year. About \$40 billion of that was interest payments on the debt. You are not going to make interest payments on the debt? About \$80 billion was in the area of social program spending. About \$43 billion was for all other government spending, including the cost of government, defence, Indian affairs and so.

Reform put out a detailed plan to cut \$10 billion from that \$43 billion and presented it to the finance minister and to the finance committee. I never heard members of the Bloc saying that they would cut more from that area. They complained they would not make the cuts that Reform has proposed to make out of that area. That means the Bloc is prepared to cut more out of this \$80 billion in social program spending because there is no other place to make the cuts. That is reality.

I would like this member to start talking about reality. I want to ask him directly how he would propose to balance the budget using some fact without making cuts in the area of social program spending. I would like him to answer this in a way that will be believable to the people in his constituency and across the country.

[*Translation*]

**The Acting Speaker (Mrs. Maheu):** You have barely 30 seconds left.

**Mr. Brien:** I will be quick, Madam Speaker, and will ask my colleague to reread my speech, which he probably did not understand, because it was in French. Let him reread its translation.

I can see why someone who can only envision resolving the public finances issue through social spending cuts would be frustrated to see other people find other ways of resolving it. They know very well how hard a time they are having with it. Their ideas are not being accepted in Quebec and that probably frustrates them all the more.

It would be my pleasure to send him a copy of the finance committee's report, which contains the Bloc Quebecois' proposed solution to the public finances problem. I will tell him once again that it was certainly not the most needy who got us into our current debt situation. That is certainly not the case. Look at the past to see the reasons for the current debt level.

[*English*]

**Hon. Roger Simmons (Burin—St. George's, Lib.):** Madam Speaker—

(1345)

**The Acting Speaker (Mrs. Maheu):** I am sorry to interrupt. May I ask the hon. whether you are taking 20 minutes or splitting your time?

**Mr. Simmons:** The former. I intend to take most of the time allotted because it is an issue raised by my good friend from Capilano—Howe Sound, a gentleman who brings great credentials to the House and to the debate. However, he ought to use more of those credentials in formulating his motion but I will come to that a little later because the effort allowing us to debate this issue is applauded. For that I applaud my friend from Capilano—Howe Sound.

I am pleased to have the opportunity to participate in the debate because the motion does have its merits. I am confident that the merits of the motion will be addressed in the budget which is upcoming.

Unfortunately, however, I have to say to him that the motion is also a bit tainted in several areas by a bit of simplistic thinking. I would have expected something different from him. It is tainted by a search for panaceas that if we do this and this, all of our problems will go away. I do not think he believes that.

Let me emphasize that the government knows full well that Canadians believe taxes are already too high. We agree with them on that. We would get a certain impression if we saw some people trying to start a tax revolt or in Mackenzie King's famous statement: "There go my troops. I must rush out to lead them". I am not sure which it is, whether they want to start the revolt, join the revolt or what. It is either naive or treacherous as the case may be but you decide, Madam Speaker.

Our priority objectives as a government are to stimulate economic growth while putting in place some real fiscal discipline. It is this double-barrelled thrust that will ultimately allow us to reduce taxes in the years to come.

Let us remember that the tax and deficit relationship is a two-way street. Every dollar of deficit borrowing we accept today will lead to higher taxes tomorrow. Every dollar we can trim from the deficit is a step on the road to keeping the tax burden down.

That is why the government's 1994 budget was in many ways a tax reform and a tax reduction budget. It included measures to eliminate loopholes and to increase tax system fairness and equity. It also committed to direct action to bring down unemployment insurance premiums, a payroll tax that acts as a real barrier to new job creation.

It was also a tax reduction budget because of the firm commitment made by the Minister of Finance to cut the deficit to 3 per cent of the economy in three years. Again, let me make this central point. Fiscal discipline is the key to long term tax

*Supply*

reduction in two ways. Obviously the less we have to borrow, the less we have to tax to repay the loan and its interest.

There is another important dimension to this process. Controlling government's appetite for debt is our fundamental tool for getting interest rates back down. Lower interest rates mean lower carrying costs on our \$500 billion debt. Again that means fewer tax dollars that we need to spend.

I understand the tax fatigue that so many Canadians feel. I can appreciate that some may be cynical about the possibility of measures that add to tax revenues today in order to let us cut taxes in future.

That is why the 1994 budget undertook a program of net spending reduction over three years that is the most significant of any budget in a decade. Over 80 per cent of the net fiscal improvement delivered by the 1994 budget over three years came from spending cuts.

In other words, there was \$5 in spending cuts for every dollar of new revenue increase. Obviously I am not in a position to talk about the measures that will be set out in the forthcoming budget, but the Minister of Finance has already made it clear that he will rely overwhelmingly on spending cuts to achieve his fiscal targets.

(1350)

Lower taxes are important and this government is committed to working toward that. In the process we cannot ignore the facts. The views expressed by the opposition on the issue of taxation appear to be partly driven by a belief that Canadians bear one of the highest tax burdens in the world, but there is more political grandstanding than truth in that particular perception.

The Canadian tax foundation, a highly respected non-profit, non-partisan research organization, has recently made this clear. Among the 24 members of the OECD, an organization that includes most of the world's advanced industrial economies, Canada ranks 14th in total tax burden. That represents 36.5 per cent of our gross domestic product compared with the OECD average of 38.8 per cent.

I say to my friend from Wild Rose, if he heard the first part of my speech, yes it is a matter of concern. If the hon. member is going to vent his concern based on facts rather than fantasies he should first get at the facts. Among the 24 countries we are 14th in total tax burden.

**Mr. Abbott:** Who do we compete with? The U.S. is 29 per cent.

**Mr. Simmons:** Madam Speaker, they have to be given an opportunity to vent in a way they never can in caucus. We might as well let them do it here.

I would never dare be smug about Canada's tax burden. It should be clear by now that I am not endorsing high taxes. We have to face reality squarely which I believe supporters of this motion are failing to do.

When they make comparisons of Canada's tax burden it is typically vis-à-vis the United States. As much as I want lower taxes I have to point out that there are some flaws in that particular comparison with the United States. Contrary to what some hon. members would have us believe, lower taxes in the U.S. do not come without a cost, a financial cost and a human cost.

Take the example of medicare. Medical insurance represents a very substantial cost for millions of Americans and their employers. For the tens of millions without insurance a serious illness can spell personal and financial ruin. If members want to make the comparison between Canadians and Americans, what they ought to do in fairness is either when they are making comparisons deduct the taxes in respect of which we pay for medicare or alternately when they look at the American tax total add in the medical care costs which are hidden in the sense that they are not tax dollars, they are funded elsewhere but represent a cost on the pocket nevertheless.

They are comparing apples and oranges. Either compare the American and Canadian system with medicare written in or with medicare written out. They will find that they do not have such a tax holiday as my good friend would like to suggest.

The point I am making is twofold. First, we have to avoid making comparisons that are simplistic and specious and I would go so far as to say dishonest because they compare apples and oranges. Second, we have to realize that while the opposition's position on taxes sounds a lot like a call for motherhood, it is about a lot more than taxes. It is about the kind of government, the kind of society that we want in Canada.

I can tell the House how to reduce taxes, bring them way down. Sock it to all the poor people, sock it to all the disadvantaged, do away with our medicare system and so on. There is a way to get ever lower taxes. Low taxation, small government versus big government are not objectives in themselves. None of these is an objective in itself. What they do for society ought to be the objective, what they accomplish.

If we are going to go to the extreme of having small government for the sake of small government, I can tell the House how we can make it really small. Let us have no government at all, none.

I take it you have all written in to forfeit your pensions.

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(1355)

## STATEMENTS BY MEMBERS

The Minister of Finance has said very clearly that government cannot and should not do everything. We too want—

[English]

**An hon. member:** He does not do anything.

**An hon. member:** They do nothing except spend money.

**Mr. Simmons:** Can I get that in writing? He says the government does not do anything. He could have fooled me when I heard his leader yesterday in the House of Commons. I thought he was saying we are doing all kinds of terrible things. Get together, guys. I do not want a fight, especially on Valentine's Day. Let us not have a fight among the kissing cousins in the same caucus. He says we do nothing and the other member says we do a lot. Which is it?

**Mr. Abbott:** A lot of nothing.

**Mr. Simmons:** The hon. member needs a new writer.

The government was elected to bring the people of Canada leaner, smarter and more efficient government. Even my friend from Elk Island believes that. We were not mandated to wholly eviscerate government.

**Mr. White (Fraser Valley West):** What does that mean?

**Mr. Simmons:** As soon as I find out, I will let the member know.

We were not elected to eviscerate, to cut out the you know what of government without regard to the important job it must and can fulfil both today and in the longer term.

The difficulty if we operate from the premise that we do not need a government, as this crowd obviously does, is we have difficulty seeing the wisdom in anything the government does. I happen to believe we need some government.

**Mr. Abbott:** Some.

**Mr. Simmons:** Yes, some government and some good government. I say to my friend that we not only have some government, we have good government. The program review we are undertaking is one of the ways in which the government is bringing about smaller, efficient, effective government.

In the last budget the government launched a review of each and every program. Departments were asked to justify programs and activities on the basis of several tests.

**The Speaker:** It being 2 p.m., pursuant to Standing Order 30(5), the House will now proceed to Statements by Members, pursuant to Standing Order 31.

## TOUGHLOVE

**Mr. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, today in my riding of Halifax West many volunteers are out doing fundraising efforts for TOUGHLOVE Canada, a non-profit organization that counsels families in the use of non-violent discipline to resolve behavioural problems with troubled teenagers.

Many doctors, psychiatrists, psychologists, parents, teachers and police in my riding have attested to the success of this program in dealing with these troubled teenagers. They have used these methods to change the behaviour of these troubled teenagers and create happier, healthier families.

Halifax West is the home of the national headquarters of TOUGHLOVE Canada. I want to wish these volunteers well in their worthwhile efforts.

\* \* \*

[Translation]

## MEMBER FOR SAINT-HENRI—WESTMOUNT

**Mr. Jean-Paul Marchand (Québec-Est, BQ):** “What a victory”, Mr. Speaker. “What a victory!” These were the words of Lucienne Robillard, a former minister in the Bourassa government, on being elected as member for Saint-Henri—Westmount in a by-election in which only 30 per cent of registered voters turned out. What a victory indeed.

It reflects little glory on Mrs. Robillard, who systematically refused to take part in any debate during the campaign. For her, the by-election was a mere formality, somewhat like being appointed to the Senate by the Prime Minister. Let us hope she knows which door is which when she comes to Ottawa.

She will have to explain statements she made earlier as the Quebec minister for health and education, when she fought against federal interference in these sectors. Does she no longer stand by these statements, which are at odds with the present federal government's approach to social program reform?

\* \* \*

[English]

## DEPOSIT INSURANCE

**Mrs. Daphne Jennings (Mission—Coquitlam, Ref.):** Mr. Speaker, I monitored the work of the Senate committee which studied deposit insurance in the collapse of Confederation Life.

In commenting on the white paper tabled on February 9 by the Secretary of State for International Financial Institutions, I

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believe the secretary of state missed a great opportunity by not recommending some minor form of co-insurance in relation to deposit insurance.

It is vital that discipline be brought to Canada's financial institutions, but discipline must start with the consumer. If the minister had seized this opportunity, then discipline would begin with the consumer and flow through to the institution itself.

In relation to the changes suggested for life insurance companies I hope those who comment on this paper will ask this fundamental question: If the changes suggested were in place in 1990 would Confederation Life have gone bankrupt? It is against this question that the success or failure of these recommendations must be measured.

\* \* \*

**CANADIAN FLAG**

**Mr. John Murphy (Annapolis Valley—Hants, Lib.):** Mr. Speaker, tomorrow, February 15, represents the 30th anniversary of Canada's national flag. It is with a great sense of pride that I rise to pay tribute to this momentous day.

Since its inception in 1965 the red maple leaf has become a familiar sight both here and around the world. Whether emblazoned on the shoulders of our peacekeepers, proudly represented by our athletes, or worn by our children, Canada's flag is the defining symbol for the spirit of our people. It has come to represent a united, proud and confident nation. For people all over the world the maple leaf is regarded as a symbol of peace and compassion. It represents tolerance and hope.

On this special anniversary I urge all members of Parliament and in particular our friends in the Bloc Quebecois to reflect on what it means to be a Canadian.

\* \* \*

**THE ECONOMY**

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.):** Mr. Speaker, salaries as high as \$250,000 for a university professor or \$400,000 for a hospital president are reported in an article in the Sunday Toronto *Star*.

Taxpayers are also footing the bill for subsidized housing, company cars and undisclosed travel and expense accounts, all without the scrutiny of public accounting.

This situation must change. As the federal government provides a large proportion of funds to the provinces for secondary education and health care, we must ensure that accountability is made a matter of public knowledge.

**YOUTH**

**Mr. Sarkis Assadourian (Don Valley North, Lib.):** Mr. Speaker, I would like to congratulate Mr. Jim Coombs, who is a member of my riding of Don Valley North, and the board of directors of Eva's Place, North York's first emergency shelter for youth.

It is most encouraging that Canadians understand and appreciate the role which young people play in our society.

The government has been addressing the needs of young Canadians, those often referred to as generation *x*. In September 1993 there were about 420,000 unemployed young people in Canada. Since the government took office the number of unemployed youth has been reduced by 60,000. The government is committed to creating more jobs for youth and bringing more youth back into the economy.

We must ensure that our young people have the best possible opportunities to lead productive and self-sufficient lives because they are the future of our country.

Eva's Place is a positive step toward addressing the needs and concerns of homeless, abused and often alienated youth. Once again I applaud the board of directors and urge the government to take notice of their achievements.

\* \* \*

[Translation]

**RIDING OF BROME—MISSISQUOI**

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, yesterday the voters of Brome—Missisquoi exercised their democratic right. For Bloc Quebecois militants, the result is much less disappointing than our political adversaries would like to think. Let it not be forgotten that in the vote on the Charlottetown accord, Brome—Missisquoi was one of the few ridings to vote in favour.

Yesterday the Bloc took 44.5 per cent of the vote, an increase of almost 4 per cent since the general election in October 1993.

The Bloc and its sovereignist option have gained in popularity. In the riding of Brome—Missisquoi, the real loser was the leader of the Conservative Party, with only 3 per cent of the vote.

\* \* \*

(1405)

[English]

**PETRO—CANADA**

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, I want Canadians to know that Petro-Canada has altered the lives

of seven-year old Laura Curtis and her parents forever, through an environmental disaster in Fredericton, New Brunswick.

I want Canadians to know that Petro-Canada has wrongly altered the lives of Roger and Marlene Chapates forever through a similar environmental disaster in Jedore, Nova Scotia.

I want Canadians to know that Petro-Canada is abusing its power with many dealers, including Tom Daly of Saint John, New Brunswick and Barry Deacon of Kamloops, British Columbia.

I want Canadians to know that the Liberals are aware of these very serious problems but do nothing.

Most importantly, I want Petro-Canada to know that we want a judicial inquiry into its operations. After the next election our government will hold no shares in this company which states it is committed to Canadians.

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#### LAND CLAIMS AGREEMENT

**Hon. Audrey McLaughlin (Yukon, NDP):** Mr. Speaker, on February 14, 1973, the late Elijah Harper came to Ottawa to present the first Yukon land claims agreement.

I am pleased that 22 years later, through the efforts of many aboriginal people from the Yukon, from successive governments of different political parties, today we see the proclamation of the Yukon land claims self-government and surface rights legislation.

This is an historic day for all Yukoners. They will benefit from the stability that it gives to our territory and from the respect and dignity it gives First Nations within our territory. Also it has implications for the rest of Canada and for the unity debate that we are once again entering into.

With the Yukon land claims proclamation we see that we can respect other cultures, languages, historical traditions and governments and do it under the flag of Canada.

\* \* \*

[*Translation*]

#### ANNIVERSARY OF THE CANADIAN FLAG

**Mr. Ronald J. Duhamel (St. Boniface, Lib.):** Mr. Speaker, tomorrow is the 30th anniversary of the Canadian flag, a flag which commands respect around the world for what it represents: a wealthy and tolerant country that is open to others.

[*English*]

By celebrating the 30th anniversary we acknowledge the richness of our country and of its people. We recognize what we have been as a country, what we are today as a nation and what we can become by working together to improve the quality of life of all citizens, particularly those who have less.

*S. O. 31*

Tomorrow Canadians everywhere from coast to coast to coast will raise their flag with immense pride.

\* \* \*

#### CYPRUS

**Mrs. Eleni Bakopanos (Saint-Denis, Lib.):** Mr. Speaker, during the recess I and other parliamentarians had the opportunity to visit the Republic of Cyprus as members of the Canada-Cyprus Parliamentary Committee.

For years I had read and spoken about the Cyprus issue. However, I could never have imagined feeling the way I did that day as I looked on to the ghost town of Famagusta, occupied by Turkish troops since the invasion of the island in 1974, more than 20 years ago.

To this day there are still 1,619 missing persons, 200,000 displaced people. Religious and archaeological sites continue to be desecrated.

[*Translation*]

As members of Parliament in a country that has always defended human rights, we have a duty to rise against any violation of these rights. Furthermore, Canada must make every effort to convince our southern neighbours and the international community that it is important to find a fair and viable solution to the Cyprus problem.

[*English*]

It is my hope that I can return to Cyprus one day and see a reunited Cyprus and visit Famagusta and Kirinia, admire the view from the Pendahtila mountains and taste the fresh oranges from the orange groves of Morphou.

\* \* \*

[*Translation*]

#### MEMBER FOR OTTAWA—VANIER

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, it gives me great pleasure as president of the Liberal caucus of Eastern Ontario to welcome our new colleague, the hon. member for Ottawa—Vanier. Even though he has not yet been sworn in as a member of Parliament, Mr. Bélanger attended our caucus meeting at 7.45 this morning.

[*English*]

Our new colleague brings a great deal of valuable business and political experience to Parliament. He has worked on the Hill. He knows Ottawa and the national capital region well.

It must be rare for a new MP to attend an official meeting before breakfast on the morning after a tough election campaign.

*S. O. 31*

(1410)

Mr. Bélanger's willingness to serve augers well for the future of this House. The positive results of all last evening's byelections auger well for the future of Canada.

Bienvenue and welcome to the new member for Ottawa—Vanier, Mauril Bélanger.

\* \* \*

[Translation]

### ARTS AND CULTURE

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, today, many representatives of national cultural institutions and arts organizations are participating in a cultural sector summit to discuss the future of the artistic community.

In the meantime, the federal government seeks to help spread Canadian culture through its foreign policy. How can it make such a claim when, at the national level, it is slashing the arts and culture budgets, in particular at Telefilm and the CBC?

This government even has the nerve to undertake phoney, improvised and botched consultations through the Canada Council to ask artists where it should make further cuts.

The heritage minister's complicity speaks volumes about this government's respect for culture and the artistic community.

\* \* \*

[English]

### INCOME TAX

**Mr. Ed Harper (Simcoe Centre, Ref.):** Mr. Speaker, I had the privilege of attending and speaking at a tax rally alert last night in St. Catharines sponsored by the Canadian Taxpayers Federation.

The event drew an overflow crowd of some 800 concerned taxpayers with a strong message for the finance minister: "No new or increased taxes". Several of those in attendance spoke about where they felt spending cuts could be made and how important it was for the government to understand it has a spending problem and not a revenue problem.

As a result of this addiction to tax and spend, our debt clock this morning was \$549,892,000,000.

The crowd's reaction to the reported comment of the revenue minister that the government will not be influenced by protests was one of the loudest of the rally, second only to a demand for cuts, not scrapes, to our MP pension plan.

You choose to ignore the people we work for at your peril. No longer are Canadians prepared to roll over and take it from politicians who are not listening.

[Translation]

### SAINT-HENRI—WESTMOUNT AND BROME—MISSISQUOI

**Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.):** Mr. Speaker, I am extremely proud and happy today to draw attention to the fine victories achieved by Lucienne Robillard in Saint-Henri—Westmount and by Denis Paradis in the by-election in Brome—Missisquoi last night.

In addition to underscoring the hard work by the members of his team, Mr. Paradis' victory is a strong warning to separatist forces. It is also a good indicator of the mood of the people of Quebec in this period before the referendum, whatever one might say. Quebecers will not be fooled by separatist rhetoric. They are well aware of the issues in this debate. The many still unanswered questions about an independent Quebec in year one contributed as well to this victory by the Liberal Party.

This message the people of the ridings of Brome—Missisquoi and Saint-Henri—Westmount have given to the separatist forces should encourage the Quebec minister of finance to present his famous year one budget. Quebecers will then have an opportunity to see the hidden face of independence for the first time.

Mr. Speaker, the third period is well underway, and Canadians are in the lead.

\* \* \*

[English]

### LAND CLAIMS AGREEMENT

**Mr. Raymond Bonin (Nickel Belt, Lib.):** Mr. Speaker, this is an historic day for all residents of the Yukon, indeed for all Canadians. Today the Yukon Land Claims, Self-Government and Surface Rights Board Acts come into effect marking the culmination of a process that began exactly 22 years ago.

For Yukon First Nations this means a secure land and financial base, and greater control over their own affairs. For the Yukon territory as a whole this opens an era of greater stability and opportunity.

Today aboriginal and non-aboriginal Yukoners alike stand in partnership to celebrate this long awaited achievement. I am certain that hon. members will join me in extending congratulations to all residents of the Yukon on this historic day.

\* \* \*

### BYELECTIONS

**Mr. Grant Hill (MacLeod, Ref.):**

We watched with great interest three byelections here;  
Showing to Canadians that Liberals have naught to fear.  
The seats were all so safe no one else need apply,  
The rest should just watch hockey  
No sense to even try.  
Ha! we've got them on their haunches,  
We'll drop the writ when no one's here,

*Oral Questions*

Even if they wanted,  
No votes for them, I fear. But when it comes to safe seats,  
The Liberals should not feel too warm.  
For Kevin Gaudet with his worthy team  
Gave a glimpse of the Reform swarm.

**Mr. Chrétien (Saint-Maurice):** Resign and we'll have a byelection.

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## ORAL QUESTION PERIOD

(1415)

*[Translation]***NATIONAL DEFENCE**

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, obviously to give the impression that he is always in control of his department, the minister of defence has called for the suspension of Major-General Brian Vernon, thereby throwing him to the wolves, using him as a scapegoat to calm public opinion. But Major-General Vernon should not bear the sole burden of responsibility for the incidents in Petawawa.

Does the minister of defence intend to suspend or relieve of their duties all officers in charge of the Airborne Regiment who took part in incidents violating army regulations or officers who failed to intervene to put a stop to such activities?

*[English]*

**Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the hon. member does not obviously listen to answers that I have given before.

The removal of General Vernon was a decision taken by the chief of the defence staff. It is his and his alone. It is a decision in which I concurred.

*[Translation]*

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, whereas I am accused of not listening to the answers, the minister does not listen to the questions; that is not what I asked.

Can the minister of defence—and I hope he will understand my second question better—confirm that the government will soon award the Order of Military Merit to Lieutenant-Colonel Kenward, the very person who was supposed to have cleaned up the Second Airborne Regiment of Petawawa and who was commander-in-chief at the time of the incidents recorded on the third video-cassette? Does he still intend to award the Order of Military Merit to this lieutenant-colonel?

*[English]*

**Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, that particu-

lar decoration was decided a number of months ago by a panel in the military following normal practices and will go ahead as planned.

*[Translation]*

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, does the Prime Minister consider it normal that his minister of defence still intends to decorate Lieutenant-Colonel Kenward, the former commanding officer of the Second Airborne Regiment, and in fact to do so even before the start of the inquiry which is supposed to get to the bottom of the events in Petawawa? Does he consider that normal?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the minister of defence just gave a very clear explanation. If I heard him right, his peers decided to award that individual the decoration. That will not prevent the committee from asking him the appropriate questions when he comes before the commission.

**Mr. Jean-Marc Jacob (Charlesbourg, BQ):** Mr. Speaker, my question is for the minister of defence.

The latest information revealed regarding the Petawawa incidents shows that the minister of defence does not know what is going on in his department. Incidentally, we have been waiting, since last fall, for a reply from the minister regarding the use of an Airbus A-310 by generals who went to Florida to go play a game of golf during Operation William Tell.

Will the minister of defence tell us whether he knows anything about the Canadian army's Eagle River exercise?

*[English]*

**Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, this is the kind of question, as you have advised members before, that should be reflected in an Order Paper approach rather than in question period.

(1420)

*[Translation]*

**Mr. Jean-Marc Jacob (Charlesbourg, BQ):** Mr. Speaker, once again, I will have to tell the minister what is going on in his department. How can the minister of defence, in this time of fiscal restraint, not realize that the Eagle River exercise was a sham, designed to hide a sumptuous fishing trip to Labrador for senior officers of the Canadian army, at a cost of over \$1.6 million for taxpayers in 1993?

*[English]*

**Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, certainly as far as I am concerned this is the type of question that should be for the Order Paper. When it is put down we will give all the details and costs of any particular program.



*Oral Questions*

I remember some facility in Labrador was closed a couple of years ago. It had the name eagle in it. Perhaps this is the one. Certainly I will take notice of the question and get back to the hon. member.

\* \* \*

**THE BUDGET**

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, today the provincial finance ministers are meeting with the federal finance minister to discuss the federal budget.

At least half the provincial finance ministers are doing a better job at balancing their budgets than the federal government. One of their greatest concerns is that the federal government will simply offload its own debt problem on the backs of the provinces, particularly those that have managed their finances efficiently.

My question is for the Prime Minister. What assurances could he give to fiscally responsible provinces that their reward is not simply going to be an offloading of the federal debt?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I just want to tell the member that he should wait to see the budget. We have set some extremely clear goals and we will meet them all.

[Translation]

Since I have the floor, I would like to applaud everyone who voted in the by-elections yesterday and all of the candidates from all parties who ran. In particular, I would like to congratulate the three Liberals who won.

[English]

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, yesterday Liberal Premier Clyde Wells of Newfoundland said that the best thing the federal government could do would be to stop direct spending in such areas as education, health and forestry. He argued that all these services could be better provided at less cost by the levels of government closest to the public.

Will the Prime Minister follow the Newfoundland premier's advice and give the provinces real control over these areas including appropriate tax points? In other words, will he make clear his government's philosophy on decentralization including the transfer of tax points to the provinces?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I do not know how the hon. member's arithmetic works. If we do not spend and we give tax points, the deficit remains at exactly the same level. If we are not collecting and we are not paying, it is exactly the same. You should have checked that before asking the question.

**The Speaker:** I remind all hon. members to address the Chair.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, the Prime Minister's replies are hardly inspiring confidence. The provincial premiers have joined thousands of Canadians in saying no to tax increases, no to new taxes, and no to tax grabs in the name of tax equity.

As provinces like Alberta, New Brunswick and Saskatchewan reduce their deficits their citizens are looking for tax relief. The last thing they need to see is a tax grab by a fiscally irresponsible federal government.

What assurances could the Prime Minister give to the citizens of those provinces that their reward for practising fiscal responsibility is not going to be a tax grab by a fiscally irresponsible federal government?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I said the Minister of Finance would bring in a budget very soon. It will be a very responsible budget.

(1425)

When we talk with the provinces they know that the federal government has to do what is needed to control its deficit. They will benefit if we control our deficit because the Canadian bond rating will be better for everybody. They have an interest just like us that we do very well in the next budget.

Everybody knows that 3 per cent of the GDP for the deficit is a very reasonable level. I had a discussion yesterday with the chancellor of Austria who has exactly the same goal as we have in Canada.

\* \* \*

[Translation]

**TRANSFER PAYMENTS**

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, today, two weeks before budget day, the Minister of Finance is meeting his provincial counterparts. They will probably discuss further reductions in transfer payments to the provinces for social programs financing.

If I understood correctly what the Prime Minister said to the leader of the Reform Party just now, the government is really determined to offload its debt problems on the backs of the provinces, since he just told the leader of the Reform Party that a transfer of responsibility for post-secondary education, health and social assistance would not entail a concomitant transfer of tax points to the provinces. That is what we understood from the Prime Minister's reply.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, if the provinces asks us to stop paying, we will be glad to oblige.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, I certainly did not expect an answer like that to a serious question, but I will control myself for your sake.

Can the Prime Minister promise, and this is a serious matter, that the measures in the upcoming budget will not constitute an outright offloading of the government's responsibilities on the backs of the provinces? This is walking away from responsibility. It is not decentralization.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, every day, the hon. member rises in the House to ask us to cut spending. If we cut spending, we cut. If he tells us to cut spending and transfer the money, we are back to square one. We are going to cut a lot of spending and we are going to try to achieve our objectives, and we will. We will do what it takes.

Discussions are being held with the provinces. We will try to reach an agreement the best way we can. Yesterday, Premier Wells said: stop sending us money for our forests. I am not going to argue with Mr. Wells. If he does not want money for his forests, we will not send him any.

\* \* \*

[English]

#### GUN CONTROL

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, under the justice minister's gun control legislation tabled earlier today hundreds of thousands of firearms legally acquired by law-abiding citizens will now be effectively confiscated.

How does the minister justify his government's confiscation of private property?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, the hon. member's question is fundamentally flawed. There is nothing in the bill that confiscates firearms.

The bill is intended to enhance criminal sanctions, to crack down on the criminal misuse of guns and to achieve the sort of control any reasonable society wants to ensure public safety.

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, I contend that the justice minister's plan is fundamentally flawed. Under his plan these individuals will only be allowed to transfer their guns to the crown, to the police or to a few authorized businesses that are licensed to acquire prohibited firearms.

Could the justice minister tell the thousands of responsible gun owners who now own these guns if they are going to get a fair price, considering he has drastically reduced the market?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, in the first instance I am proud to say that the government has introduced today legislation that will be easily accepted by the vast majority of Canadians.

#### Oral Questions

May I observe as well that the centre point of the plan that involves registration of all firearms has recently been reported to have the support of two out of three Albertans among others.

Last, may I draw the hon. member's attention to the bill we tabled today that makes clear those who own and possess prohibited firearms may continue to buy and sell among their own class so that their investment in those firearms is preserved.

\* \* \*

(1430)

[Translation]

#### GUN CONTROL

**Mrs. Pierrette Venne (Saint-Hubert, BQ):** Mr. Speaker, my question is for the Minister of Justice.

In her report on her investigation of firearms, coroner Anne-Marie David recommends to the Minister of Justice that shipments of arms stored and transported by importers be covered by specific legislation.

In view of the fact that, in Quebec alone, 1,502 imported revolvers and pistols were reported stolen in 1992 and 1993, how can the Minister of Justice claim to be tabling a bill that responds to needs, when he ignored the recommendation of coroner Anne-Marie David?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I am disappointed in the hon. member's attitude toward this bill. On November 30, when we tabled our program, she found fault with it because we had no bill. Now that we have a bill, the hon. member is still not offering any constructive criticism. The hon. member knows full well that most Canadians, and Quebecers in particular, support these proposals.

[English]

I would suggest that if the hon. member has suggestions to make in committee to improve the bill that she do so, but that she stand today in this House with the majority of Canadians in favour of this bill instead of making individual criticisms when overall it meets the safety needs of Canadians.

[Translation]

**Mrs. Pierrette Venne (Saint-Hubert, BQ):** Mr. Speaker, given the official opposition's criticism when his plan of action was unveiled in December, does the Minister of Justice still plan to allow the owners of the 13,000 automatic weapons registered in Canada, including 4,000 AK-47s, to keep them legally for the rest of their lives?

[English]

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, according to the bill that was tabled today, all such paramilitary weapons will be prohibited.

*Oral Questions*

They will be out of circulation at the end of the lives of those who now own them.

In the meantime, so that we do not “confiscate”, to use the word of the hon. member from another province, they will be permitted to trade them, buy them and sell them among members of that same class. However, at the end of the day, in keeping with the policies and principles of the bill, those firearms will be out of circulation.

**Mr. Jack Ramsay (Crowfoot, Ref.):** Mr. Speaker, my question is for the Minister of Justice.

On December 1, 1994 one of my colleagues who was concerned about the detrimental effect the ban of .32 and .22 calibre handguns would have on the world cup shooting competitors who have trained at great expense and proudly represented this country, asked the minister this question: “Will the minister make a commitment to remove the .32 calibre handgun from this list of banned firearms?” The minister’s response: “I most certainly will not”. I ask the minister, what made him change his mind?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, the .32 calibre handguns along with .25 calibre handguns will be prohibited by this legislation.

What we have made clear is that the unique firearm, used for example by Linda Thom in earning a gold medal at the 1984 Olympics, which is a .32-.22 interchangeable barrel Walther handgun, will be permitted.

Today we made clear that as we refer this bill to committee after second reading in this House, we are asking the committee to identify other handguns that are used in competitions sanctioned by the International Shooting Union so that legitimate competitions can continue.

**Mr. Jack Ramsay (Crowfoot, Ref.):** Mr. Speaker, I might advise the minister that the Liberal Party of Alberta opposes his proposal.

Nevertheless, inasmuch as the justice minister has changed his mind regarding the banning of handguns used in competitive shooting, what other areas of legislation is the minister prepared to change?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I hope it is evident not only to the hon. member but to everyone in this House and in the country that notwithstanding changes as reflected in the bill introduced today, the one thing that remains is our commitment to the principles of this policy.

(1435)

Speaking of commitment to principles, the hon. member is a member of a party which prides itself as the law and order party in the House of Commons. I would like that party to explain why

it opposes legislation which has the support of the police and the victims groups of this country.

\* \* \*

[Translation]

**MANPOWER TRAINING**

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, my question is for the Prime Minister. The tenors of the federal government keep on repeating that we can make federalism more flexible without reforming the constitution, and that administrative agreements could suffice to settle the issue.

If the Prime Minister wants us to take him seriously, before the referendum, why has he refused to grant Quebec’s requests regarding job training, and for the sake of efficiency, to finally acknowledge the consensus in Quebec?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we made the provincial government some offers on this issue several months ago. We could not grant all of their requests, and as the minister responsible for federal-provincial relations said, half a loaf of bread is better than none, and yet, they refused.

I know very well that she would remain a separatist even if we resolved the workforce issue. The question that should be asked in the referendum is: “Do you want to separate from Canada?” That is the question, and Quebecers will reply: “We want to stay in Canada, we do not want anything to do with the separatists”.

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, I detect in the Prime Minister’s answer that he is interested in foiling the separatists, to the detriment of the unemployed, who are in need of job training.

Will the Prime Minister confirm that his government never planned to transfer responsibility for job training to Quebec, but on the contrary, that he intends to increase intervention in this area through his social program reforms, financing that intervention even more, perhaps even with surpluses from the unemployment insurance fund?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I am very pleased to see flexible separatists, because in this case, she is asking to change the Canadian constitution. She is no longer talking about separation. So she is going to have to make up her mind eventually.

\* \* \*

[English]

**FISHERIES**

**Mr. Francis G. LeBlanc (Cape Breton Highlands—Canso, Lib.):** Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

*Oral Questions*

At the most recent meeting of the Northwest Atlantic Fisheries Organization, Canada won a critical vote to protect and share 60 per cent of the total allowable catch for Greenland halibut. Now the European Union is threatening to ignore this internationally respected conservation body and launch a formal objection. What does Canada intend to do in the face of this challenge?

**Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I thank the hon. member for his question.

Indeed the fishermen of Canada were pleased when Canada was assigned by the Northwest Atlantic Fisheries Organization—

**The Speaker:** Colleagues, I would ask you please to respect both the questions and the answers. I am sure we want to hear both the questions and the answers and everything else which transpires here in the House. The hon. Minister of Fisheries and Oceans.

**Mr. Tobin:** Mr. Speaker, a noisy House is particularly difficult for quiet-spoken members like me.

Canadian fishermen indeed were pleased to receive from the Northwest Atlantic Fisheries Organization 60 per cent of the turbot quota at the meeting in Brussels. They thought it appropriate that the Spanish fleet fishing under the EU flag received an appropriate level of allocation, in this case 13 per cent.

We want to work with the European Union to see this conservation plan put in place in a responsible fashion. The Department of Foreign Affairs has taken the lead in making Canada's view known.

(1440)

We have heard reports that the EU may object to the NAFO decision and set unilateral quotas. That is not acceptable to Canada. The last time the EU set unilateral quotas they destroyed flatfish stocks and northern cod. Canada will not stand by and see more stocks destroyed.

\* \* \*

**CANADIAN AIRBORNE REGIMENT**

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, my question is for the Minister of National Defence.

How many of the men who appeared in the August 1992 video and how many who appeared in the February 1993 video are still serving with the airborne regiment?

**Mr. Collenette:** Mr. Speaker, I was detained for a few moments. Perhaps the hon. member could repeat his question.

**Mr. Frazer:** Mr. Speaker, how many of the men who appeared in the August 1992 video and how many who appeared in the February 1993 video are still serving with the airborne regiment?

**Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the actions in those videos are subject to investigation. Once we have the answers I will make them available to the hon. member.

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, the minister knows he could transfer everyone connected with those incidents and those in Somalia, but retain the regiment.

Has he considered that by disbanding the airborne he is unnecessarily inflicting upon the Canadian taxpayer millions of dollars in costs for relocating the personnel and their families, for dismantling the facility at Petawawa and for establishing a new facility for the new unit?

**Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I dealt with all these questions three weeks ago. I am sorry the hon. member is now just addressing them.

With respect to operational costs, there probably will be some operational costs involved. On the other hand, most of the activity at CFB Petawawa will be retained simply because in the white paper we announced an augmentation of the army capability. Therefore those people in that particular area should not feel too badly from an economic point of view.

\* \* \*

[Translation]

**INTERNATIONAL TRADE**

**Mr. Stéphane Bergeron (Verchères, BQ):** Mr. Speaker, my question is for the Minister for International Trade.

Another trade dispute is looming between Canada and the U.S., this time over eggs, poultry and dairy products, which are all subject to quotas. Such a dispute might hit agricultural producers in Quebec and Canada very hard.

Will the Minister for International Trade firmly reiterate Canada's position by arguing that its tariff schedule is totally consistent with the new GATT, now WTO, agreements and does he undertake not to make any concessions to the Americans on this issue?

[English]

**Hon. Roy MacLaren (Minister for International Trade, Lib.):** Mr. Speaker, yes.

[Translation]

**Mr. Stéphane Bergeron (Verchères, BQ):** Mr. Speaker, can the minister make a very clear, perhaps fuller, concrete commitment not to accept any reduction in the customs tariffs put in place by Canada, including those for yogurt and ice cream, or any other concession that would hurt the interests of poultry and dairy producers in Quebec and Canada?

*Oral Questions**[English]*

**Hon. Roy MacLaren (Minister for International Trade, Lib.):** Mr. Speaker, the specific question of ice cream and yogurt has been a matter of a GATT panel decision. We will take action in light of that decision.

Concerning the broader question of dairy and poultry, we will indeed pursue our basic position that—I am sorry, Mr. Speaker, I do not want you to think I do not enjoy looking at you.

**The Speaker:** I want the hon. minister to know that the feeling is reciprocal.

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

**Mr. MacLaren:** Mr. Speaker, as I was saying, Canada will of course defend vigorously its fundamental position that the tariffication under the GATT takes precedence over NAFTA.

\* \* \*

**HEALTH CARE**

**Mr. Grant Hill (MacLeod, Ref.):** Mr. Speaker, Quebec joins Alberta in thinking that the federal Minister of Health is wrong in her rigid rules on semiprivate clinics.

(1445)

Health minister Rochon says: “Health is a provincial jurisdiction. It is not Marleau’s place to determine”.

Why does this health minister stick with a rigid centralist view of health care when the rest of the country wants flexibility and real reform?

**Hon. Diane Marleau (Minister of Health, Lib.):** Mr. Speaker, I would advise the member to read the Canada Health Act. That is why we are doing it.

**Mr. Grant Hill (MacLeod, Ref.):** Mr. Speaker, the premier of Newfoundland also agrees with Quebec. He says: “The federal government should stop interfering in provincial areas such as health. Provinces want flexibility. The citizens want flexibility”. Has this health minister one single proposal to make Canada’s health system more flexible?

**Hon. Diane Marleau (Minister of Health, Lib.):** Mr. Speaker, I would remind the hon. member to go back and get a copy of the Canada Health Act and read it.

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**INFRASTRUCTURE**

**Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.):** Mr. Speaker, my question is for the President of the Treasury Board and the minister responsible for the national infrastructure program.

The national infrastructure program has been a catalyst for growth in Guelph—Wellington and in every community in Canada. Can the minister provide an update as to the status of the program and the number of jobs it has created in Ontario and in this country?

**Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, I have more good news for the House.

We are not even half way through the funding allocation of this program. Already some 4,700 projects have been approved in Ontario, creating some 31,000 jobs. This is going a long way to putting Canadians back to work and strengthening the infrastructure in our communities and well on the way to the creation of 100,000 jobs.

I think it says to the premier of Ontario that he is out to lunch when he says that we are not focused on jobs. That is our number one priority.

\* \* \*

*[Translation]***TAINTED BLOOD**

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

Tomorrow, Judge Krever will submit to the cabinet his interim report on the activities surrounding the blood supply system in Canada.

In order to ensure at least a minimum of openness, can the minister undertake to release the Krever Commission’s interim report as soon as it is submitted to cabinet?

**Hon. Diane Marleau (Minister of Health, Lib.):** Mr. Speaker, Judge Krever’s report is not presented to me personally but to cabinet. We will, of course, respond as quickly as possible.

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, how can the minister claim to be restoring Canadians’ confidence in their blood supply system when she is not even willing to make this report public as soon as it is presented to cabinet?

*[English]*

**Hon. Diane Marleau (Minister of Health, Lib.):** Mr. Speaker, let me reassure the hon. member and every Canadian that we have not waited to take action. We have taken a number of very decisive steps to ensure the safety of the blood supply in Canada.

When the report is received we will respond quickly. We will respond with all appropriate action to ensure that not only is the blood supply system in this country as good as everyone else’s but that it is the best in the world.

**SYDNEY TAR PONDS**

**Mr. Bill Gilmour (Comox—Alberni, Ref.):** Mr. Speaker, the clean up of the Sydney tar ponds in Nova Scotia is under a dark cloud.

The tar ponds, described as Canada's worst environmental disaster, were exempted by the previous government from an environmental assessment.

Because of this deadly blunder the list of compounds and their concentrations in the tar ponds is not fully known. In addition, the toxic coke oven site is not included in the clean ups and the ability of the incinerator to destroy PCBs is in question.

(1450)

Given these severe limitations, will the environment minister order a full environmental assessment of the Sydney tar ponds project, including the coke oven site and the incineration process?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.):** Mr. Speaker, I can repeat to the hon. member that the federal Ministry of the Environment will be working very closely with the province of Nova Scotia to ensure that the CCME guidelines that were adopted in 1992 on hazardous waste incineration, that is stronger, more stringent guidelines, will be applied. We will be working with the province to monitor its application to ensure the health and the safety of all of the residents around the Sydney tar ponds.

**Mr. Bill Gilmour (Comox—Alberni, Ref.):** Mr. Speaker, this is only part of the problem. A full environmental assessment needs to look at all the problems, including the coke ovens.

Yesterday the minister replied that the tar ponds project was operating within CCME guidelines. The minister's answer is inconsistent with the 1994 consultant's report which lists federal guidelines and compares them with the tar ponds operating permit, showing many discrepancies.

Will the minister explain the glaring inconsistencies between the tar ponds consultant's report and her answer yesterday?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.):** Mr. Speaker, when the tar ponds operating permit was established in 1988 it was established according to available environmental guidelines at that time.

When in 1992 the Canadian Council of Ministers of the Environment improved the guidelines to ensure that they were more stringent with respect to PCB incineration, the project in Nova Scotia in question was voluntarily submitted to those guidelines.

As I stated yesterday and in my previous answer, we are working with the Government of Nova Scotia to ensure that not

*Oral Questions*

only the incineration be below the acceptable guidelines but also that the regulations generally be changed to reflect that.

\* \* \*

**SUGAR**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, my question is for the Prime Minister.

Will the Prime Minister reassure this House that he will raise the matter of further American restrictions of Canadian sugar and sugar containing products that are endangering our sugar industry when he meets with President Clinton later this month? Will the Prime Minister stand up for Canadians whose jobs are at risk because of American protectionism?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** The answer is oui.

\* \* \*

**RAIL TRANSPORT**

**Mr. Bill Blaikie (Winnipeg Transcona, NDP):** Mr. Speaker, my question is for the Minister of Human Resources Development and has to do with Mr. Hope's report on the rail negotiations which the minister has now had for about a week.

When will the minister be releasing the report? Many railway workers have been waiting a long time for this matter to be resolved and they want to see this matter resolved. When will he be releasing the report and when will he tell the Minister of Transport to stop acting like the minister for the CNR or the CPR and tell the Minister of Transport to keep his big nose out of these negotiations?

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

**Mr. Speaker:** I am sure the hon. member was using a figure of speech. I hope we will not resort to these types of remarks. The hon. Minister of Human Resources Development.

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, I have always been a great admirer of the distinguished profile of my colleague, the Minister of Transport, and so I certainly have no intention of undertaking any effort to probe his proboscis.

On the more serious matter, I would like to report that I have received a copy of commissioner Hope's report. Because of the significance and impact we are studying it very carefully. We also will have to submit it for translation so that it is available in both official languages. We would want to depose the report as quickly as possible so that we can get on with the negotiations and discussions.

*Oral Questions*

I say to my hon. friend that there is nothing to stop the parties coming to an agreement without that report if they want to really get down to the brass tacks and negotiate a new deal for the railways.

**Mr. Bill Blaikie (Winnipeg Transcona, NDP):** Mr. Speaker, I do not want to follow up on the question of the minister's profile but I do want to follow up on the question I asked the minister responsible for labour about what he is going to do about the fact that the Minister of Transport is taking a position in these negotiations identical to that of the companies.

(1455)

This is not what the Minister of Transport is supposed to do. It is what the minister of labour should object to if he wants to protect the integrity of that process.

What will the Minister of Human Resources Development be telling his colleague in this respect?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, the responsibility of the minister of labour is to ensure that the Canada Labour Code is properly honoured and recognized by both management and labour in the conduct of their affairs and in their discussions, which we are doing dutifully and properly, and that where there are disputes, we are also here to represent the public interest and to make sure that we can resolve these disputes on the basis which will ensure that all Canadians are served well.

\* \* \*

**CHECHNYA**

**Mrs. Jane Stewart (Brant, Lib.):** Mr. Speaker, Canadians were extremely happy to hear this morning that a ceasefire has been reached in the terrible war in Chechnya. Like most Canadians, I have been horrified by the brutal violence and bloodshed that have marked this war.

Can the Minister of Foreign Affairs inform the House what the ceasefire will mean for the efforts to establish a lasting peace in this area of the world?

**Hon. André Ouellet (Minister of Foreign Affairs, Lib.):** Mr. Speaker, quite clearly we are happy to see that at last there is a ceasefire. We hope that this will be the prelude to intensive negotiations that will lead to lasting piece in that part of Russia.

Clearly, as the hon. member has indicated, we are concerned for the civilians who have been terribly affected by this war. We are in consultation with the international Red Cross in order to assist civilians who have been affected.

**PATRONAGE APPOINTMENTS**

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

Mr. René Cormier, a member of the Canadian Pension Commission, has been on paid leave, not sick leave, not for a few weeks or a few months, but for over one year. Will the minister please explain to Canadians suffering under crippling tax burdens how this situation involving a political appointee at \$100,000 a year can be justified?

**Hon. Lawrence MacAulay (Secretary of State (Veterans), Lib.):** Mr. Speaker, I can assure my hon. colleagues that it is before the courts and will be settled shortly.

**Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.):** Mr. Speaker, I hope we do not need a fourth video for someone to take action.

My supplemental question is for the President of the Treasury Board. The minister expects Canadians to take him seriously when he talks of reforms to the public service while political patronage appointments like Mr. Cormier are paid for over a year at the taxpayers' expense without doing a thing.

Would it not be a good idea to establish exactly how many redundant political appointments are out there and show some leadership by example by cutting redundant patronage positions before asking productive public servants to take cuts?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I want to have the last word today.

In response to the hon. member, we have made a review of all order in council appointments. Hundreds of have been cut since this government has taken charge. We are reviewing all of these appointments. We have reduced them and we intend to continue to do so.

In the case of this individual, as the Minister of State for Veterans said, it is a problem which is before the courts at the moment.

\* \* \*

[Translation]

**OVERLAP AND DUPLICATION**

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, last week, the Minister of Intergovernmental Affairs said that most of the \$5.9 million budget for its department's task force on Canadian unity had been used to finance studies on duplication and overlap between federal and provincial programs.

Considering the numerous questions asked by the Official Opposition regarding waste due to duplication and overlap, will

the minister agree to release the studies conducted by its department and table them in the House?

**Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.):** Mr. Speaker, we currently have action plans with eight provinces and two territories to reduce duplication. Over the last year, we signed 64 agreements with the provinces and the territories and they are all public. Consequently, we have no problem with letting the opposition marvel at such achievements.

(1500)

By September 12, 1994, eight agreements had been concluded with Quebec. Of course, there have not been any since, but we continue to use money to reduce duplication and overlap. We do not talk about it: We do it.

\* \* \*

[English]

#### PRESENCE IN THE GALLERY

**The Speaker:** I wish to draw the attention of hon. members to the presence in the gallery of the hon. Wayne Adams, Minister of Supply and Services of the province of Nova Scotia.

With him today is the hon. Ross Bragg, Minister responsible for Economic Development and Tourism of the province of Nova Scotia.

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

\* \* \*

#### POINTS OF ORDER

COMMENTS IN CHAMBER

**Hon. Audrey McLaughlin (Yukon, NDP):** Mr. Speaker, I should like to clarify a statement I made earlier today. When I referred to a very strong and respect Indian leader in Yukon I had meant to say Elijah Smith and inadvertently said the late Elijah Harper.

I certainly express my regrets to the hon. member for Churchill for having made that error. I am reminded of Shakespeare's statement that we come to praise Caesar, not to bury him. I express my regrets to the member.

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#### WAYS AND MEANS

NOTICE OF MOTION

**Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, pursuant to Standing Order 83(1), I wish to table a notice of a ways and means motion to amend the Income Tax Act, and I ask that an order of the day be designated for consideration of the motion.

*Supply*

## GOVERNMENT ORDERS

[English]

### SUPPLY

ALLOTTED DAY—DEFICIT ELIMINATION

The House resumed consideration of the motion.

**Mrs. Diane Ablonczy (Calgary North, Ref.):** Mr. Speaker, 12 years ago a Boeing 767 flying from Montreal to Edmonton nearly crashed over northwestern Ontario. This near tragedy was not a result of a mechanical failure or a powerful prairie thunderstorm. It simply ran out of gas.

In its statement the airline placed the blame for this emergency on human error involved in converting the fuel measurement from imperial to metric amounts. It was only the skill of the pilot that manoeuvred the drifting aircraft to a safe landing. At 30,000 feet refuelling is no longer an option. The fate of the passengers lay in the hands of leadership. Interestingly enough the airline was Air Canada.

(1505)

Canada as a nation is like that aircraft. Our ship of state is in trouble, not because of some internal mechanical malfunction but because of human error.

The world has changed to a new competitive economy. The rules have changed but our ground crew still does not know how to make the conversion. After two decades of human error air Canada is drifting. Our financial reserves are empty and Canadians, the passengers, are deeply concerned about their future and safety. The only problem is that at this moment the incompetent ground crew is still flying the aeroplane.

Each one of us knows that personal security is vitally important to Canadians. Ours is a compassionate society. We all want to know that our friends, families, neighbours and ourselves will be taken care of during times of need. Yet somehow after 30 years of ballooning government spending on social programs we have been left with less security rather than more. Why is this so?

Let me save the suspense by answering my own question. Canadians feel more insecure now than ever before because government overspending has robbed them of their personal security. The welfare state has failed. Just as communism and socialism crumbled after a 75-year experiment, our own 25-year social digression has come to a painful conclusion.

Canadians are beginning to realize that the welfare state is not working and that it is time to re-evaluate the government's role in providing social security to individuals. The greatest single danger to the personal security of Canadians comes from the



*Supply*

financial unsustainability of social programs currently monopolized by government. They are unsustainable if we have to borrow money to pay for them, which is exactly what successive governments have done for the last 25 years.

Thanks to such irresponsible management the federal debt is now over \$530 billion and provincial and municipal governments owe another \$190 billion. Instead of providing peace of mind these programs and their associated debt have left Canadians feeling anxious about this, about their and their families' futures.

Why have Canada's debt and deficit left Canadians feeling anxious and insecure about their futures? The reason Canadians feel such concern is that after being deceived for so long, led to believe that government would look after them and take care of them from cradle to grave, they have come to realize they are now relying on a bankrupt state. They have come to realize the interest payments on the debt have become so large and are growing so fast that it is beginning to crowd out the social programs that have protected them for nearly a generation.

The greatest risks to Canada's social fabric are the threats of annual deficits and a rising national debt which over the past 30 years has crowded out many legitimate expenditures of governments.

We have borrowed so much over the last 25 years and accumulated so much debt that all the money we borrow this year will be used to pay interest on our federal debt. When it comes to government there are no free lunches. In fact compound interest make the ultimate cost of what government is borrowing very costly indeed; in fact more costly than if we had paid for them outright, if we had paid our own way to begin with.

Effectively interest payments are crowding out programs. Money that could be used to help Canadians is simply not available to us because we have to pay our interest obligations. Interest payment on the debt is now the single largest expenditure item for many governments, depleting resources for public investments in health, education and infrastructure. As we continue to borrow, our debt increases as does the interest, leaving even less money for essential programs.

Where does all this debt and compound interest leave Canadians? It leaves us paying more taxes while at the same time receiving fewer services. Canada's debt burden is both eating up a substantial portion of current tax dollars and reducing the ability of all levels of government to provide essential social services. Can we understand now why Canadians are concerned?

(1510)

How did we get into this mess? Whose human error or ignorance while working with ground support has brought us to a place of flying empty at 30,000 feet? Who could the passen-

gers of our drifting air Canada hold responsible for bringing them into such a dangerous predicament?

It just so happens the ground support staff has been promoted to captain and crew. Is that not a comforting thought? The very ones who got us into this mess are now in control. Meanwhile, Captain Chrétien sails serenely on committing ordinary Canadians to a perpetual stream of more interest. Ironically it was the Trudeau Liberal government of which Mr. Chrétien was a member and a one-time finance minister—

**The Acting Speaker (Mr. Kilger):** Order. I remind the House that during any intervention while referring to any member of the government cabinet we refer to the position or the office. In this case it is the right hon. Prime Minister or the Minister of Finance as opposed to the individual's name.

**Mrs. Ablonczy:** Mr. Speaker, ironically it was the Trudeau Liberal government of which the present Prime Minister was a member and a one-time finance minister that first sold Canadians on the myth that big government could solve most of our problems. What they never made clear was that they would pay for this by heavy taxation and borrowing from future generations.

For more than a quarter of a century Canadians have been encouraged to increasingly rely on government and they have done just that. The disastrous consequences of these Liberal policies are now threatening the well-being of society.

As a co-pilot and former ground support staffer, the failure of the human resources minister to reform social programs to make them target better and cost less is a failure that all Canadians will pay for in the form of higher taxes.

We need to fight the debt and deficit not to hurt people but to help them, to free them from the chains of insecurity, the links of which are made of debt and interest payments. The welfare state is sinking under the weight of its own waste, inefficiency and disabling dependency.

Fundamental reform and renewal of our social security framework are absolutely imperative if we are to have any hope of sustaining our existing high quality of life, providing Canadian youth with opportunities rather than simply an unmanageable financial obligation, and continuing to help the poor and needy among us.

The government intends to continue to borrow billions of dollars every year. Extra interest must then be paid on each year's borrowings. Each extra dollar in interest is a dollar taken out of our economy, a dollar that could have been used to expand a business, take advantage of trade opportunities or hire an unemployed Canadian.

Let us imagine what Canadians could have done with the over \$40 billion we had to pay out of our pockets in interest last year alone. Let us imagine the health care it would have paid for or

*Supply*

the poor whose basic needs could have been met. Let us imagine the education and training that \$40 billion could have provided or the help to our seniors who live in poverty.

The government should act now before interest drains our social security further and further every year, get a grip on its spending, find more effective ways to deliver the services we require, and let us get on with the job of building a secure society for ourselves and our children.

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, I congratulate the member for Calgary North who I thought gave a fine presentation. Seemingly she is concerned about finding somebody to blame for our past problems and our budgetary situation today.

I note that all western democracies, all OECD countries, increased their deficits during this period of time. Clearly we would not blame the Prime Minister or our party for the debts of the rest of the world.

I do not think it is fair realistically to go back and study history. What we want and what the people of Canada want are solutions. I am surprised by an opposition party that has no solutions. All I heard were complaints. All I heard were problems. There were no solutions.

(1515)

There is one thing I would like to know as a bottom line from my hon. colleagues in the Reform Party. They want to basically allocate social spending to the provinces, give up tax points to the provinces. What is the end result of this philosophy? Ten balkanized countries within Canada? What about standards, health standards, labour standards? What is it that makes a country?

**Mrs. Ablonczy:** Mr. Speaker, there were a lot of questions in that intervention. I would be happy to address them.

My hon. colleague says that Canada was not the only one that ran up a debt, that everyone else did too, so why pick on us. I do not know about you, Mr. Speaker, but your mother was probably like mine. She used to say to me: "If all your friends jump off a bridge, does that mean you are going to too?". We are not responsible for other countries. The leadership of our country is responsible for us. It has not done a very responsible job of looking after our interests in the long term.

Members opposite are always pleading for solutions from our party. We have worked hard to provide them with solutions. We will even be providing them with an alternative budget which is something no opposition party has ever done before.

I would suggest to the hon. member that perhaps he and his party need to work a little harder to provide some solutions. They should provide some glimmer of reform solutions to the

people of Canada. I might add that solutions in the social policy area were promised loud and long and have never been delivered on.

Members opposite need to realize that if tax points were given to the provinces in order to allow them to have more control over the social programs in their provinces, the tax points grow as the tax base of the province grows. The tax base, the economies of our provinces and our country have been growing.

Once we give provinces tax points, their potential tax base actually expands, many over time. They actually have more hope of funding their programs long term and having a continuing source of revenue than if they were dependent on transfers from the federal government. As we have seen, transfers can be cut or are very uncertain. Provinces that have their own tax base to draw from are much more secure—and my economist colleague is nodding so I think I have this right—than if they are totally dependent on whatever largesse the federal government might decide to give them from time to time.

My colleague mentions fears that if there is not a centralist government, a tightly controlled federation from the centre which has always been the Liberal vision of this country, that somehow things will go to hell in a hand basket. I might point out to him that things are not too far from going to hell in a hand basket with the centralist vision having been very firmly in place for the last 25 years.

Surely we can do no worse than to trust those governments which are closest to us the people. We have the most impact on those and we can influence them more effectively than distant, federal central governments. If we could have more say and more influence over our own local governments, we would be a lot better off than we are today.

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, it gives me great pleasure to speak to our supply motion which demands that the government respond to the demands of Canadians with spending cuts and not net tax increases.

Currently we are engaged in one of the greatest threats to our society and economy. It is not something that comes from without, but something that comes from within our own boundaries. It is not the deficit spending but the debt, that massive summation of overspending that has gone on for at least two decades that seeks to compromise every aspect of our society, every aspect of our economy and seeks to affect every individual in this country from coast to coast.

What is the magnitude of this debt? Many people talk about the federal debt being \$550 billion. They do not include the provincial debt of \$220 billion, the municipal debt of several billion, and unfunded liabilities such as CPP in the order of \$500 billion. What does this do? The combination of all this amounts

*Supply*

to over \$1.2 trillion. This debt is ever increasing and causes us to pay increasing amounts of interest from the public purse on this.

(1520)

The government takes in about \$120 billion every year and spends about \$160 billion which means a deficit of about \$40 billion. It is interesting because this amount is actually the amount of interest we borrow every year to pay on our debt. The government also spends out of this \$40 billion on government services and about \$80 billion on social programs.

As the debt increases we have larger interest payments to make which must come from one of two sources, either increased taxes or a boost in the economy. The increased taxes will either come from companies or from individuals.

If you are an individual it decreases your ability to spend money which has a downward effect on the economy. Similarly, if members speak to businesses in their communities they will find they cannot hire more people, they cannot do more research, they cannot do any more development, they cannot expand. Therefore it has a depressing and downward effect on the economy.

The citizens of Canada have sent a clear message to every member of Parliament: No new taxes; get the economic house in order; and make the necessary cuts in expenditures to do this because our taxes are already too high.

The government has said it will cut expenditures to 3 per cent of GDP, but I submit this is an element of intellectual dishonesty. This comes from the Maastricht negotiations where it was said that the combined amounts should be 3 per cent of the net debt, not the federal debt, but the accumulated debt which in this country is over \$1 trillion.

If we adhere to what this government wishes to do, over a period of three years we will add at least \$100 billion to the debt and further increase the amount of interest payments we have to make every year.

Even if we balance the budget, and we should look at the New Zealand experiment, there will be no change in interest payments over the short term and these expenditures will continue, but we do not have a choice in the matter. If we look at New Zealand now, some 10 years after its economic downturn, we see a country that is booming, a country that has one of the most aggressive and positive economies in the world. The reason it did this was because it was forced to the wall to get its economic house in order.

We do not necessarily want to go the way of New Zealand. We do not want a solution foisted upon us from outside the country by the international financial institutions. We would like to have a made in Canada solution, a solution which makes cuts that are sensitive and sensible without affecting the poorest of the poor

in order to save the core of our social programs and to keep the economy we have come to know.

Our role in opposition is not to continually criticize, as the member from the other party mentioned just a few minutes ago. We have put forth a constructive and specific program to this government on how and where to make the necessary decreases in government expenditures. In other words, we have put forward constructive alternatives which very few opposition parties in the history of Parliament have ever done.

Initially, our financial group looked at government operations and removed \$10 billion from that. Further, it decided to make cuts of \$15 billion to \$18 billion from social programs. The rest we would need in order to balance the budget would come from a 3 per cent growth in the economy.

Contrary to what has been put forward in the media, we are not a slash and burn party. Rather we are putting forth constructive and sensitive cuts in order to preserve the core of social programs in order to minimize the effect it will have on those who are most disadvantaged in our society.

Be aware that if we do not make these necessary changes now while we are in an economic upturn, we will have to do it in an economic downturn. That, my colleagues, will be one which is going to affect those who are least advantaged the most.

(1525)

As I said before, our financial group has put forth a very constructive and specific plan in making these decreases to expenditures. The first priority is that we in this House must set an example. As a result of that we say: Let us make the cuts from the top first.

First we spoke about revamping MP pension plans and time and time again we have presented to this government specific ways in which to do that.

We have also advocated a 15 per cent cut to our budgets and eliminating excessive travel by members of Parliament. Just as an aside, each of us in this House can actually do this. In my office we found that by booking early and looking for deals we have decreased the amount of travel expenditures by 60 per cent from the average MP. If we all did this, it would be a considerable saving to the taxpayer.

We also say in this party that we must prioritize the funding to ensure that those aspects of government that are essential, that is, health care, education and law enforcement, are of the highest priority in terms of spending. We must also decrease duplication between the federal and provincial governments for savings of roughly \$3.5 billion.

Some examples are eliminating the Official Languages Act which would save \$310 million, to such things as eliminating official multiculturalism. Just as an aside I would like to say that this policy is one of the most divisive policies in the country.

Rather than concentrating on those things that bind us together as individuals it concentrates on our differences.

Speaking as an immigrant to this country, one who is very proud to have had the ability to come here and live here, this country offers so many things to all different peoples. One of the beauties of this country is that we are one of the few countries in the world which has been able to merge together over 160 different ethnic groups into a relatively heterogeneous group in peace. It is something as Canadians we ought to be proud of. Our new Governor General actually made a point of mentioning this in his installation speech which I was very grateful to hear.

Another aspect in our financial plan has been to stop subsidizing businesses and special interest groups to the tune of \$3.7 billion a year. When we speak to businesses in the community they do not want handouts. They want a stable economy, a stable dollar, a skilled workforce and good information about where they can capitalize on export markets.

I encourage our fellow members who sit on the foreign affairs committee and the foreign affairs and international trade department to please listen and devise ways in which companies in our country can aggressively take advantage of export markets. They are out there and we can do it. We are more than happy to help.

The cuts we propose are over three years. Again we have emphasized no new taxes.

Some studies recently have come out to say that we in Canada are not taxed that heavily. I would argue again that this is an example of intellectual dishonesty. What it looked at was an example of taxation as a percentage of GDP which has no relation whatsoever as to how this affects each individual Canadian.

What is perhaps more revealing is to look at how it would affect the average person on the street. In 1961 the average Canadian family paid 22 per cent of its income in taxes and the free tax day was May 3. In 1994 the average Canadian family paid 46 per cent of its income in taxes and the tax free day jumped 44 days to June 16. We are being taxed more. Just in the eight years these taxes per family have gone up \$3,500. This is due to increased spending by governments.

The government has recommended and made rumblings on increases in taxes on gas, lottery winnings, dental and medical benefits, surtaxes on individuals and businesses, RRSPs, inheritance taxes, and so on. The public and we in this party have said time and time again: Do not do this; we will not allow it to happen.

We would ask the finance minister to please look very carefully at the well thought out and specific plans our financial group has put forth. Please adopt as many of these plans as

### *Supply*

possible to do. We are more than happy to help you get our economic house in order. I put that to you as an offer.

(1530)

[*Translation*]

**Mr. Nic Leblanc (Longueuil, BQ):** Mr. Speaker, I listened carefully to the member for Esquimalt—Juan de Fuca tell us a lot about federal expenditures. I must remind him that this has been going on for a long time and particularly since 1970, when the Liberal government of the time decided to centralize pretty well everything in Ottawa in an effort to boost the economy, so to speak. At that point in the 1970s, the government, by borrowing to create jobs and build up the economy, also caused the economy to overheat somewhat, which led to an appalling rate of inflation.

Do you remember the 1970s? Having created the inflation itself, the government was obliged to raise interest rates enough in the 1980s in order to reduce this appalling inflation, which had reached a rate of approximately 10 per cent per year. This means that the government created the inflation between 1970 and 1980. In 1980, it raised interest rates to reduce inflation and caused the recession. In 1984, the Conservatives continued to spend in the same way as the Liberals, who had set up certain projects to get through the recession between 1980 and 1984.

Between 1984 and 1990, the Conservative federal government continued to spend as the Liberals had between 1970 and 1980. They created more inflation, and, naturally, in 1990, they raised the interest rates and created another recession, which has lasted four or five years now.

It is easy enough to understand; this means that the federal government has caused all of Canada's problems. It is clear and precise. I will try to explain, in three minutes, that the real cause of the debt is the federal government itself which interfered in matters of no concern to it. It meddled in the economy, in all kinds of things.

I agree in principle with the Reform Party member who says that the federal government must stop some of its interference with the provinces if not most of it. And before him, the Reform Party member for Calgary—North said much the same. The government must disentangle itself and decentralize precisely to restore order in the country.

This is why I, for one, have taken the position that federalism has caused a tremendous amount of harm and has led Canada to bankruptcy and this is why I ask and we ask that Quebec become a sovereign nation in economic association with the rest of Canada, with Canada remaining as a type of committee or advisory board, a type of board responsible for managing areas the regions have in common. I would to hear the member's comments on this.

*Supply**[English]*

**Mr. Martin (Esquimalt—Juan de Fuca):** Mr. Speaker, I thank my hon. colleague for the number of questions he poses.

We all know the history of the debt and deficit but rather than pointing fingers back in time we should look forward in the interests of all Canadians to put forward a constructive solution. I believe that is one of the things we have done.

Another issue that my hon. colleague mentions is the division between federal and provincial responsibilities. I will take but one example that is probably very close to his heart and that is the official languages policy. We in this party and people from coast to coast, including the people in Quebec, have said that the official languages policy has been a dismal failure.

We are saying we should give language responsibility to the provinces. If every province had that responsibility then they, the people inside the province, will determine what will be the language of choice in that area. It would reflect the regional bilingualism or unilingualism of an area. It would also save the taxpayer hundreds of millions of dollars per year.

To reiterate, the biggest threat we have to the social programs is continued overspending. What we are trying to do, what we are obligated to do in the interests of those who are most disadvantaged in our society is to ensure that we get spending under control to enable the government to have the money to spend on them.

(1535)

**Ms. Marlene Catterall (Ottawa West, Lib.):** Mr. Speaker, it is a pleasure for me to participate in this debate.

As I listen to the Reform Party and particularly the last speaker, I cannot help wondering if they believe in a country called Canada at all, believe in a sense of nationhood, in a society in which the public sector, the private sector all have a role to play. Do they believe in the kind of liberalism that has always defended the proper balance between those two roles but above all has stood for a sense of nationhood from coast to coast and not a patchwork quilt?

This debate provides us a good opportunity to bring Canadians and the Reform Party up to date on some of the very specific measures that the government has undertaken to control spending and to use their money prudently.

*[Translation]*

If the hon. members opposite would only take the time to look at the budget the Minister of Finance tabled last year and to add up all of the initiatives on public finances taken since, they would conclude that the motion is a little off the mark.

*[English]*

In that budget we made a start, but only a start, by reducing the deficit from \$45.7 billion to \$39.7 billion. This was done by cutting spending. There were \$5 of cuts for every dollar of revenue action.

More important, we introduced a number of policies to stimulate job creation and the economy responded admirably. Since we came to office in November 1993, 413,000 new jobs have been created in Canada. I have to say on behalf of my own region that 13,400 of these were created in the national capital region in spite of expenditure reductions and government restraint. The Canadian economy is now out performing those of all G-7 countries and it is expected to do the same next year.

*[Translation]*

For clarity and conciseness, I will only comment on initiatives sponsored by the hon. Marcel Massé, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal.

*[English]*

These initiatives, in general an integral part of the government's overall approach of fiscally sound management, will themselves contribute in a substantial way to the longer term economic management of the country.

When the government took office, we realized that as a nation, we are confronted with change the magnitude of which we have never seen before. The changes that are occurring here, in other countries and in most spheres of human endeavour are ushering in an altogether new era.

*[Translation]*

It was obvious to us that the old methods of approaching and resolving problems were longer adequate. It was also obvious that, to continue serving the population well in the next century, we would have to change the very role the government played.

*[English]*

As a government, our agenda is clear: creating the conditions to sustain economic growth, facilitate the creation of new business and get people back to work. As a government, our message is clear. Government spending is being and will continue to be brought under control.

As a nation we have reached a point of no return where we no longer have alternatives. Postponing the hard decisions that are needed this year would merely postpone the inevitable need for more dramatic and disruptive action in the future.

(1540)

My hon. colleague, the minister and the government caucus understand that any serious attempt at deficit reduction now and especially in the long term requires a basic restructuring of what

*Supply*

government is and what government does. That is exactly what the minister has been doing this last year, looking at precisely how government can be restructured in such a way that it not only spends less but also concentrates on its core roles and responsibilities.

The full details, as we are all aware, will be announced in the forthcoming budget. However, the minister has looked at ways that government operations can be more focused, more client centred, more efficient and more cost effective. In a word, the kind of government Canadians want, at a price they can afford.

It is very obvious that Canadians have understood our intentions, that they agree with and support our approach. We need only look at the results of yesterday's byelections for confirmation of this. The voters in three riding enthusiastically endorsed the Liberal government's actions to create jobs and growth.

[*Translation*]

Mr. Speaker, you will recall that the Prime Minister asked Mr. Massé to lead a review of every department's programs, activities and expenditures. This initiative, known as a program review, covered approximately \$47 billion in program spending.

[*English*]

The program review had three major objectives. The first was to strengthen the public administration of federal programs and services. Program review will lead to a smaller, more efficient federal government delivering high priority programs to Canadians.

The second objective was to make a contribution to the modernization of Canadian federalism. Program review will help ensure the federal government delivers only those programs and services it is best equipped to deliver.

The third objective was to help the government meet its fiscal objectives. Federal departments have recommended major reductions in program spending based on their priorities. In general, ministers proposed a range of program changes and consolidations which are to be implemented following the 1995 budget.

These changes are designed to ensure that departments discard non-core responsibilities. Similar programs and services are placed in a single department to achieve maximum efficiency. What has been done with pesticide control in recent days is a very good example of that.

Overlap and duplication among and between departments and jurisdictions is removed. New technologies are used to lower the cost of program delivery, while increasing service standards. Cost recovery and user fees are to be used to finance programs that provide economic benefits to clients and stakeholders.

[*Translation*]

Every sector of government activity—from transportation, farming and fisheries to energy, mines and forestry, as well as assistance to businesses, immigration, etc—was reviewed. Almost all federal departments will be called upon to restructure their programs and to concentrate their efforts on sectors of national or international importance, sectors which are in the general interest of the country. This was one of the program review's guiding principles.

[*English*]

Program review outcomes will provide clear and undeniable evidence that the federal government has confronted its fiscal pressures by getting its own fiscal house in order. The federal public service will be reduced significantly. Its size and functions will be brought into line with the federal government core roles arising from the program review.

This is and will continue to be a difficult period for public service employees right across the country and here in the national capital region. Local members of Parliament such as myself and the newly elected member for Ottawa—Vanier are all committed to ensuring that reductions in the public service workforce are managed in a fair, orderly way so as to reduce to an absolute minimum the stresses and disruptions to the lives of individuals affected.

(1545)

As public service employees across this country hear horrendous stories about the magnitude of downsizing, I want it to be clear that we are not talking about huge numbers of public service employees losing their jobs. Financial compensation packages will be there. They will be fair and they will be adequate.

We will be flexible and imaginative in our approach. Every means at the disposal of government will be used to ease and facilitate the acquisition of new skills to make the transition to new careers as smooth and as complete as possible.

Let me illustrate how the program review will translate into specific actions by citing the Department of Transport as an example.

[*Translation*]

As the Minister of Transport said several times, the transportation system in Canada is too intrusive, subsidies are distorting trade and several parts of the system are in bad shape. Following the program review, Transport Canada will no longer own large parts of the system. It will no longer operate and finance them. Instead, it will focus on its fundamental responsibilities in terms of direction and regulation in order to ensure the safety of the transportation system.

*Supply**[English]*

Market discipline and business principles will be brought into the operation of transportation services. Costs will be reduced, overcapacity eliminated, regulations streamlined.

Another example is in the Department of Industry. The minister has announced that the era of providing subsidies to big business is ending. I am pleased to hear that the Reform Party supports that initiative of our government.

The private sector is the engine of economic growth and job creation. Nevertheless, the federal government will continue to have a significant role in creating the climate for business to be able to invest, innovate and compete for markets.

These are the types of sensible and meaningful improvements that will result right across government as a result of program review.

*[Translation]*

I would now like to draw the attention of members opposite to another similar initiative taken by the minister to make the federation more efficient by reducing overlap and duplication between the various levels of government.

*[English]*

Members will recall that at the first ministers meeting in December 1993 very shortly after our election, there was agreement to forge ahead on tackling specific issues and areas of shared responsibility or jurisdiction where overlap and duplication could be greatly reduced or eliminated altogether. Six months later, through a process of joint bilateral agreements, the two territories and eight of the provinces with one more coming on board signed action plans and set timeframes for concluding their work to get rid of overlap and duplication.

*[Translation]*

To really understand the type of improvements sought, let us consider the situation faced by the pulp and paper mills. They now have to deal with inspectors from the three levels of government, federal, provincial and municipal. We have agreed that, from now on, one inspector would be enough.

*[English]*

This is an example of the kind of sensible, meaningful activities which will result from the more than 50 action plans that have so far been signed between the federal government and the provinces. This work will continue. There will be more action plans in the months and years ahead as we continue to find ways to improve the efficiency of the federation.

It is important to underline that the reduction of overlap and duplication does not just result in savings. It also results in something as or more important and that is less government

intervention on the individual and business and a more rational understandable environment in which to operate. That is not small change.

(1550)

In addition to these two initiatives, the Minister responsible for Public Service Renewal has also looked at the role, function, size and cost of more than 400 federal agencies, boards, commissions and advisory bodies.

*[Translation]*

Ministers have been asked to review the various organizations under their jurisdiction, in order to simplify the machinery of government, by eliminating the organizations which have become useless or inactive and by streamlining the others.

*[English]*

In undertaking this review of boards and commissions, there were no set targets. Rather, it was intended to identify sensible and practical changes to make government work better. I might also say that has also been our approach to the public service: not to set numerical targets and not to take the slash and burn approach, but to say what makes sense to make this government work better.

To return to the boards and commissions, the first phase of this initiative is already before the House as Bill C-65, legislation which will enable the government to eliminate or significantly streamline 22 agencies and advisory bodies. By doing this, 150 governor in council positions will be eliminated. In very real terms these measures will save taxpayers about \$1.5 million a year.

That is only one step in that process. The minister will be returning to the House with a second omnibus bill which will conclude the work. At that time hundreds of additional governor in council positions will be eliminated at what is anticipated to be a savings of approximately \$10 million.

As the minister said in the House last week, the government wants to ensure that federal agencies continue to be relevant, that they are serving Canadians as effectively as possible and also that sensible and practical actions are taken to eliminate overlap and duplication and simplify government wherever possible.

*[Translation]*

I have just described three impressive components of the overall approach taken by the government towards fiscal responsibility. I think it is important for members opposite to understand these initiatives and agree that, as is the case with all the measures taken by this government, these are thoughtful, rational and well-considered decisions.

*Supply*

[English]

Proposals for mindless, indiscriminate axing in spending do not work in the modern context. Such proposals are simple minded and damaging not just to the economy but to the people of this country. Protecting the vulnerable is an essential function of government and to this we are deeply committed.

Yet we must be fair to taxpayers. Fairness to taxpayers means eliminating abuse, eliminating the careless use of public funds, eliminating non-productive activities, reducing the size of government where possible and providing government that is not only affordable but answers to the real needs of citizens and of the nation.

Mr. Speaker, I am sure you will concur with me that the range of initiatives undertaken by the government meets the objectives of fairness, eliminates wasteful spending and builds a more co-operative approach to a better future for Canadians.

**Mr. Leon E. Benoit (Vegreville, Ref.):** Mr. Speaker, the member talked about the cuts proposed in governor in council appointments and mentioned a figure with regard to that. It is very interesting that Bill C-51, which was before the House before Christmas, adds governor in council appointments and Bill C-61, which just passed second reading yesterday, adds governor in council appointments.

(1555)

I would like to know if this figure the hon. member presented was net of the new appointments that have been added or is this more Liberal doublespeak?

**Ms. Catterall:** Mr. Speaker, I thank the hon. member for his question. It gives me an opportunity to say that the world does not stay frozen in time and neither does this government.

Perhaps the hon. member wants to suggest there are no new and emerging needs where this or any government needs the wise advice of Canadians who bring special knowledge, special skills, special expertise and wisdom to the operations and the programs of the federal government. Or, where it makes sense, to open up new ways in which we can be advised and counselled by Canadians who are capable of keeping us informed and aware of broader issues than those we may address in this House. We welcome their contribution to the future of this country. At the same time we do not want to continue carrying out functions and making appointments simply for the sake of making appointments.

As I have said, we have a multi-stage process for getting rid of appointments which are no longer serving a purpose and agencies which no longer make a valuable or important contribution to the essential work of this government.

**Mr. Jim Abbott (Kootenay East, Ref.):** Mr. Speaker, once again, this member has brought up the issue of protecting the vulnerable. I suggest that the Liberals are trying to protect the vulnerable with fairy tales.

The difference between the Liberal approach and the Reform approach is that the Reform pragmatic approach is to take the necessary steps to ensure that we can protect those who are most vulnerable in our society.

This Liberal government by design is going to borrow more money in its lifetime to pay the interest on the money we have already borrowed, more money in its lifetime factored for inflation than we borrowed to fund the entire second world war. How in the world are we going to have the money to protect the most vulnerable?

The Liberals are simply trying to protect them euphemistically or with fairy tales rather than practically and by doing the things that need to be done to protect the vulnerable in our society.

**Ms. Catterall:** Mr. Speaker, the Reform Party often says that in generalities and yet proposes programs and program cuts that would make victims and casualties of women, children, the disabled, and seniors in this country. That is what its programs would accomplish.

For the first time in 20 years, this government is going to reverse that pattern which the member talked about of increasing interest payments, increasing debt and increasing the burden on the future. For the first time this country and this House are going to see action instead of promises.

This country is not prepared to sacrifice on the altar of short term economic need those who most need to have a stake in the future of this country, those who most need the opportunity to develop their skills and their talents and the ability to be fully part of the Canadian economy and Canadian society.

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, I have had several opportunities on the finance committee and elsewhere to tell witnesses the truth about the welfare program budget cuts that our party is recommending. There is no truth whatsoever to the allegation that we would not protect the truly needy in our society.

The OECD is a highly respected international organization of which Canada is a full standing member and has to approve its reports. It has said that Canada is an outstanding example of excessive generosity in welfare programs.

(1600)

We are not talking about hitting the poor in this world and it is an untruth being told and repeated again and again here. We are talking about retargeting all the excessive spending that is going on. That is the truth. The rest is slandering.



*Supply*

**Mrs. Catterall:** Mr. Speaker, when I hear members of the Reform Party speak I sometimes wonder if they know any people who are poor, if they know any people who are vulnerable, if they know the women in my riding living in subsidized housing, working for minimum wage, supporting their families on welfare sometimes, trying very hard to raise children decently on an income of less than \$12,000 a year.

I know those people. I would be happy to take the hon. member out to visit my riding to find out just how hard those people are working and what they need to support their dreams for the future and the dreams of their children.

It is also important to point out to this member and others in the Reform Party the cost of poverty. Getting our debt and deficit down does depend on ending poverty in this country. Poverty is expensive. Poverty costs. One out of every five children in this country is poor. That child is four times as likely to end up seriously ill than the child who is not poor. That means that one child simply because of poverty will cost the health care system in this country more than the other four non-poor children. We cannot get our debt and deficit under control unless we get people out of poverty.

Poor children are four times more likely to drop out of school. At the age of 15 they are out on the streets and five years later they have never held a job, they are living in poverty, they are perpetuating the cycle of poverty. That costs us money. When children in poverty drop out of school we pay the price. We pay the price in wasted lives and wasted productivity.

We cannot tackle the problem of the debt and deficit unless we tackle the problem of poverty in this country which costs us all every day.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, I will be taking the full period of time.

I have to start by addressing the last speaker and speakers before this. Nowhere is there any fact saying that we are not going to take care of the poorest of poor. We are talking about a whole plan, having a plan. The economic management that the member talks about, economic management that is going to add \$100 billion to the debt in the next three years, is not management, it is suicide. That is going to hurt those poor and that is what is going to lose these programs more than anything else we might do.

It is like the cab driver said last night when I was in the cab. He said: "I have heard it all before. It doesn't matter what happens in these elections. It doesn't matter because they are all the same. They get there and they are not going to change a thing. They don't have a plan. They are not dedicated. They don't mean it. They just go and do the same thing".

While we hear all this double talk and all this talk about the poor and the tears roll down the eyes, they do not have a plan. There is nothing there. There is nothing behind it. It is just all more talk and I agree with that cab driver.

I heard another speaker say that these were simplistic approaches. Voters want it simple once in a while. They want somebody with a plan they can understand, not a bunch of legal double talk, a bunch of on in the future some place we are going to handle this problem of our debt and deficit. They want it done now and they mean now, right now, and that is what we are here talking about.

I come back to why I even came to this job. There are times we all wonder why we are here. The reason is the government was not listening. It was a top down kind of process that we had here. There was spending and waste. All of us knew about it and all of us were disgusted by the waste that we talked and heard about.

(1605)

It does not really matter, we thought, what party one elects and I am coming to believe that. It does not matter whether it has the PC tag or the Liberal tag. They are all so much the same.

We send good people from home and those good people all of a sudden come back and tell us what the party says is best for us, it is what the party wants us to do. We are so hung up on this undemocratic party process in this place.

Probably the worst day since I have been here was February 22 last year. I felt like wearing a black arm band. We had a finance minister who gave us a budget or whatever it was, but it did not address anything that the people had been saying since 1984. It did not say anything about the debt and deficit, about what our foreign creditors were telling us. It did not address anything.

The government members said it did not have time, that it had only been here for three months. It should have had that plan in place long before the election was ever called.

We each had that sunken feeling on the 22nd and we said we are not going to let that happen again. You are going to see our alternate budget. You are going to see it before you see the finance minister's budget. You are going to get a chance to compare.

I challenge—

**The Acting Speaker (Mr. Kilger):** I want to remind colleagues in the House to make all their interventions through the Speaker. Basically if we are using the term "you" it is to the Speaker and I do not think that is the intent. I ask members to keep that in mind.

**Mr. Mills (Red Deer):** Mr. Speaker, what I challenge is that the government, our Prime Minister and our finance minister go

on national television with the leader of our party and our finance critic and talk about and compare the two budgets, the budget of the finance minister and the budget that we are going to put out as an alternate. I challenge them to compare those in front of the Canadian people. That is what has to be done.

Let us go back to some of the history behind our problem. I have heard a lot here today. I have not heard a lot of people who seem to really understand very much or certainly could not communicate it to the people who really matter, the taxpayers.

In 1945 we had it pretty good. Europe was in shambles. Asia was in shambles and we were able to grow. We had no competition and we learned the good life. By 1965 we were well into the social experiment programs that we now all feel are threatened and are threatened because of the serious problem we are in.

We allowed government to replace family. We allowed government to replace individual initiative and we said government will take care of each of us. We will lead this good life. We will never have any problems.

What also happened then was that the other parts of the world rebuilt and started to compete. As they started to compete we had a cash shortfall. We had developed a system that we could no longer afford and therefore we started to borrow.

We continued to borrow. Members know where that has taken us today. We have a crisis. In 1984 we said we must change this government. Right across this whole land everybody said we have to change it. Except for a few of those sure seats, the Liberals were literally annihilated.

The belief was that the \$289 billion would be dealt with and it would be dealt with now. By 1988 it was up over \$390 billion and we were told we did not have time, it was a worse mess than we thought it was, et cetera. However, we were no longer believers in that sort of analysis, and so the birth of our party.

(1610)

In 1993 we had a \$489 billion debt and we were told the Liberals will come up with a plan, and so they did. From October 25, 1993 when the debt was \$489 until the budget comes out this month it is going to be \$550 billion. We have added another \$61 billion to our debt. That is totally unacceptable. The people of Canada will not accept that. They are demanding that action be taken.

It is not good enough to say we will just add another \$100 billion and then we will plan to get it under control some time in the future. That is not good enough. We have precipitated a crisis which we are being told about. The dollar is a good indicator. It was about 80 cents U.S. a year or so ago. Look where it is today and where it is going. We know where the interest rates were and where they are going today. Those are simply symptoms and warnings that we had better take action and it had better be soon.

### *Supply*

The biggest threat to our social programs is from this debt and that is why we must deal with it. We must passionately convince the government that it must deal with it.

The double talk we have heard today, I am glad it was not from the finance minister or people from the finance committee. Hopefully they understand things better.

We are going to lose pensions, UIC, social programs and education. All of those things are going to be threatened. Not because of any party or because some members take the slash and burn position. They learned that about a year ago and they have not stopped saying it. We are going to lose those programs because of the debt and those interest payments. Then what happens?

There is foreign control. I think we should talk about that. We should look at what just happened to Mexico. Mexico has lost its sovereignty for probably 50 years into the future. Does Canada want to lose its sovereignty? Does Canada want to give up its control of water? We have to look at all of those things. Our sovereignty is being threatened by that debt and deficit.

What do our good friends across the way propose? They have floated trial balloons. They talked about raising gas prices 1.5 cents per litre. That should hit just about everyone, including those poor families trying to earn a living. It is going to hit everybody. That comes from the finance committee.

Taxing RRSPs, that is pretty good. We are encouraging people to take care of themselves and all of a sudden we are going to tax something that goes against this. Dental and medical plans, surtaxes and surcharges on income. Changing the GST to a VAT. Are we going to change that? How high is it going to go? A lot of people predict it will go to 12 per cent. Maybe 15 per cent would be a better number. That is going to hit everybody, not just the rich we so often hear about.

What about a carbon tax? Give it any name you like, I do not think it is dead yet. If any kind of unity is to be promoted in this country it had better be put to rest once and for all.

What are the solutions? There has to be a light at the end of the tunnel. There has to be. That cab driver we talked about has to know there is a solution. He cannot simply say there is no hope, I hate politicians, I hate politics, I have no use for them all. In a couple of ridings only 30 per cent of people voted. That is a disgrace. That is the frustration of people who are saying it does not matter anymore, you are all the same, you are not dealing with the issue. That is not fiscal management. That is no management at all.

The money markets are telling us very clearly to get our act together. They are telling us by the dollar. They are telling us by interest rates. They are telling us to cut spending, do not raise taxes, do whatever to encourage the country but do something.

*Supply*

The public is telling us a lot also. Listen to the messages the public is getting. On February 11 in the *Vancouver Sun*, a quote from the revenue minister: "Protest all you want, Canadians, but you are not going to change the final look of the coming federal budget". They are saying that they will listen to what the people are saying, but here is someone saying: "Protest all you want, Canadians. We are not going to change our minds. We are not going to listen to you".

(1615)

We might just ask the member from Transcona what message the people gave him in Winnipeg the other day as they drove him from the stage. What was the message yesterday? What was the message in Toronto? What was the message in Vancouver? What was the message in Halifax?

The message is for the government to get its act together and cut spending. We hear: "Yes, we are going to. Yes, we will". We have heard that before. We have heard that for years and years and it has not happened. The public is saying that the government should cut spending, stop listening to special interest groups and stop waste.

I knocked on doors in some of the poorer sections of Montreal, for the benefit of the member who was talking about that, and the universal thing everybody said was: "Get rid of the Senate. Get rid of that waste. It is an embarrassment". I should have said the other place. They asked us to get rid of it or change it because it is not working.

Another item was MPs' pensions. They asked us to have the courage to lead from the top. They want us to do something and not get stand around making promises. For 15 or 16 months we have been talking about doing something. We cannot go after the public of Canada without doing something here.

They are asking us to do something about the perks and the GST the Liberals promised they would change. How about the international travel that goes on in this place and the parliamentary associations that are going on junkets every other week, heading off all over the place and maybe taking their wives for cost? That touches a nerve ending. Nobody wants to talk about it because it is something we can get away with; it is one of the perks because we have such low pay.

We could try to tell the poor people about whom the minister was talking about the pay MPs receive. How about the eight or nine levels of management versus those levels in a company? Companies right sized long ago. Companies got down to two or three levels of management. I challenge anybody here to go to big corporations and ask them how much management they have. They have two or three levels while this place has eight or nine levels of management protecting themselves. They are not

going to be cut. A few at the top will go but they will not be cut down to anything.

Let us look at the other waste that goes on here. All of us go downstairs in the Confederation Building. Has anyone ever wondered why we have a round of marble seven feet in the air in the new renovations over there? Does anyone know how much marble costs? Why is it there? It is there because the bureaucrats are not use to trying to save any money.

A lot of waste goes on in this place. Let us talk about it. Anything would be better than the kind of waste we have. That is what taxpayers are demanding. They want us to get waste under control. The public has lost confidence in the government and politicians. It is saying that we should cut spending and have no new taxes. That message is everywhere.

That message is not just in Canada. That message is in all democratic countries around the world. They are sending the same message. We can learn that lesson. There are lots of places from where we can take examples. People are demanding results. People have finally taken control of the situation.

What would happen if we had a government that would listen and bring about those massive spending cuts that are essential and eliminate the waste that is going on? We would have the confidence of the people, of businesses and of international investors. We would have jobs. We would have growth and the economy would boom. There would be extra income, more money coming in from taxation, and we would be able to start dealing with the real problem, namely our huge debt.

(1620)

Above all, to get the trust of the general public of Canada back we must enact legislation, a taxpayer protection act that puts a cap on government spending so that this can never happen again. We can never let government do this to the Canadian people again. We have had 30 years of this and it has to stop.

Let us examine what might happen in this situation. There has been a lot of speculating on the other side so I will speculate for a minute. Look at the old line parties first. Let us start with the PCs. To examine the PCs there are three books that might help us. I would suggest that *Beyond the Law* might be a place to start. *On the Take* might be another interesting piece of reading. *Underground Nation* by Diane Francis might be good reading too for finding out what has happened because of extra taxes. That pretty well takes care of the PCs. I guess last night confirmed that.

What about the Liberals? The Liberals started this whole thing. Of course they still feel good and are happy. They are saying: "Maybe we can grow our way out of this problem. It should be fine. Hopefully we will be okay".

*Supply*

Then we have the NDP. Its socialist Utopia has not worked any place in the world so we can dispel that.

We know the Reform Party must be different. We have a situation wherein it is the people versus the elite. Who are the elite? We have talked about the elite a lot before. It is the national media. Certainly it is the old line political parties, the bureaucrats at the top and in many cases big business and banks. Those kinds of people are all part of the elite.

What are the people saying about all of this? They are saying: "We won't take it any more. If you keep spending you are going to pay". The message should be loud and clear. The people's power should be obvious to everyone here but it is not. The last message was in the referendum. The elite to the very last person said: "Vote yes. It will be good for you". However the people said: "No way". The people found out about it. They worked on it, got information and made their decision. They were not heard that well, though.

In 1993 there was another message. We know what that resulted in. What do we have to look at? The people are saying reduce and the government is saying increase. On pensions the people are saying eliminate and the government is saying modify. On the Senate the people are saying abolish and the government is saying ignore and promote. On RRSPs the people are saying raise and promote and the government is saying: "Maybe we will tax them". On jobs the people are saying: "More money should be in the hands of people" and the government is saying: "We will have infrastructure and more bureaucracy. The government can, after all, still take care of you".

In conclusion I quote from Terry Moore, a radio announcer in Calgary:

We have had it, and you have got to get a handle on this and attack the debt and deficit in Canada and quit playing political games with our future, our children's future, our grandchildren's future and our great-grandchildren's future—because if you don't pull it together, this country will go down the tube.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I listened with interest to the member's comments. It is fair to summarize by indicating that members of the Reform Party will continue to raise spectres, rumours, innuendo and tax revolts. They will continue to say they are going to do many good things.

However, the important point is that Reform Party members have been tinkering around the edges. They have ignored and failed to explain to Canadians how they are going to deal with their \$15 billion cut in social programs. They have not articulated a specific initiative by which they would deal with social programs. They have not told Canadians the truth about what they really have planned for Canada.

(1625)

We have a source for what Reform Party members plan. I want to give an example. It is articulated in their minority report included in the Standing Committee on Human Resources Development report that was tabled last Monday. I refer the House to their first three recommendations.

The first concerns the guaranteed income supplement in which 40 per cent of seniors participate. They are recommending increasing the age of eligibility. On old age security they are saying: "Eliminate old age security for seniors who have above average incomes". On the Canada pension plan they are recommending raising the retirement age, raising the age of eligibility.

It is fairly clear that the true agenda of members of the Reform Party is slash and burn. If they do not believe our seniors represent a significant portion of the poor in our country they have lost touch with Canadians.

**Mr. Mills (Red Deer):** Mr. Speaker, if I were the finance minister I would say to wait until next week, but I will try to answer the question.

The member can wait until next week but he will see that those in need have to be totally taken care of. People at the upper end who do not need it are quite willing to accept their share of the responsibility to get the country going. They are saying that as long as it is equal and fair they will take those cuts. However the people at the bottom will have to be taken care of. The most needy can never be out on the streets, as the member would like to portray. Next week he will see the exact details of what we are talking about.

[*Translation*]

**Mr. Jean Landry (Lotbinière, BQ):** Mr. Speaker, I listened with great interest to my friend's presentation. I agree with him, our financial situation is critical, but there are solutions nevertheless.

A while ago, I heard him speak of the Progressive Conservative Party which I believe is part of history. I think that when you are really optimistic, whether you are a government party, a person or a group, you look to the future. Therefore, we must widen our horizons and determine what aspects of our taxation system can be changed.

For example, since we are here to represent the population, I think it is important that we propose solutions whenever we criticize. I do believe that together we will succeed in addressing the problem of the enormous deficit of our country.

[*English*]

**Mr. Mills (Red Deer):** Mr. Speaker, I thank the hon. member for his question.

I agree with him 100 per cent that we should not be tinkering around the edges and that we should look at some major reforms, certainly a flat tax system, a new system of taxation that is much

*Supply*

fairer than the present tax system with all its exemptions and exceptions. This is something Canadians are asking for and the House should be entertaining as soon as possible. It should be a part of the exercise as we look to fix our finances.

[*Translation*]

**Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ):** Mr. Speaker, I also listened closely to the speech of the hon. member. Like all the members who took the floor today—I have been sitting here all day, although I never intervened—I agree that the Canadian situation is very difficult right now.

I also think that the government has a tendency to study, to set up committees, to ask for reports and, generally speaking, to postpone any decision. For 20 years we have heard the same speeches from the various ministers of finance. We could take any of them and reissue them, they are all the same.

There are two opposition parties in the House. The Bloc Québécois proposes a very clear option: let us review completely the Canadian taxation policy. We sincerely believe that without a complete overhaul of taxation we are going nowhere fast.

The Reform Party's option is to cut deeply where it really matters, into social programs. Unlike my Liberal friends, I do not believe that our Reform colleagues are fundamentally evil. I think they have done a serious economic study of the situation.

(1630)

[*English*]

If the Reform and the Bloc parties do not do anything, Canada is going to go bankrupt right away. We have to do something.

I would like to ask a question of my colleague on an economic matter. Most people know that we want to make Quebec sovereign and we seriously think that this will become true within a few months from now.

Most Canadians actually believe in two assumptions concerning Quebec. The first is we are a bunch of troublemakers, politically speaking, because we are never happy with what we get. Second, we receive much more money from Canada than what we put in. A lot of people believe these assumptions.

I would like to ask this question of my colleague. Does he not think that a sovereign Quebec would be part of the solution for Canada, depending of course that we take out of Canada our fair share of the debts and assets? That is exactly what we intend to do. Would this not be part of the solution for Canada?

**Mr. Mills (Red Deer):** Mr. Speaker, certainly we agree with a lot of the things that were said.

More important, what I have learned from visiting Quebec a number of times is that the problems in Quebec are the same as the problems in Alberta or in any other part of Canada. We are all the same. We are concerned about the debt and deficit. We are concerned about crime. We are concerned about all of the same things. We are the same. That is the first myth that we have to dispel, that there is any difference between us because there is not.

The people in my part of the country do not hate the people of Quebec. The people in Quebec certainly do not hate the people of Alberta. We need to dispel these myths.

Economically, I believe firmly that as members of the G-7, in negotiating world trade as we are now actively doing, that the bigger the unit the better we are going to be economically.

I hope that the people of Quebec look at the big picture. We are going to be a trading unit of the Americas. I have said that in this House a lot of times. North and South America together are a trading unit. The smaller the unit the more difficult it will be balancing our budgets and taking care of our people.

We have to look at the big picture. The big picture says that the EU is going to get common currency and is going to come together more and more, that the seven tigers of the Orient are going to come together more and more and that the Americas are going to come together more and more. Rather than thinking of little units we should be thinking about bigger units. That is really the success of this country. This is the best country in the world and we need to save it with Quebec.

**Mrs. Jane Stewart (Brant, Lib.):** Mr. Speaker, I would like to say that it is a pleasure to participate in the debate on the motion tabled by the hon. member for Capilano—Howe Sound.

As a member of the Standing Committee on Finance the items that are included in the member's motion have been front and centre on my personal agenda for well over a year. There is a reason for that. The reason is that our government understands and takes very seriously the fiscal circumstances that face this nation. We are committed to working responsibly to manage the deficit and the debt and to responding to the needs and the interests of Canadians.

We are doing that in a very dynamic way. It is that process that I would like to refer to in my comments here this afternoon.

About a year ago the Minister of Finance came to us in the House and invited us all to participate in the first ever prebudget debate. He invited us as members to bring the concerns, the issues, the strategy, the direction of our constituents, Canadians, to this House of Commons and share them with him.

*Supply*

That process worked very well. That debate was very energized. It was informative. I know that the minister took a lot away from that day in the House and included it in his subsequent budget, our first budget as a government, that I would remind the House included a number of things. It included issues of tax fairness where we got rid of the \$100,000 capital gains exemption. More important and more particular, for every dollar that we raised in revenues there were \$5 saved in spending cuts, a five to one ratio.

(1635)

The process has continued in a very dynamic way. In October 1994 the Minister of Finance came to the Standing Committee on Finance and presented a very articulate and clear understanding of his view of the economic forecast for our nation. At the same time, he talked about the fiscal circumstances that we faced then and face right now. He enjoined the members of the committee to take this information and share it in detail with Canadians and to begin the first ever prebudget consultations.

That consultation process started here in Ottawa with a panel of experts from the economy, from banking, from the social sector, from the NGOs. We sat around the table and talked about the economic assumptions in the minister's papers. We talked about the strategies of spending cuts versus revenue measures. We talked about the spending cuts that might be appropriate, those that would be inappropriate, the tax measures that might be appropriate and those that might be inappropriate.

From there and armed with a lot of information, the committee members fanned out across the nation. We talked to hundreds of Canadians. We went to communities like Lunenburg and Hamilton. In Hamilton I had the great fortune to chair the session.

We did something a little different. Rather than just hear individual witnesses, we encouraged Canadians as individuals to come to sit with us around the table. They took a very short time, two, three minutes, to position their particular areas of interest, their particular concerns. Some of these people came with presentations from groups. Some came merely as individuals interested in the process.

We sat together and we encouraged and invited them to talk with each other, to do their best to build consensus, to try to find and agree on the things that Canadians say we need to do to deal with the fiscal situation that we face.

As this process continued and coincident with it, members and colleagues of mine went back to their ridings and had town hall meetings with their own constituents, asking the same questions. Tell us about the assumptions. Tell us about spending cuts versus revenue measures. Members brought that data back

to the minister who I know will read them and respond probably after the budget when he can not only comment on their suggestions but on his thinking around where he agreed and where he made some different choices.

I had one of these meetings. It is my second annual meeting and what I found in my riding was very interesting. Last year, I had 20 people out to my forum. It was a very interesting and informative night but only 20 people were there.

This year there were over 100 people. The message to me from my constituents was that they appreciated the process the government was taking. They believed that the government is listening to them, that it will take what they are saying and deal with it to build a consensus, a balanced strategy to help the country restore itself to fiscal stability.

The other thing that proved to me that this was so was that the whole thing was done without cost. The room was donated. The microphone system was donated. The coffee and donuts were donated. The community said: "This is important to us. This is significant for us. We believe in this process".

We did not have to charge Canadians \$1 a shot to phone in on the 1-900 number. People were invited to come and share free of charge their concerns and their interests.

(1640)

Over the course of the last five months we have been engaging Canadians in a very participatory and involved strategy. It makes a difference. Canadians want to be a part of this. They want to be heard.

What are the messages we have heard over the last while? Very clearly we found consensus that we must deal with the deficit and the debt. There is no question. Second, there is general agreement that it is far preferable to focus on the spending side and to reduce spending than it is to do a lot on the revenue measures side.

When I gave a speech in my riding last week I said to my constituents, "We are listening. We hear you. We understand the importance of spending cuts. But please understand what you are saying. You may think that your tax dollars are being burned in the fireplace and going up in smoke. Yes, there are places where we have to do a better job, where we have to cut back and where we have to be more efficient, but there are many programs that are helping Canadians". Those programs are helping groups in my community. They may be cut. As a result we have to be prepared to be compassionate.

With that in mind I would like to turn to some of the recommendations which were made by the standing committee. The first recommendation, which I strongly agree with, is that

*Supply*

we must deal with the issue of MPs' pensions. I look forward to the President of the Treasury Board presenting that legislation, sooner rather than later, because I believe that as we members have to show as these spending cuts come into effect—and they are going to be an impact—that we too are part of the process.

The other thing which we recommended as part of the committee report was that we must start with government operations. Government must take the responsibility to look at itself, improve its efficiencies, improve the quality of the programming that we are providing to Canadians and do it less expensively. We have to understand there are going to be cuts in the public service. People are going to be affected.

I have been involved in downsizing programs in the private sector. There are good ones and there are bad ones. The ones that work recognize that the people who are affected really have nothing to do with the growth in the business or in the government. They are not guilty; however, they are the ones who will have to make changes.

I know that the Canadian taxpayer as a good employer will want to provide to the people who are leaving packages which allow them to leave with respect and dignity. These packages will cost money. It would be totally inappropriate for me to say that there can be no new spending in this budget. We have to recognize that for longer term gains we have to have spending in the short term to recognize the good work that our public servants have done. Certainly in my riding I have been well supported by the correctional people, by my human resources development people and by Industry Canada, those in the regional office, and I thank them. We must deal with that with compassion.

As we talk about the strategy of spending cuts versus tax measures, I would like to point out that in the jurisdictions that we hold up as the best jurisdictions for spending control—and I am thinking of Alberta as one—there have been revenue measures. In Alberta the increase was in medical premiums of about 50 per cent. There were other increases in fees and in licences.

I know that the hon. member for Capilano—Howe Sound talked once in an intervention about loopholes. He said, “Those are taxes. They collect money. If it looks like a tax and it collects money like a tax, it is a tax”. These fees and these revenue measures could be determined or viewed as taxes.

My point is that in jurisdictions where they are managing their deficit and debt there are revenue initiatives which go along with and are part and parcel with the spending cuts.

When we look at these messages we now consider what it is that the minister is going to do in terms of his next budget; the action that we will see as a response to this consultation and

these messages. I do not know what he is going to have in his budget. He has been very good and done a good job as a minister in keeping those things close to his vest, as he should.

(1645)

The thing I need to point out, which has been pointed out on a number of occasions in this House today, is that we have to, as I believe the minister will, deal with this very difficult agenda with compassion, generosity, fairness and balance.

Strangely enough those words are clearly absent from the member's motion. There is never a reference to how it would be done. Perhaps that in itself is the difference between the Liberal Party and the Reform Party. While Reform members protest that they will not hurt anyone, they never use words like fairness, balance and compassion. Those are real in our society and are things which I am committed to and which I believe in.

In closing I would like to say that experiencing the cross-country discussions, talking to Canadians, and hearing their perspectives was tremendously important for me to understand the differences that exist across this vast nation.

The last budget was brutal in Atlantic Canada. Communities that lost their defence installations were hit very hard. It is my expectation that in the next budget some of the rest of us may start to feel that pinch. It is going to be a challenge for us as a government to continue in a positive fashion to make sure Canadians do not go without, but that we do manage things more effectively and efficiently, that we recognize where government can play a role and where other partners in society can fill the void or maybe take over.

These are challenges that will make it very interesting for us over the course of the rest of our mandate. I very definitely believe and I would encourage the Minister of Finance to continue his dynamic and evolving process in this important area.

I have to make reference to one particular event that happened. Over the course of our discussions many Canadians said: “You know, these are tough times and I really do not want more taxes, but by golly, this country is important to me. We have to make sure it stays together. If there is a way of me providing funds that will go directly to maintaining our country, to reducing the deficit, I would be willing to participate”.

Do not get me wrong. I would never suggest this is a strategy that will help us out of our problem. What made it important to me was the fact that I received a cheque from one of my constituents made out to the “save Canada and deficit reduction fund”. Interestingly, I discovered there is an account this money could be sent to. I have sent it on and expect he will receive recognition for his contribution.

*Supply*

The message to me is that Canadians do feel passionately about this country. They do want things to be better. They do believe this government through balance, fairness and equity has a plan that will work.

I look forward to the minister's budget. I have every confidence that he is listening to the Canadian people and will respond to their needs and to the needs of others who have an influence on our domestic economy. With that I close and thank the member for providing us with the opportunity today to talk about this very important subject.

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I would like to thank the member for her speech, although I basically disagree with her fundamental premise. I would like to make a comment and have her respond.

Having worked with her on the Standing Committee on Finance for a while, I know she is sincere in looking for solutions. As an individual who obviously by her considered remarks is very intelligent, I would like to offer a suggestion as to how to find that solution.

(1650)

A lot of people know that if you define the right problem or if the problem is defined correctly, you now have at least 50 or 60 per cent of the solution because that is where you will focus your efforts.

I would present the case that this government has not identified the right problem. We have a problem in this country with the deficit, debt and the interest costs to service this debt. It is the debt that is causing the high interest costs and it is the high interest costs that is the number one problem in this country. Therefore the deficit is part of it because it contributes to the debt which increases the interest.

I will go very slowly. There are three parts to it: debt, interest and deficit. The government says it is the deficit that is the problem, that if we reduce the deficit, we will solve the problem. Wrong.

At the end of three or four years, this government's program will have added \$90 to \$100 billion to the debt which then would make the interest costs rise regardless of this 3 per cent of GDP. That is what everybody is saying in the world economy. That is why they are concerned about the toughness of the cuts necessary. It is adding to the problem.

What this government is doing is adding to the problem, thinking it is solving it by defining the wrong problem. That is why it is paramount that we get to a zero deficit so that we do not keep adding to the debt. It is the interest cost that is going to hurt those very people who the government is concerned about, the very people the government wants to help. The government will raise taxes to help and it will hurt the economy even more.

I am saying if we identify the interest costs to service the debt as the problem that then we will come up with different solutions and more of the solutions that the Reform Party is putting forth. I would like the member to make a comment on that, please.

**Mrs. Stewart (Brant):** Mr. Speaker, I have enjoyed working with the hon. member on the finance committee.

He points to a very important matter and I referenced it in some of my last comments. Not only do we have to understand and look at the things that Canadians need, but we have to unfortunately look outside our nation to the other people who have an influence on our current situation. What we find is that if the foreign markets are comfortable with us, if they are confident that what we say is what we mean and it is what we are going to do, then they back off and leave us alone a little.

We have worked very hard to indicate very clearly to the outside world that we are committed to price stability. Thank goodness we have been able to maintain inflation at very low and sometimes negative rates. That helps us in dealing with outside responsibility.

The other thing we have to do is be absolutely clear on what our strategy is. We have been. Our strategy has been to say that we will get the deficit to GDP ratio down to 3 per cent come—excuse my French but the minister said it—hell or high water.

If the minister can confirm that and make sure that is our strategy and that we do not waiver from it, the confidence it creates outside the nation is extremely helpful to us. That is because it has been difficult for us to have the best economic growth in the world, to have inflation managed efficiently, to have unemployment reduced significantly.

I expect after the implementation of our next budget it will again be clear to the markets that we are committed to this, that we mean what we say and that we will do what we say we are going to do.

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, I appreciate the hon. member's speech. It was full of compassion. She also argued that she had a monopoly on compassion, that the Reform Party had no compassion whatever.

I have been in this business of arguing over social and economic policies for over 30 years. We agreed a long time ago that discussions over who is more compassionate will lead nowhere. I assert herewith that I am more compassionate than that member and every member of the Liberal Party.

The issue ought to be not who is more compassionate, but what is a rational solution to the problem so that we can give real expression to our compassion. That is the issue. This is rhetoric which leads nowhere. This country is going down the drain and we have to have practical solutions to the problems we face.



*Supply*

(1655)

I also would like to make a brief comment on the member's description of the consultation process. I sat through more hours of this than I ever want to think about and travelled more miles than I would like to.

Most of the time I found that the witnesses said: "I do not know anything about the budget making process. That is your business, but let me take the next 20 minutes and tell you why the money I have been getting from the government is the best way the money could be spent and why you must never touch my program". Others had been coached by the intellectual and political left and had patent solutions that were obvious demagoguery from lowering the interest rate, to taxing the rich, taxing capital.

The *Globe and Mail* had an editorial saying that this process was dividing the country into hostile camps. I have not got the same impression, that this was a fruitful exercise in the way in which the opposite member was talking about.

**Mrs. Stewart (Brant):** With regard to the initial comment I would say that perhaps the member doth protest too much.

He is saying that he is compassionate and I am sure he is. I still stand and say nowhere in the motion do I see and never do I hear the words fairness, balance and equality. I am sorry but without those words I do not know how anyone can pretend to be compassionate.

As far as the process goes, perhaps compassion has something to do there as well. Quite frankly to hear the message that Canadians are giving, you have to listen. You have to be patient. You have to recognize that the venue is not one they are particularly familiar with.

Yes, the hon. member is right. There are many people who said: "By golly, cut the deficit and look after the debt but do not touch me". I do not necessarily blame those people because they have only had one year of experience with us. They may still be thinking back to the old government, the government they could not trust and they had to say: "Do not touch me, because I do not trust you for not touching me". We are a little different from that. We do listen.

I suspect the next time we have these prebudget consultations which will be next year, we will hear a lot less of that. We will be better at the process. Canadians will be better prepared to be involved and understand the role that they can and must play.

I think the process was wonderful. It is a step in the right direction. It is an opportunity to give Canadians the governance back to them, to let them be part of this very important thing we call governing.

**Mrs. Diane Ablonczy (Calgary North, Ref.):** Mr. Speaker, the intervention by the member while eloquent reminds me of a song from "My Fair Lady" that says "words, words, words, I am so sick of words".

Just talking about equity and compassion and fairness is all very nice, but saying it does not make it so. These words keep rolling off the tongues of members opposite as if they have a corner on knowing of compassion and fairness and equity.

The Liberals have no plan to present the people of this country. In the short time they have been in office they have run up our interest obligation almost \$2 billion. Every year forever because of their overspending we will have to pay almost \$2 billion more in interest, just for one year. That is \$2 billion that has been taken away from the poor people of this country, the people who need help, the services of this country.

Yet they are the ones who talk about giving fairness and equity when they are the ones taking the money and using it for interest because they cannot control their spending. It is also a government that has yet to stand up and give a plan to the people of this country to break the gold plated pension plans that they are getting. Where is the fairness in that?

(1700)

Where is the fairness from a member talking about fairness, taking a pension that no other Canadian can hope to get? I ask this member to show the kind of fairness that she—

**The Acting Speaker (Mr. Kilger):** On a point of order, the hon. parliamentary secretary.

**Mr. Walker:** Mr. Speaker, I know that we are generally pretty generous with each other in the House but there is an obligation with members to be careful in the way they insinuate such things as people receiving pensions when they are sitting in the House.

Mr. Speaker, I would like you to actively encourage people to follow the public record more carefully.

**The Acting Speaker (Mr. Kilger):** With the greatest of respect to the member, that is not a point of order. I will return to the member for Calgary North. There are a few minutes left in the intervention of the member for Brant. Has the member for Calgary North concluded?

**Mrs. Ablonczy:** Yes, Mr. Speaker.

**Mrs. Stewart (Brant):** Mr. Speaker, I will respond quickly to the hon. member and say wait for the budget.

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.):** Mr. Speaker, mine is more of a complaint than a question.

The hon. member said "pardon my French" and then went on to make some expression about "hell and high water" which I

*Supply*

think was rather derogatory and indicates that the French language is used in a derogatory way.

I wonder if she might withdraw that statement.

**Mrs. Stewart (Brant):** Mr. Speaker, I sincerely thank my colleague. I would be glad to have that removed from the record. It was an inappropriate comment. I appreciate that being drawn to my attention.

[*Translation*]

**Mr. Nic Leblanc (Longueuil, BQ):** Mr. Speaker, this afternoon, I am happy to speak to the motion presented by the Reform Party which is supposed to be trying to provide the finance minister with some solutions, answers, and ideas on how to cut government spending and shift the fiscal burden.

Of course, I suppose that, by the very nature of its name, the Reform Party has set out to reform Canadian institutions. This is the reason why it is called the Reform Party. Before finding solutions to all of Canada's financial ills, one should find their causes.

I am going to give a brief background, starting in 1970, when Mr. Trudeau's Liberals were in office. I remember well that in early 1970, I believe it was in 1969, the federal government had a budget surplus. One must assume that the Liberal Party was not happy with the situation and that, with characteristic generosity, it found that Canada was not progressing fast enough on the economic and job creation front. In 1972, the deficit really started building up with Mr. Turner and under Mr. Trudeau.

The then Liberal government decided that the only way to create jobs and to have a decent standard of living was for the federal government to interfere in just about every area. So it started borrowing money and the deficit started growing. In 1972, 1973 and 1974, the deficit was respectively \$5 billion, \$10 billion, \$15 billion and then \$20 billion. It kept on growing well into the 1980s. In 1972, 1980, and especially 1984, we had huge deficits.

From 1972 to 1980, the government used borrowed money to create an artificial economy. It borrowed in order to pour large amounts of money into our society, which resulted in the economy becoming completely artificial. It was not a normal, natural economy. It was borrowed money that was injected into our society so that people could spend, which in turn led to job creation, but all that job creation was artificial.

(1705)

Spending borrowed money created an artificial economy. This overheating of the economy generated inflation, which lasted several years. Members will recall that in the years 1975-1976, the annual inflation rate varied between 6, 7, 8, 10 and 11 per cent. Such high inflation was not normal. But instead

of cutting expenditures at that time, the government kept borrowing, which continued to create this overheating of the economy.

What solution was available to the governor of the Bank of Canada? He had only one solution, as he said himself, and that was to raise interest rates. And the government, as ignorant then as it is today, continued to borrow money, thereby creating inflation.

So, in 1980, interest rates went up as high as 20 per cent. It ruined a large percentage of small and medium size businesses in Quebec. It created hardship and unemployment. It created impossible situations. People were discouraged. People lost hope, particularly in Quebec where there are a lot of small and medium size businesses.

The result, in 1980, was a horrible economic disaster. The government, which had not found a solution, tried to correct its mistakes by borrowing even more, putting in place programs to save the economy. It kept injecting money into our society to try and protect the poor, and it was right. Having created an economic disaster, it had to do whatever it could, so it then injected, between 1980 and 1984, some \$100 billion in borrowed funds to try to save the economy and avoid a crisis like the one of the 1930s. So more money was injected to help people who the government had just put out of work by its sky high interest rates. So much for the federal government.

In 1984, when I was with the Conservative party which was elected, the federal government had tallied up an accumulated debt of \$175 billion. It had completely lost control over its spending. Revenues were of about \$70 billion and expenditures of about \$110 billion, and at the time Mr. Lalonde had predicted a deficit of some \$39 billion for 1983-84; the largest deficit in Canada's history. People were saying, "We are bankrupt. It makes no sense. We have lost control over spending in Canada".

When I hear members of the Reform Party refer to this today, they might do well to remember that this is nothing new; this federal system does not work, it no longer works, it is a big mess.

Returning to 1984, the deficit was \$38 or \$39 billion. We had completely lost control over spending. On 4 September 1984, the Conservative government took office declaring, "We have to get out our axe. We have to make cuts".

At that time, the Conservative Party was similar to the Reform Party in terms of its culture and habits. It had more or less the same policies. It was a party pretty much of the right. People said that it would clean things up, that it was made up of people with a sense of responsibility. They said the Liberals had made a mess in the previous 20 years and that the Conservatives would put a stop to things and fix Canada up.

*Supply*

Well, it was very difficult for the Conservatives, because the debt was extremely high. The Liberals had made a lot of long term commitments. It was therefore very difficult for the Conservatives to cut.

(1710)

Nevertheless, the economy grew between 3 and 5 per cent from 1984 to 1988. It would have been very easy to cut expenditures by \$5, \$10 or \$15 billion a year, and we would have had economic growth at the rate of 2 per cent, probably, instead of 4 to 5 per cent. This would have been a normal rate of growth. The economy would have been sound and natural, not artificial. Public finances would have been put in order.

However, the federal system does not work this way. The federal system is governments in power, which want to show their electors—and I have seen it, I have been there—that expenditures cannot be cut, because people had to be shown that the federal government was useful and necessary. Money just had to be spent to prove that the government was indispensable, that federalism was alive, and that, without federalism, we could not function and exist as a country, without federal spending. A government always has to justify itself to the people and it generally does so by its spending.

If the people do not get anything, they believe the government is useless. So, what is needed is a government sufficiently strong to say what its role is and what the role of the provinces in various sectors is.

But no! Because the federal government had the power to spend, it continued to borrow, continued to spend in order to prove to Canadians that federalism was the solution, and that was the only way to justify federalism's existence.

Therefore, by 1990, we were faced with the same problem. We had to raise interest rates because the Conservatives did not cut spending enough and set off inflation themselves and we were back at square one. In 1990, interest rates were increased to cause a recession. Intelligent, is it not? What a smart government. We created the problem ourselves and we aggravate the situation by saying: "We created inflation ourselves so, now, we will increase interest rates to slow the economy and create a recession".

But this time, people were not deceived. A short time before, they had just lived through a terrible recession. And people stopped trusting the federal government. They still mistrust the federal government. The recession has lingered since 1990. It is now 1995. People have lost faith in the federal government, have lost faith in the future and have lost all hope. There are more and more family problems, young people are becoming more and more desperate, they have no hope for the future because over the past 25 years the federal government has not learned how to assume its responsibilities in order to prove that it is indispensable.

And it was Trudeau's policy, that of the strong central governments of the Liberals of today and of the past, which has led Canada to bankruptcy. Canada is bankrupt, pure and simple. Thus, now that we know what we did wrong in the past, other problems have emerged, of course.

I was forgetting another problem: that, in this Canadian system, we have a structure designed to administer perhaps some 300 to 400 million people and there are now 28 or 29 million people in Canada. We have 11 political powers, 11 governments. There is a socialist government, an NDP government, in Ontario; there used to be a Liberal government in Quebec; there was a Conservative, then a Liberal government in Ottawa, with contradictory policies in most cases, so that the system cannot work.

(1715)

At any one time, there is a government getting ready for an election. Since there are also Liberals in Ontario, the Liberal government in Ottawa tries not to hurt its Liberal colleagues in Ontario and vice versa. This means that the federal government never takes action, never does the right thing, never acts rationally, so that the country cannot function.

Let us stop putting our heads in the sand and believing that Canada is the country with the highest standard of living in the world. Such a claim is ridiculous and deceives people. Canada is now considered to be a third-world country in terms of its debt.

We are now considered to be at the same level as the third world, but we still call Canada a rich country. I thought that the way to evaluate a business is to look at its assets and liabilities. Canada is now considered a third-world country in terms of its debt. Let us stop putting our heads in the sand and look reality in the face.

That is why we in Quebec think that extensive decentralization is the key to saving Quebec and even Canada. Canada stands at the edge of the abyss but can be saved through extensive decentralization. We started to talk about it with the Meech Lake Accord, we said that we had to decentralize, we said the same thing in Charlottetown, and Canadians said no. Canada's future lies in small sovereign countries.

We in Quebec want to achieve sovereignty because we believe that with a single government and a smaller country, we will be better able to succeed. It is easy to understand. We are saying that in a small country with only one level of government, that government, the universities, as well as business and union people can arrive at solutions together. We will be able to set a joint economic and social policy for the mid and the long term.

There will only be one government, instead of 11 different ones constantly fighting and implementing conflicting policies. We will work in harmony. We feel it is the only way to get out of this mess. As Quebecers, we do not want to sink with the rest of a

country, which has been mismanaged for a quarter of a century and is now bankrupt. I am not exaggerating when I say that we are bankrupt; I am merely telling the truth.

The Reform member who spoke earlier was quite right when he said that, in Canada, the accumulated debt stands at \$1.2 billion. That figure includes the debts incurred by the federal, provincial and municipal levels of government, as well as by private companies. We are currently paying \$100 million per day in interest to foreign creditors.

Surely we must have borrowed enough money if, every day, \$100 million leave the country to pay the interest on foreign loans. We could do a lot with that money. Why is that? It is because the federalist structure did not allow us to manage the country in a way that would have been beneficial to everyone.

Consequently, we are struggling with this serious problem. As Quebecers, as members of a nation speaking the same language, sovereignty is the only option. Our culture is different from that of the rest of the country, whether we are talking about financial institutions, artists or creators. We are simply different. As a small country, if we work together, we will be able to have our own legislation, collect our own taxes, spend according to our priorities, and we will undoubtedly be better off. It is with that in mind that we embark upon our plan for a sovereign Quebec. We do not have anything against anglophones, Ukrainians, Italians or Jews. We do not have a grudge against anybody. All we want is to survive. We just want to keep at least a decent standard of living, which we will lose if we stay within the Canadian Confederation. It is with that in mind that we intend to embark upon our plan for a sovereign Quebec.

(1720)

The future belongs to small countries. We will negotiate and we will succeed. I can guarantee Quebecers that even the hon. member from Quebec, on the other side, knows I am right and agrees with what I have just said. But, unfortunately, he will not accept this daily reality.

What I say today does not all come from me. In the study which was carried out by the Bélanger-Campeau Commission, in 1992, experts clearly said that there was only one solution, that is, that Quebec must recover the great majority of its powers. If not, it will have to become sovereign or risk losing its standard of living and becoming poorer and poorer. Since the rest of Canada said no, this leaves us with only one alternative.

In matters of public finance, changes of all sorts are no use. There is only one alternative for Quebec, and for the rest of Canada, that is, to have a sovereign Quebec, an economic association open to the world. This is the only way we will save Canada and Quebec.

### *Supply*

Thank you, Mr. Speaker, for this opportunity to speak this afternoon. I am convinced that some federalists from Quebec, on the other side, have understood some of the matters I have discussed this afternoon.

[*English*]

**Mr. Leon E. Benoit (Vegreville, Ref.):** Mr. Speaker, I have a couple of comments and then a question for the hon. member who has just spoken.

The hon. member gave a very good history of government incompetence in the terms of fiscal mismanagement over the past 25 years. He has proven to be very accurate in that regard. Certainly some members of the cabinet from the governing party have played an important role over this time period including the Prime Minister who was finance minister in a former Liberal government.

The member also said that it is this fiscal mismanagement and the financial condition of Canada that would drive Quebec out of this country and is leading Quebec out of this country if the referendum is successful.

The hon. member said that under these conditions of financial mismanagement the federal system in Canada does not work as it is now. I absolutely agree with that. The federal system in Canada does not work as it is now. I would like to ask the member a question. I am going to put some “ifs” into the question.

If governments over the past 30 years had been more fiscally responsible, if the federal government had left the powers that rightly belong to the provinces under the Canadian Constitution in the hands of the provinces, and if each province were given control over language and culture, would this member be sitting as a separatist in this Parliament? If those conditions had happened, would he be sitting in this government trying to lead Quebec to become a separate country? I am asking the member to look back.

**The Acting Speaker (Mr. Kilger):** Before I ask the member for Longueuil to reply, the pages have reminded me that I have been delinquent.

(1725)

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 Bourassa—immigration; the hon. member for Yukon—violence against women.

[*Translation*]

**Mr. Leblanc (Longueuil):** Mr. Speaker, I am glad to be asked this question. The member said there were several conditions. Yes, of course, there were several conditions. However, I want to point out to the Reform member that we have been working hard

*Supply*

for 10 years and, personally, when I was a member of the Progressive Conservative Party, I worked hard to get approval for the Meech Lake Agreement.

I can tell you that we worked for two and even three years, because it took three years, a lot of discussion and efforts, to get this agreement approved. Let me remind Reform members that we spent almost \$500 million. The Canadian government spent almost \$500 million to try to explain how this country could be managed. The overall process, the ads, the whole thing cost almost \$500 million and took several years. In the end, the federal government and English Canada did not want any changes.

So, do not say we did not try. We did and we spent a lot of money we did not even have. We borrowed to try and get approval for this agreement and it was rejected. What else can I say, we did everything possible. Mr. Mulroney put all his heart into trying to renew Canada, but he failed. Maybe the Reform Party will succeed, I do not know, but I have lost faith. Any way, I can tell you that we tried our best, but we failed.

Do not try to convince me that I made a mistake in becoming a sovereignist member in this House. From an economic standpoint, it is a matter of life and death. I believe, and I will repeat it, that the only solution for Quebec is to become a sovereign state, to collect its own taxes, to make its own laws, to sign its own treaties and to have an open economic association with the rest of Canada, just as we have today. If Quebec continues to do business with the rest of Canada after it achieves sovereignty, there is not one Canadian that will see a difference. People from Montreal will continue to go to Toronto to do business, and people from Toronto will continue to come to Montreal just as they do now.

It will not change a thing. The only difference is that we will have only one government, we will have only one set of laws, we will collect our own taxes, we will spend according to our own priorities and we will make progress. And the rest of Canada will also benefit from that because a strong Quebec will share its wealth with the rest of Canada and help Canadians to continue to live well. We will stay good friends.

I can assure you that I will continue to ski in Whistler and I will feel very good about it. I have no problem with that. It is in that sense that we will succeed in helping the rest of Canada to survive economically so that it does not become a kind of third world country, as we already are in terms of our debt.

[*English*]

**The Acting Speaker (Mr. Kilger):** It being 5.30 p.m., pursuant to Standing Order 81, proceedings on the motion have expired.

**COMMITTEES OF THE HOUSE**

## PROCEDURE AND HOUSE AFFAIRS

The House resumed from February 9 consideration of the motion.

**The Acting Speaker (Mr. Kilger):** It being 5.30 p.m., pursuant to an order made Thursday, February 9, the House will now proceed to the taking of the deferred division on Motion No. 20 under government business.

Call in the members.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 158*)

**YEAS**

## Members

Adams	Alcock
Anderson	Arseneault
Assad	Assadourian
Asselin	Augustine
Axworthy (Winnipeg South Centre)	Baker
Bakopanos	Barnes
Beaumier	Bellehumeur
Bellemare	Bernier (Beauce)
Bethel	Bevilacqua
Blondin—Andrew	Bodnar
Bonin	Boudria
Brien	Brown (Oakville—Milton)
Brushett	Bryden
Belair	Bélisle
Caccia	Calder
Campbell	Caron
Catterall	Chamberlain
Chan	Clancy
Cohen	Collenette
Collins	Copps
Cowling	Culbert
Dalphond—Guiral	Daviault
Deshaies	DeVillers
Dhaliwal	Dingwall
Discepola	Dromisky
Dubé	Duceppe
Duhamel	Dupuy
Eggleton	English
Fewchuk	Fillion
Finestone	Finlay
Flis	Fry
Gagliano	Gagnon (Bonaventure—Îles-de-la-Madeleine)
Galloway	Gauthier (Roberval)
Gerrard	Godfrey
Godin	Goodale
Graham	Gray (Windsor West)
Grose	Guarnieri
Harb	Harvard
Hopkins	Hubbard
Ianno	Iftody
Jackson	Jacob
Jordan	Karygiannis
Kirkby	Knutson
Lalonde	Landry
Langlois	Lastewka
Laurin	Lavigne (Verdun—Saint-Paul)
Lebel	LeBlanc (Cape/Cap Breton Highlands—Canso)
Leblanc (Longueuil)	Lee
Lincoln	MacAulay
MacDonald	MacLaren
MacLellan (Cape/Cap Breton—The Sydneys)	Malhi
Maloney	Manley
Marchand	Marchi
Marleau	Massé
McCormick	McGuire
McKinnon	McLellan (Edmonton Northwest)
McTeague	McWhinney
Mercier	Mifflin
Milliken	Minna

*Supply*

Mitchell  
Murray  
Nault  
Nunziata  
O'Reilly  
Pagtakhan  
Paré  
Payne  
Peters  
Phinney  
Pickard (Essex—Kent)  
Plamondon  
Proud  
Richardson  
Ringuette—Maltais  
Rock  
Scott (Fredericton—York—Sunbury)  
Sheridan  
Skoke  
St. Denis  
Stewart (Brant)  
Telegdi  
Tobin  
Tremblay (Rosemont)  
Valeri  
Verran  
Walker  
Wells  
Young

Murphy  
Ménard  
Nunez  
O'Brien  
Ouellet  
Parrish  
Patry  
Peric  
Peterson  
Picard (Drummond)  
Pillitteri  
Pomerleau  
Reed  
Rideout  
Robichaud  
Rompkey  
Serré  
Simmons  
Speller  
Steckle  
Szabo  
Thalheimer  
Torsney  
Ur  
Vanclief  
Volpe  
Wappel  
Whelan  
Zed—176

## NAYS

## Members

Abbott  
Althouse  
Benoit  
Breitkreuz (Yellowhead)  
Bridgman  
Cummins  
Duncan  
Forseth  
Gilmour  
Hanger  
Harper (Simcoe Centre)  
Hayes  
Hill (Macleod)  
Hoepfner  
Johnston  
Manning  
Mayfield  
McLaughlin  
Mills (Red Deer)  
Penson  
Riis  
Scott (Skeena)  
Solberg  
Speaker  
Strahl  
Thompson  
White (Fraser Valley West)

Ablonczy  
Axworthy (Saskatoon—Clark's Crossing)  
Blaikie  
Breitkreuz (Yorkton—Melville)  
Chatters  
de Jong  
Epp  
Frazer  
Grubel  
Hanrahan  
Hart  
Hermanson  
Hill (Prince George—Peace River)  
Jennings  
Kerpan  
Martin (Esquimalt—Juan de Fuca)  
McClelland (Edmonton Southwest)  
Meredith  
Morrison  
Ramsay  
Ringma  
Silye  
Solomon  
Stinson  
Taylor  
Wayne  
Williams—54

## PAIRED MEMBERS

## Members

Allmand  
Bergeron  
Bernier (Mégantic—Compton—Stanstead)  
Bouchard  
Cauchon  
Comuzzi  
Debien  
Fontana  
Keys  
Martin (LaSalle—Émard)  
Terrana

Bachand  
Bernier (Gaspé)  
Bertrand  
Canuel  
Chrétien (Frontenac)  
Crête  
Dumas  
Irwin  
Kraft Sloan  
Mills (Broadview—Greenwood)  
de Savoye

(1800)

**The Acting Speaker (Mr. Kilger):** I declare the motion carried.

\* \* \*

[Translation]

### GOVERNMENT ORGANIZATION ACT (FEDERAL AGENCIES)

The House resumed from February 9, 1995, consideration of the motion that Bill C-65, an act to reorganize and dissolve certain federal agencies, be read the second time and referred to a committee.

**The Acting Speaker (Mr. Kilger):** Pursuant to the order made on Thursday 9, 1994, the House will now proceed to the taking of the deferred division, at second reading, on Bill C-65, an act to reorganize and dissolve certain federal agencies.

[English]

**Mr. Boudria:** Mr. Speaker, I think you will find unanimous consent that the members who voted on the previous motion be recorded as having voted on the motion now before the House, with members of the respective parties voting in the following manner. The Liberals will vote yea, along with the hon. member for Beauce.

[Translation]

**Mr. Duceppe:** Mr. Speaker, the Bloc members will oppose the motion.

**Mr. Silye:** Mr. Speaker, the members of the Reform Party will vote against the motion, except for those who want to do otherwise.

[English]

**Mr. Solomon:** Mr. Speaker, members of the New Democratic Party caucus vote no on this motion.

**Mrs. Wayne:** Mr. Speaker, I will be voting no.

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 159)

## YEAS

## Members

Adams  
Anderson  
Assad  
Augustine  
Baker  
Barnes  
Bellemare  
Bethel  
Blondin—Andrew  
Bonin  
Brown (Oakville—Milton)  
Bryden  
Caccia  
Campbell  
Chamberlain  
Clancy  
Collenette  
Coppes  
Culbert

Alcock  
Arseneault  
Assadourian  
Axworthy (Winnipeg South Centre)  
Bakopanos  
Beaumier  
Bernier (Beauce)  
Bevilacqua  
Bodnar  
Boudria  
Brushett  
Bélair  
Calder  
Catterall  
Chan  
Cohen  
Collins  
Cowling  
DeVillers

*Supply*

Dhaliwal	Dingwall
Discepolo	Dromisky
Duhamel	Dupuy
Eggleton	English
Fewchuk	Finestone
Finlay	Flis
Fry	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway
Gerrard	Godfrey
Goodale	Graham
Gray (Windsor West)	Grose
Guarnieri	Harb
Harvard	Hopkins
Hubbard	Ianno
Iftody	Jackson
Jordan	Karygiannis
Kirkby	Knutson
Lastewka	Lavigne (Verdun—Saint-Paul)
LeBlanc (Cape/Cap Breton Highlands—Canso)	Lee
Lincoln	MacAulay
MacDonald	MacLaren
MacLellan (Cape/Cap Breton—The Sydneys)	Malhi
Maloney	Manley
Marchi	Marleau
Massé	McCormick
McGuire	McKinnon
McLellan (Edmonton Northwest)	McTeague
McWhinney	Mifflin
Milliken	Minna
Mitchell	Murphy
Murray	Nault
Nunziata	O'Brien
O'Reilly	Ouellet
Pagtakhan	Parrish
Patry	Payne
Peric	Peters
Peterson	Phinney
Pickard (Essex—Kent)	Pillitteri
Proud	Reed
Richardson	Rideout
Ringuette—Maltais	Robichaud
Rock	Rompkey
Scott (Fredericton—York—Sunbury)	Serré
Sheridan	Simmons
Skoke	Speller
St. Denis	Steckle
Stewart (Brant)	Szabo
Telegdi	Thalheimer
Tobin	Torsney
Ur	Valeri
Vanclief	Verran
Volpe	Walker
Wappel	Wells
Whelan	Young
Zed—147	

## NAYS

## Members

Abbott	Ablonczy
Althouse	Asselin
Axworthy (Saskatoon—Clark's Crossing)	Bellehumeur
Benoit	Blaikie
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Bridgman	Brien
Bélisle	Caron
Chatters	Cummins
Dalphond—Guiral	Daviault
de Jong	Deshais
Dubé	Duceppe
Duncan	Epp
Fillion	Forseth
Frazer	Gauthier (Roberval)
Gilmour	Godin
Grubel	Hanger
Hanrahan	Harper (Simcoe Centre)

Hart	Hayes
Hermanson	Hill (Macleod)
Hill (Prince George—Peace River)	Hoepfner
Jacob	Jennings
Johnston	Kerpan
Lalonde	Lantry
Langlois	Laurin
Lebel	Leblanc (Longueuil)
Manning	Marchand
Martin (Esquimalt—Juan de Fuca)	Mayfield
McClelland (Edmonton Southwest)	McLaughlin
Mercier	Meredith
Mills (Red Deer)	Morrison
Ménard	Nunez
Paré	Penson
Picard (Drummond)	Plamondon
Pomerleau	Ramsay
Riis	Ringma
Scott (Skeena)	Silye
Solberg	Solomon
Speaker	Stinson
Strahl	Taylor
Thompson	Tremblay (Rosemont)
Wayne	White (Fraser Valley West)
Williams—83	

## PAIRED MEMBERS

## Members

Allmand	Bachand
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bertrand
Bouchard	Canuel
Cauchon	Chrétien (Frontenac)
Comuzzi	Crête
Debien	Dumas
Fontana	Irwin
Keyes	Kraft Sloan
Martin (LaSalle—Émard)	Mills (Broadview—Greenwood)
Terrana	de Savoye

*[Translation]*

**The Acting Speaker (Mr. Kilger):** I declare the motion carried.

(Bill read the second time and referred to a committee.)

\* \* \*

*[English]*

## VETERANS REVIEW AND APPEAL BOARD ACT

The House resumed from February 9 consideration of the motion that Bill C-67, an act to establish the Veterans Review and Appeal Board, to amend the Pension Act, to make consequential amendments to other acts and to repeal the Veterans Appeal Board Act, be read the second time and referred to a committee.

**The Acting Speaker (Mr. Kilger):** Pursuant to order made Thursday, February 9, 1995, the House will now proceed to the taking of the deferred division on second reading stage of Bill C-67.

**Mr. Boudria:** Mr. Speaker, I think you will find unanimous consent to apply the vote taken on government Motion No. 20 to the vote now before the House.

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

**Some hon. members:** Agreed.

**Mrs. Wayne:** Mr. Speaker, I will be voting in favour of this motion.

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 160)

### YEAS

#### Members

Adams	Alcock
Anderson	Arseneault
Assad	Assadourian
Asselin	Augustine
Axworthy (Winnipeg South Centre)	Baker
Bakopanos	Barnes
Beaumier	Bellehumeur
Bellemare	Bernier (Beauce)
Bethel	Bevilacqua
Blondin—Andrew	Bodnar
Bonin	Boudria
Brien	Brown (Oakville—Milton)
Brushett	Bryden
Bélair	Bélisle
Caccia	Calder
Campbell	Caron
Catterall	Chamberlain
Chan	Clancy
Cohen	Collenette
Collins	Copps
Cowling	Culbert
Dalphond—Guiral	Daviault
Deshais	DeVillers
Dhaliwal	Dingwall
Discepolo	Dromisky
Dubé	Duceppe
Duhamel	Dupuy
Eggleton	English
Fewchuk	Fillion
Finestone	Finlay
Flis	Fry
Gagliano	Gagnon (Bonaventure—Îles-de-la-Madeleine)
Galloway	Gauthier (Roberval)
Gerrard	Godfrey
Godin	Goodale
Graham	Gray (Windsor West)
Grose	Guarnieri
Harb	Harvard
Hopkins	Hubbard
Ianno	Iftody
Jackson	Jacob
Jordan	Karygiannis
Kirkby	Knutson
Lalonde	Landry
Langlois	Lastewka
Laurin	Lavigne (Verdun—Saint-Paul)
Lebel	LeBlanc (Cape/Cap Breton Highlands—Canso)
Leblanc (Longueuil)	Lee
Lincoln	MacAulay
MacDonald	MacLaren
MacLellan (Cape/Cap Breton—The Sydneys)	Malhi
Maloney	Manley
Marchand	Marchi
Marleau	Massé
McCormick	McGuire
McKinnon	McLellan (Edmonton Northwest)
McTeague	McWhinney
Mercier	Mifflin
Milliken	Minna
Mitchell	Murphy
Murray	Ménard
Nault	Nunez
Nunziata	O'Brien
O'Reilly	Ouellet
Pagtakhan	Parrish
Paré	Patry
Payne	Peric
Peters	Peterson
Phinney	Picard (Drummond)

Pickard (Essex—Kent)  
Plamondon  
Proud  
Richardson  
Ringuette—Maltais  
Rock  
Scott (Fredericton—York—Sunbury)  
Sheridan  
Skoke  
St. Denis  
Stewart (Brant)  
Telegdi  
Tobin  
Tremblay (Rosemont)  
Valeri  
Verran  
Walker  
Wayne  
Whelan  
Zed—177

### Supply

Pillitteri  
Pomerleau  
Reed  
Rideout  
Robichaud  
Rompkey  
Serré  
Simmons  
Speller  
Steckle  
Szabo  
Thalheimer  
Torsney  
Ur  
Vanclief  
Volpe  
Wappel  
Wells  
Young

### NAYS

#### Members

Abbott	Ablonczy
Althouse	Axworthy (Saskatoon—Clark's Crossing)
Benoit	Blaikie
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Bridgman	Chatters
Cummins	de Jong
Duncan	Epp
Forseth	Frazer
Gilmour	Grubel
Hanger	Hanrahan
Harper (Simcoe Centre)	Hart
Hayes	Hermanson
Hill (MacLeod)	Hill (Prince George—Peace River)
Hoepfner	Jennings
Johnston	Kerpan
Manning	Martin (Esquimalt—Juan de Fuca)
Mayfield	McClelland (Edmonton Southwest)
McLaughlin	Meredith
Mills (Red Deer)	Morrison
Penson	Ramsay
Riis	Ringma
Scott (Skeena)	Silye
Solberg	Solomon
Speaker	Stinson
Strahl	Taylor
Thompson	White (Fraser Valley West)
Williams—53	

### PAIRED MEMBERS

#### Members

Allmand	Bachand
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bertrand
Bouchard	Canuel
Cauchon	Chrétien (Frontenac)
Comuzzi	Crête
Debien	Dumas
Fontana	Irvin
Keyes	Kraft Sloan
Martin (LaSalle—Émard)	Mills (Broadview—Greenwood)
Terrana	de Savoye

**The Acting Speaker (Mr. Kilger):** I declare the motion carried.



*Supply*

(Bill read the second time and referred to a committee.)

\* \* \*

(1805)

[*Translation*]

**YOUNG OFFENDERS ACT**

The House resumed from February 10, consideration of Bill C-37, an act to amend the Young Offenders Act and the Criminal Code, as reported (with amendments) from the Standing Committee on Justice and Legal Affairs; and of Motion No. 1.

**The Acting Speaker (Mr. Kilger):** Pursuant to an order made Friday, February 10, 1995, the House will now proceed to the taking of the deferred division on Motion No. 1 at the report stage of Bill C-37, an act to amend the Young Offenders Act and the Criminal Code.

The division is on Motion No. 1 in the name of the Minister of Justice.

[*English*]

**Mr. Boudria:** Mr. Speaker, I think you would find unanimous consent to apply the vote taken on the main motion for second reading of Bill C-65 to the motion now before the House, as well as applying it to the concurrence at report stage of Bill C-37.

**The Acting Speaker (Mr. Kilger):** Is there agreement?

**Some hon. members:** Agreed.

[*Editor's Note: See list under Division No. 159.*]

**The Acting Speaker (Mr. Kilger):** I declare Motion No. 1 carried.

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** moved that the bill be concurred in.

[*Editor's Note: See list under Division No. 159.*]

(Motion agreed to.)

\* \* \*

[*Translation*]

**INCOME TAX ACT**

The House resumed from February 13, consideration of Bill C-59, an act to amend the Income Tax Act and the Income Tax Application Rules, as reported (with amendments) from the standing committee on finance; and of Motion No. 1.

**The Acting Speaker (Mr. Kilger):** Pursuant to Standing Order 45, the House will now proceed to the taking of the deferred division on Motion No. 1 at the report stage of Bill C-59, an act to amend the Income Tax Act and the Income Tax Application Rules.

The division is on Motion No. 1 in the name of the hon. member for Mercier.

[*English*]

**Mr. Boudria:** Mr. Speaker, I think you would find unanimous consent that the members who voted on the previous motion be recorded as having voted on the motion before the House in the following manner: Liberal members voting nay, along with the hon. member for Beauce.

[*Translation*]

**Mr. Duceppe:** Mr. Speaker, members of the Bloc Quebecois support this motion.

[*English*]

**Mr. Silye:** Mr. Speaker, the Reform Party members vote no, except for those who wish to vote otherwise.

**Mr. Solomon:** Mr. Speaker, members of the New Democratic Party caucus vote yes on this motion.

**Mrs. Wayne:** Mr. Speaker, the PC member votes yes.

(The House divided on the motion, which was negated on the following division:)

(*Division No. 161*)

**YEAS**

## Members

Althouse	Asselin
Axworthy (Saskatoon—Clark's Crossing)	Bellehumeur
Blaikie	Brien
Bélisle	Caron
Dalphond—Guirail	Davault
de Jong	Deshais
Dubé	Duceppe
Fillion	Gauthier (Roberval)
Godin	Jacob
Lalonde	Landry
Langlois	Laurin
Lebel	Leblanc (Longueuil)
Marchand	McLaughlin
Mercier	Ménard
Nunez	Paré
Picard (Drummond)	Plamondon
Pomerleau	Riis
Solomon	Taylor
Tremblay (Rosemont)	Wayne—38

**NAYS**

## Members

Abbott	Ablonczy
Adams	Alcock
Anderson	Arseneault
Assad	Assadourian
Augustine	Axworthy (Winnipeg South Centre)
Baker	Bakopanos
Barnes	Beaunier
Bellemare	Benoit
Bernier (Beauce)	Bethel
Bevilacqua	Blondin—Andrew
Bodnar	Bonin
Boudria	Breitkreuz (Yellowhead)
Breitkreuz (Yorkton—Melville)	Bridgman
Brown (Oakville—Milton)	Brushett
Bryden	Bélair
Caccia	Calder

Campbell	Catterall
Chamberlain	Chan
Chatters	Clancy
Cohen	Collenette
Collins	Copps
Cowling	Culbert
Cummins	DeVillers
Dhaliwal	Dingwall
Discepola	Dromisky
Duhamel	Duncan
Dupuy	Eggleton
English	Epp
Fewchuk	Finestone
Finlay	Flis
Forseth	Frazer
Fry	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway
Gerrard	Gilmour
Godfrey	Goodale
Graham	Gray (Windsor West)
Grose	Grubel
Guarnieri	Hanger
Hanrahan	Harb
Harper (Simcoe Centre)	Hart
Harvard	Hayes
Hermanson	Hill (Macleod)
Hill (Prince George—Peace River)	Hoeppner
Hopkins	Hubbard
Ianno	Iftody
Jackson	Jennings
Johnston	Jordan
Karygiannis	Kerpan
Kirkby	Knutson
Lastewka	Lavigne (Verdun—Saint-Paul)
LeBlanc (Cape/Cap Breton Highlands—Canso)	Lee
Lincoln	MacAulay
MacDonald	MacLaren
MacLellan (Cape/Cap Breton—The Sydneys)	Malhi
Maloney	Manly
Manning	Marchi
Marleau	Martin (Esquimalt—Juan de Fuca)
Massé	Mayfield
McClelland (Edmonton Southwest)	McCormick
McGuire	McKinnon
McLellan (Edmonton Northwest)	McTeague
McWhinney	Meredith
Miffin	Milliken
Mills (Red Deer)	Minna
Mitchell	Morrison
Murphy	Murray
Nault	Nunziata
O'Brien	O'Reilly
Ouellet	Pagtakhan
Parrish	Patry
Payne	Penson
Peric	Peters
Peterson	Phinney
Pickard (Essex—Kent)	Pillitteri
Proud	Ramsay
Reed	Richardson
Rideout	Ringma
Ringuette—Maltais	Robichaud
Rock	Rompkey
Scott (Fredericton—York—Sunbury)	Scott (Skeena)
Serré	Sheridan
Silye	Simmons
Skoke	Solberg
Speaker	Speller
St. Denis	Steckle
Stewart (Brant)	Stinson
Strahl	Szabo
Telegdi	Thalheimer
Thompson	Tobin
Torsney	Ur
Valeri	Vanclief
Verran	Volpe
Walker	Wappel
Wells	Whelan
White (Fraser Valley West)	Williams
Young	Zed—192

*Private Members' Business*

PAIRED MEMBERS

Members

Allmand	Bachand
Bergeron	Bernier (Gaspé)
Bernier (Mégantic—Compton—Stanstead)	Bertrand
Bouchard	Canuel
Cauchon	Chrétien (Frontenac)
Comuzzi	Crête
Debien	Dumas
Fontana	Irwin
Keyes	Kraft Sloan
Martin (LaSalle—Émard)	Mills (Broadview—Greenwood)
Terrana	de Savoye

**The Acting Speaker (Mr. Kilger):** I declare the motion lost.

**Hon. Roy MacLaren (for Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.)** moved that the bill be concurred in.

**Mr. Boudria:** Mr. Speaker, I think you would find unanimous consent that the vote taken on the main motion for second reading of Bill C-65 be applied to the concurrence at report stage of Bill C-59 now before the House.

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

**Some hon. members:** Agreed.

[*Editor's Note: See list under Division No. 159.*]

**The Acting Speaker (Mr. Kilger):** I declare the motion carried.

(Motion agreed to.)

It being 6.10 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*]

**NUCLEAR REACTOR FINANCE LIMITATION ACT**

**Mr. Nelson Riis (Kamloops, NDP)** moved that Bill C-285, an act to eliminate financial support for nuclear reactor design and construction in Canada or abroad and to amend the Atomic Energy Control Act in consequence thereof, be read the second time and referred to a committee.

He said: Mr. Speaker, I am really pleased to have the chance to raise this private member's bill today. It is very timely. Today is Valentine's Day when we acknowledge the special relationships that we have in our lives.

*Private Members' Business*

Today I call into question the relationship that the federal government has with the nuclear industry. For many years it has been a sweetheart deal between the federal government and the nuclear industry of Canada.

Essentially this bill is intended to cut the subsidies that the federal government over the years has provided for the nuclear sector. I have a list from 1948 until 1992. I will not read it out because it goes on and on. It clearly identifies the hundreds of millions of dollars with which the Canadian taxpayers subsidize Canada's nuclear industry.

I want to make clear from the start that this in no way reflects a reduction in support for the use of isotopes for medical use. We all acknowledge the benefits that accrue from a whole set of medical initiatives.

Perhaps I should read what this bill does. The title is Nuclear Reactor Finance Limitation Act.

(1815)

It says:

Notwithstanding any act of Parliament, no payment shall be made from the consolidated revenue fund for the purpose of subsidizing or paying or loaning any part of the cost or of guaranteeing any loan that is for the purpose of subsidizing or paying or loaning any part of the cost of any real property, intellectual property, goods or services that are used for the research, investigation, design, testing, construction, manufacture, operation, use, application or licensing of any thing or property of any nature that will be used in or for a nuclear reactor.

It goes on to elaborate on this theme. Basically it is a bill that would eliminate the subsidies that the federal government provides to the nuclear sector. These are substantial. I think if one were to generalize, it would not be an elaboration to suggest that on average about \$200 million a year of taxpayers' money goes to subsidizing this particular industry.

This is a time when we are all conscious of the need for fiscal restraint and aware of the need for evaluating every subsidy, grant and expenditure on a cost benefit basis. We can apply any cost benefit analysis to ask whether the \$200 million year after year is a good investment for the taxpayers of Canada. There is only one conclusion in economic, health and environmental terms. It does not stand up to scrutiny.

I want to elaborate on a few points. We talk about being on the dole. A previous leader went on at some time about the corporate welfare bums. If there were ever a corporate welfare bum it has to be the nuclear sector. We would assume the nuclear industry is a major player in the energy sector because of the tremendous subsidies it receives.

We would assume the nuclear sector contributes a significant percentage of the overall energy sector of Canada. It does not. It is actually beneath firewood. In other words, more people use firewood for energy than nuclear energy. By firewood I am

talking about hog fuels as opposed to what people are using in a fireplace or whatever. We typically burn chunks of wood.

Wood accounts for about 7 per cent of the energy picture. Coal, electric and others account for 6 per cent. Hydro accounts for 14 per cent, gas for 33 per cent, oil for 36 per cent, nuclear 4 per cent. Out of all of the various energy options in our country, nuclear accounts for about 4 per cent of the entire energy package. Yet in terms of research and development monies coming from the federal government, it receives more than all others combined.

When we add up the \$200 million a year over the life of this particular government, it will come to nearly \$1 billion. I think if taxpayers were put the question in a referendum: "Are you prepared to spend \$1 billion over the life of this particular federal government to support and subsidize the nuclear energy sector?", my guess is that overwhelmingly people would say no.

I know that an argument people often use for example is there are a number of people employed in this sector. Of course, we could say that about any sector. If that were the sole motivation, I suppose we should be subsidizing the marijuana industry or the drug industry if jobs are the criteria.

Any economic activity will create jobs, including the nuclear sector. Of greater relevance is whether such jobs are sustainable, including the overall cost to society of maintaining those jobs.

When I talk about the \$200 million subsidy annually, that is not the actual cost to Canadians. That is the cost today. Eventually we are going to have to start dismantling these nuclear reactors, 22 of them with Ontario Hydro alone. We are going to start decommissioning these nuclear reactors. To decommission a nuclear reactor is not some minor financial undertaking.

The Auditor General, I think in the 1992 report, indicated that a major cost that is never counted into the accounting system of Atomic Energy Canada is the cost accruing in terms of eventual dismantling. We have some evidence of what that cost would be. I think the most recent nuclear reactor that was dismantled in New Jersey cost \$157 million U.S. Rounding it out, for one nuclear reactor alone we are adding another \$200 million for the decommissioning. That is just decommissioning. What do we do with the nuclear waste? Again, we have yet to come up with something for what is at this moment a serious problem and likely to be a problem for perhaps hundreds, thousands or millions of years to come.

(1820)

Here we are on this treadmill developing nuclear reactors, going head long in terms of these incredible subsidies to this one energy sector that only accounts for 4 per cent of the total energy package for Canada at a time when they are unsafe, we do not

*Private Members' Business*

know what to do with the waste. Even now the subsidies do not reflect the true cost.

We just had on Parliament Hill a reception. The minister welcomed the nuclear industry to Parliament Hill. We heard what people are really worried about, that this is very economical.

If it is so economical why have we had to subsidize this industry since 1948? Why does it cost the taxpayers of Canada, not \$200 million, not \$1 billion, but close to \$20 billion? Is this what we call economical? That industry after decades of subsidization still cannot stand on its own two feet. It requires this incredible subsidy by the federal government on an annual basis.

Talk about being on the dole. That industry should be hanging its head in disgrace, coming here wearing out the knees of its pants asking for that kind of handout from the taxpayers of Canada year after year. Has it no grace? Has it no pride?—not as long as those people are across the way, whether they be Tories or Liberals, it does not make any difference. They are there, backing up the old truck and shovelling out the taxpayers' dollars, \$200 million to start with on an annual basis.

I think my Liberal friends across the way surely should be waiting for me to sit down so they can get up and condemn this abuse of taxpayers' money and to say now is the time to send a message to our Minister of Finance. They should stand up and be counted. Do the right thing. Listen to Canadians and stop this handout to the nuclear industry.

I got a little worked up but I cannot help it when I see the kind of abuses we tolerate.

What can we say about this? I want to reiterate a few points. The nuclear industry represents 4 per cent of the energy package of Canada and yet receives more than the natural gas sector, the oil sector, the coal sector, the renewable sector and conservation combined in terms of subsidies.

I ask my Liberal friends across the way—I know my Reform friends will agree with me and certainly the Bloc will agree with me—if we are going to subsidize any part of the energy sector should it not make more sense to subsidize the area that is looking into how to replace this kind of industry, the renewable resources or the alternative, the conservationist options that are available to us?

We heard sometime ago that down in New York they decided to back out of the big James Bay hydro project. The reason they did that was the conservation elements that they introduced in the state of New York were so overwhelmingly successful they did not need the power. There might be other factors that we have to take into consideration but fundamentally the energy authority in the state of New York said the conservation methods

introduced have been so successful that it does not have to enter into that long term energy agreement with Quebec Hydro.

Again, where we have evidence it works. Yet this government seems to be walking around with a real hearing problem, a real sight problem. It cannot see what is obviously the right thing to do. I say to the government if it is confident in what it says it does, ask the people of Canada what they think; if we should be handing out money by the basket full, \$200 million a year plus to one energy sector that accounts for only 4 per cent of the whole energy package in Canada.

If there is a country in the world that does not have to subsidize the nuclear industry, that does not need a nuclear industry, it is Canada.

(1825 )

We have energy coming out of our yin–yang. We have coal, we have—

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

**Mr. Riis:** Yin–yang is a town in Saskatchewan, I think. I am not certain of that.

**An hon. member:** It is a little town in China.

**Mr. Riis:** My friend says it is a little town in China. That sounds better.

Despite 50 years of massive government subsidies, being on the dole, asking for handouts, the nuclear industry still cannot stand on its own two feet. Should that not get all of our attention in this House? After 50 years of handouts, after 50 years of coming in here and begging for support, it still cannot stand on its own two feet. Should we not say it is time it reassess how viable it is in terms of the future of Canada?

This gets almost obscene. The federal government wrote off a \$70 million loan to AECL for the Douglas Point reactor at Bruce site. Quebec's number one reactor never operated properly and had to be shut down. A \$90 million loan to AECL was written off by the federal government.

Despite the failure of that reactor Ottawa has now financed a second one to the tune of \$151 million. It gets worse. It is very embarrassing.

It is the standing policy of this government, the Tories before and the Liberals now, to finance one–half of the estimated cost of any province's first nuclear plant. That is policy. The Government of Canada has written off about \$800 million in unpaid loans to Nova Scotia and Quebec heavy water plants. In 1977–78 the federal government wrote off about \$190 million in loans to AECL.

Canada's Nuclear Liability Act limits the liability of nuclear operators to \$75 million in the event of a nuclear accident. It has been estimated that a severe accident at the Darlington nuclear

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station would cost at least a trillion dollars and could lead to over 200,000 fatalities.

I could go on and on. That brings me to an important point, whether the nuclear energy sector is safe? I think this is fundamental in people's minds. It is certainly not economical. It is certainly environmentally unsound and I think that is a given. Is it safe?

Mr. Speaker, I think you will be shocked. During 1993 the Atomic Energy Control Board recorded 700 "unusual incidents" at Canada's 22 operating nuclear reactors. That is almost two a day. You are astonished. I am too. These incidents range from spills of radioactive heavy water to unexplained power surges. Of these, 270 were serious enough to warrant a full report to AECB and a follow up investigation. That is incredible, two incidents a day that warranted full scale investigations.

The annual reports of the Atomic Energy Control Board provide ample evidence of the inherent dangers of nuclear technology. The following really got me riled up in terms of having to do something to prevent this catastrophe that is about to happen. It is reported that in August 1992 radioactive heavy water from the Pickering A nuclear reactor leaked into Lake Ontario downstream from the water supply plants for the communities of Ajax and Whitby, forcing a shutdown of the plants. This incident resulted in the highest single emission of radioactive tritium into the lake since the reactor began operating in 1971.

This goes on and on. No wonder those whales are whipping up on the beaches in Quebec all scarred up, sick and blue. We have nuclear waste draining into the Great Lakes.

The 1992 annual report, the one that really got my attention, states that in March 1993 Ontario Hydro discovered a serious deficiency in the analysis of an accident involving a large loss of reactor coolant. The analysis showed that the consequence of such an accident, if it were to occur while operating at full power, would be unacceptable. The term unacceptable is a euphemism for a disaster, probably.

They are not safe. They are not economical. They are environmentally unsound. They are a threat to our health and they are breaking the treasury. Why on earth would we continue on this sort of treadmill to nowhere, forking out that kind of taxpayers' money?

(1830)

Mr. Speaker, my time is quickly coming to an end. So I will sit down now while I wait for my friends across the way to explain to the taxpayers of Canada how this incredible subsidy ought to continue.

Hopefully, a little lightning bolt will come out of the sky and give them a little snap so they will say: "Yes, tomorrow morning

I am going to walk over to the Minister of Finance's desk, sit down beside him and say: "Mr. Minister of Finance, it is time to end this madness. Save the taxpayers of Canada hundreds of millions of dollars. Bring them a safer environment, a healthier environment and something that is economically and environmentally sound now". The only way we can do that is to stop funding Canada's nuclear sector.

**The Acting Speaker (Mr. Kilger):** Earlier in his intervention the member referred to the Speaker being shocked. I am not so sure about that, but I am still looking for that little town in the Chinese province of Saskatchewan.

**Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.):** Mr. Speaker, well here we go again. The NDP party with the same bill it brought in before. The same old party. The same worn out rhetoric. The same wrong conclusions—

**Mr. Riis:** Mr. Speaker, on a point of order. I want to hear the hon. member's speech however, he mentioned the NDP party. Think about it. That would be the New Democratic Party party. If he is going to refer to us, at least say the New Democratic Party.

**The Acting Speaker (Mr. Kilger):** Respectfully, the member does not have a point of order.

**Mr. Hopkins:** Mr. Speaker, I thought I was very kind because I have heard them called worse.

I want to remind the hon. member that Ontario Premier Bob Ray stood with the Prime Minister of Canada when we sold two reactors to China. He was so proud of our Canadian technology. I know he got into a bit of criticism over that, but he understands what research and development means and we respect him for that.

This bill will prevent the federal government from giving any financial assistance or technical support to nuclear reactor projects, except those making isotopes for medical use.

The hon. member made a great deal out of wasting money. Let me state one important point right off the bat, and this is for Canadian consumption in view of what the hon. member has said. From 1952 to 1992 the Canadian government invested \$4.7 billion in Atomic Energy of Canada Limited. During the 30 year period from 1962 until 1992 the nuclear industry in Canada had a return for Canadians of \$23 billion. Now, if we are going to get a return of \$5 for every dollar invested, I do not think that is a bad investment.

NDP members have learned one thing. It took them some time to learn it, but they learned that isotopes are useful in medicine. Radioisotopes have various applications. One use is for sterilizing medical instruments. The hon. member does not seem to understand that cobalt 60 which is a byproduct from Ontario Hydro's power reactors is an isotope product. He wants to

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destroy the reactors that produce it, yet he wants isotopes saved for medical purposes.

Come on, do your homework here. In their press conference material the hon. member and his colleagues do not want the production of isotopes for medical use interfered with, but in this bill they are proposing to cripple hydro power reactors which produce isotopes. What a contradiction.

Molly 99 which is a shortened version of Molybdenum 99 is produced at the NRU research reactor at Chalk River. This is a radioisotope product which is supplied to Nordion International Incorporated so that Canada can continue to control the 88 to 90 per cent of the world market we control today in isotopes. However, the NDP today wants to cripple some of the production facilities of isotopes while at the same time wanting to maintain isotope production. That sounds like the modern day rhetoric of the NDP.

(1835)

I want to get on to some other very interesting things in reply to what the hon. member has said. Those are items about the economic factors.

In 1993, 50 per cent of Ontario's electricity came from nuclear generators and in New Brunswick, 35 per cent came from nuclear generators. In 1993, Ontario Hydro's published generating costs were 6.8 cents per kilowatt hour for fossil fuel and 5.4 cents per kilowatt hour for nuclear power. This is a 20 per cent advantage for nuclear power, yet the NDP calls that waste. We can understand that.

In terms of lifetime performance, five in the top 20 reactors in the entire world were Candu reactors made in Canada by Canadians. Canada's Pointe Lepreau reactor was the number two reactor in the entire world.

The automobile industry uses nuclear technology to test steel quality in cars. The paper industry uses it in the production of coded stock. Manufacturers use it to check for flaws in jet engines. Construction crews gauge the density of road surfaces and subsurfaces with it. Pipeline companies test the strength of welds, and oil and gas mining companies map the contours of test wells and mine bores with it. But NDP members want to do away with all this. They are very progressive in their thinking. It is no wonder they are sitting where they are today.

Atomic Energy of Canada Limited engineers developed the first commercial sterilizers in 1964. There are roughly 170 such units currently in use in 46 countries and 90 of them are Canadian designs.

Radioisotopes are used extensively by industry in quality control and process management. The petroleum industry uses them to test pipeline welds. The pulp and paper industry uses them to measure the thickness of paper. Many industries use them to trace the flows of material through process systems.

Imagine what would happen to our modern day industry if we destroyed the basis of all this. In environmental matters, the worldwide use of nuclear power plants results in lowered CO<sub>2</sub> emissions globally by 1.5 billion tonnes a year.

**Mr. Milliken:** And they are opposed to this?

**Mr. Hopkins:** Yes, they are opposed to this.

If Ontario Hydro had used coal fired generating plants to produce the same amount of electricity as has been made by its nuclear plants to date, it would have released 9.9 million tonnes of acid gas into the atmosphere and produced 23.3 million tonnes of ashes.

All of the used fuel from Canada's nuclear plants would fit into one olympic size swimming pool. The coal ashes would require about 25,000 times as much space if coal had been used.

What is more, the nuclear fuel still has the potential for recycling to produce much more energy. A single uranium fuel bundle of about 10 centimetres in diameter and 50 centimetres long and weighing 25 kilograms produces as much electricity as 380 tonnes of coal or 1,800 barrels of oil. But the NDP wants to do away with this.

A large nuclear power reactor uses 150 tonnes of natural uranium per year, equivalent to two million tonnes of black coal or 10 million barrels of oil. Is that what the NDP stands for?

Since 1973 nuclear power plants worldwide have cut fossil fuels used to generate electricity by 17.6 billion barrels of oil worth \$470 billion U.S., 2.2 billion tonnes of coal, 26 trillion cubic feet of natural gas. This is not a bad saving. It is not bad for conservation.

(1840)

For medical applications almost every facet of modern medicine relies in some way on nuclear technology, from nuclear powered units in heart pacemakers to the sutures, surgical gloves and medical supplies that are sterilized by radiation and used in hospitals each day.

Millions of diagnostic procedures are carried out annually using nuclear technology. Cancer treatment systems using nuclear technology are used to save thousands of lives throughout the world. More than 1,300 of the world's cobalt therapy machines have been supplied by Canada. This figure represents close to 50 per cent of the total cobalt 60 therapy machines used to date.

Every year in 70 countries an estimated one-half million people are treated for cancer using cobalt therapy machines designed and built in Canada. Canada is a world leader in the production of cobalt 60. The country supplies more than 80 per cent of the world's total cobalt 60 used in medical and industrial applications. AECL was instrumental in the development of the cobalt 60 treatment for cancer.

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Cobalt 60 is a human-made radioisotope produced using a nuclear reactor. Radioisotopes are used to help diagnose medical ailments and prescribe remedies. Such isotopes can detect how well organs are functioning, how well the body absorbs particular substances, and where tumours might be located. They have a range of valuable uses.

The hon. member has told this House of Commons and all Canadians that AECL is a waste of money. Are all these facts a waste of money? The hon. member should take a second look and do his homework.

I will end my comments here. I have much more I would like to say to educate the hon. member, but I will pay due respect to the Chair. My time is up.

[*Translation*]

**Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ):** Mr. Speaker, I wish to say that I am very happy to take part in the debate on Bill C-285. First of all, I wish to thank the NDP member who introduced this bill and who has done so in such an entertaining and informative way.

Bill C-285 provides for the elimination of financial support for nuclear reactor design and construction. That prospect is viewed by the Bloc Québécois as interesting and relevant under the present circumstances.

Indeed, how could we not have doubts about the nuclear energy development policy of the Canadian government and the significant investments required for the implementation of that policy. As the Official Opposition of the House of Commons, we are deeply concerned by energy development policies.

Our concerns are twofold. First, we should wonder about the environmental costs of the development of any type of energy, in this instance nuclear energy, and second, about the impact the development of such energy may have on the economy of a country. I would like to take a few minutes to discuss those two issues.

The Minister of Natural Resources of Canada said recently to the Nuclear Awareness Project that she believed it would be appropriate to continue to develop nuclear energy in Canada. But at what cost to the environment and the Canadian taxpayers, that is the question.

First of all, in the industrial process of long term development of nuclear energy, the risks for the human environment are very high. Indeed, we know fully well that radioactive waste produced by the nuclear industry is most dangerous to the human species. Spent fuel represents not only the highest risks, but also the most difficult challenge if we want to find a safe, long term method of storage.

(1845)

After 500 years, for example, nuclear fission material produced by the Canadian nuclear industry will still be active. In

December 1992, there were 21,000 tonnes of spent fuel stored in Canada, 90 per cent of which was produced by Ontario Hydro, and the Canadian nuclear industry is not even 50 years old. For human beings, radioactivity is highly cancerous and very harmful genetically.

Clearly, the results of the accidents that occurred at the nuclear compounds of Three Mile Island and Chernobyl are very good examples of that. We must also remember that the nuclear industry in eastern European countries is in such a state that it is a time bomb for humanity and we can all see clearly what political problems that creates. The coming apart of the Union of Soviet Socialist Republics left nuclear power plants almost abandoned everywhere because the people in charge of those plants moved from Eastern Europe to more financially secure countries where they can earn a better living. Mechanics and plumbers generally speaking operate the power plants and these certainly are time bombs for humanity.

Not only does the nuclear reaction from the fuel produce radioactive elements, it also produces neutrons which strike other components of the reactor itself and activate some of its substances which also become radioactive. This means that the reactor structure will have to be stored as radioactive waste once the reactor has reached the end of its useful life. The Chalk River nuclear laboratory of Atomic Energy of Canada Limited contains three outdated nuclear reactors, and the site itself is seriously contaminated by radioactive waste. Atomic Energy is also responsible for two outdated reactors, at Whitshell, Manitoba, for the NPD reactor at Rolphton and the Douglas Point reactor at Bruce, both in Ontario, and for the Gentilly 1 reactor in Bécancour. All of these reactors are no longer in use and should be stored.

The cost of a stockpiling system is astronomical. The estimated cost of stockpiling a little over 100,000 tonnes of used fuel is \$9 billion. We share the view of the Auditor General of Canada that Atomic Energy of Canada will require even larger subsidies in order to cover the costs of dismantling these outdated reactors. This means that the costs the government is calculating now, in terms of the cost of this energy, the costs that have to be budgeted later, to ensure safe storage of the waste from these plants when the government is no longer in power, simply because hundreds of years are involved, these costs are never calculated.

This leads to the next question of whether the nuclear industry can turn a profit over the long term. Another question with respect to the human environment concerns the use of nuclear energy for military purposes. Uranium 235 and 238 are consumed in Canadian reactors of the CANDU type; they are elements which, when bombarded by a neutron to cause fission and create energy, become plutonium 239 atoms. The creation of plutonium 239 in nuclear reactors raises a very serious problem in regard to nuclear weapons and world peace. Plutonium 239 is

fissionable and can be used in the production of nuclear weapons.

Even if plutonium 239 is the isotope preferred by arms manufacturers, other plutonium isotopes are also fissionable and can be used to manufacture bombs. Knowing that Atomic Energy of Canada, the body responsible for promoting nuclear energy in Canada, is trying to sell CANDU reactors by any means possible, which is, after all, why they are building them all over the world, we must look into this very closely. Despite the many multilateral and bilateral treaties on the non-proliferation of nuclear weapons between Canada and the rest of the world, we must be realistic: there will be a real risk of nuclear technology being used for military purposes as long as the nuclear industry is developing in the world.

The second facet of Canada's nuclear industry is government financing. I have already mentioned the astronomical costs of storing radioactive waste. Maintenance at Atomic Energy of Canada Limited is subsidized by the public purse, and has been for the past six years, to the tune of \$1.2 billion. The cost of building a reactor is \$1.5 billion, an investment on which even a long term return is not guaranteed. We are justified in questioning the investment of public funds in this industry.

(1850)

During the Prime Minister's trip to China last fall, according to representatives of Atomic Energy of Canada Limited who were interviewed in Peking, Atomic Energy made a proposal to build two reactors on Chinese territory under a turnkey proposal without requiring a large investment by China. The representatives said that acquiring these reactors, valued at \$3 billion, would be extremely advantageous for the Chinese, who would not have to tie up foreign currency holdings for a long period. In other words, we are selling CANDUs, but we are financing them entirely.

What about the people of Canada who pay the major part of the construction costs of such reactors? Is the present evolution of Chinese society collateral enough for Canadian investments? These are legitimate questions we should ask ourselves.

The present Canadian policy in the area of nuclear development is costly and dangerous, in terms of both public finance and the human environment. This is why, considering that Canada is trying to reduce its deficit, we believe that Bill C-285, which seeks to eliminate financial support for nuclear reactor design and construction in Canada and abroad, is a worthwhile initiative.

[English]

**Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.):** Mr. Speaker, the millennium has arrived. We have

### *Private Members' Business*

just had an NDP member suggesting that we cut off subsidies to a major crown corporation. I thought I would never see the day. Actually what he is in effect proposing in the practical sense is the privatization of AECL.

If he wants to make the same proposal with respect to the CBC, the National Film Board and what is left of the government's stake in Petro-Canada, I will move over one seat and let him join us. We will make him a Reformer, an honorary Reformer.

**Mr. Riis:** Thanks but no thanks.

**Mr. Morrison:** It is a good idea to talk about privatizing AECL but it is not simple. We cannot do that in one quick step.

We must remember that more than 80 per cent of the nuclear industry in Canada is already private. The only parts that are still under government supervision and are still being subsidized by the government are the parts that do not make money, the research facilities primarily. Everything else is being operated by the private sector. There are 150 companies out there that compete with suppliers in client countries. They are efficient and they make money.

The Koreans have been so delighted with what we have done with the private end of the industry, the building of the reactors, that they have ordered three more. I would have to take issue with the hon. member who spoke for the Liberals. Wolsong 1 is probably a better reactor even than Point Lepreau. It has been up and running since 1982. They love it and they want more of them.

Let us get back to AECL specifically. Among the major crown corporations it is the only one that is seriously cutting costs. This formerly bloated entity has cut its staff from 4,500 to 3,700. Even more commendable is that it has reduced its Ottawa head office staff from 160 to 54, a two-thirds reduction.

I was out at Chalk River a couple of months ago to look the place over and what I found was quite a tight ship. There was none of the opulence that we have come to associate with government. It was nothing like the Department of National Defence, for example, or the Department of Fisheries and Oceans. This is an outfit that knows what money is for.

Let us take a look at the specifics of the bill. Clause 3(b) speaks of research, investigation, design, testing, construction, manufacture, operation, use, application or licensing of any thing or property of any nature that will be used in or for a nuclear reactor. If the world were only that simple. We cannot pigeon hole or categorize scientific research like that. Much of what is being done at Chalk River at the moment is pure scientific research which may or may not be applicable to reactor design.



*Private Members' Business*

(1855)

The line between pure and applied science is very hard to draw. That is why privatization although necessary and desirable will be difficult. An entirely new company of researchers will have to be formed to sell their services to the people who have the reactors. That is going on now to some extent. They take in \$86 million a year in fees for the work that is done at Chalk River on behalf of reactor owners. Eventually they will have to become self-sufficient and I do not think it will happen until it is privatized.

With all the pure science going on out there it is not going to be an easy sell. However we do not just kill the flagship of Canadian R and D. Let us remember the Avro Arrow, because this is the sort of thing we are talking about. Clause 4 would preclude provision to any person, any professional, scientific technical information or assistance that relates to research investigation, design, testing, construction, manufacture, operation, use, application or licensing of any thing or property of any nature that would be used in or for a nuclear reactor. In plain English, it would make orphans of the Candu reactors that provide almost half of Ontario's electricity.

The work being done at AECL that is not pure science is bankrolled by the utilities. As I have mentioned they spend about \$86 million a year on it. It is to enhance plant safety, prolong operational lives and cut maintenance costs. If we want to remain in the forefront of an industry we have to do R and D and we have to do it continuously.

They are doing work out there now on the applications of computer technology to the construction and operation of plants, improving reactor fuel channels, better fuel design and so on. Bill C-285 would stop this cold.

Clause 5 says that the act does not apply to a nuclear reactor that has as its sole purpose the manufacture or development of isotopes for medical use. The hon. member for Kamloops should know that this function of AECL has already been privatized. Nordion was sold for \$165 million. Incidentally the government of the day pocketed the funds into general revenue and did not leave a penny for the operations.

During his long harangue about the technical side of nuclear energy the hon. member for Kamloops reflected the anti-industrial primitivism that is so common among a small segment of his party, the people we refer to as the nuts and berries crowd.

We live in a climate of irrational fear of the atom because most people do not understand it. They do not have a vague notion of how a reactor works. Polls indicate that 10 per cent of the public actually believes that a reactor can explode like an atomic bomb. Vast numbers who at least know better than that believe a nuclear plant constantly emits streams of deadly

radiation that will induce cancer, make them sterile or cause them to conceive defective children.

A few highly visible crusaders have seized upon the fears as a convenient means of attacking a social order that they find distasteful and have found highly successful careers as virtual cult leaders. When primitive man was troubled by fears of the unknown, he consulted the witch doctor or the shaman. Sophisticated modern man appeals to Amory Lovins, Ralph Nader or Barry Commoner.

The hon. member was engaging in a little shameless sophistry when talked about 4 per cent of the energy uses of Canada coming from nuclear. For God's sake that includes the use of fuel in cars. There are not very many nuclear cars. What it does produce is 20 per cent of the electrical energy that is used in the country and, as has been stated two or three times, nearly 50 per cent of Ontario's electrical energy. We used to have a bumper sticker out west that said: "Let those eastern bastards freeze in the dark". Apparently this is what the hon. member for Kamloops is suggesting we do again.

(1900)

He mentioned the decommissioning cost of \$13 billion. That is not bad for an industry that produces \$4 billion worth of electricity annually over a period of probably 30 years of operational life for a plant. Remember, that \$13 billion is not just for one reactor, that is for the whole shooting match. At least that is a number which both the pro and the anti-nukes agree on.

There has been a lot of talk about the waste. It is an insoluble problem. It will be with us forever. The nuclear priesthood will have to guard it. I am reminded of a quote from Goethe that the phrases men repeat incessantly end by becoming convictions and ossify the organs of intelligence.

If Canada went 100 per cent nuclear for its electricity each family share of spent fuel, or high level waste if you prefer that term, would be seven ounces a year. This stuff is put into the swimming pools at the plants. As somebody said, there are 21,000 tonnes of it around now. Within 10 years the radioactivity is reduced by 90 per cent. Within 1,000 years in dead storage the radioactive levels would be sufficiently reduced to make it perfectly safe to eat a few spoonfuls of the stuff.

You get these anti-technological myths about plutonium, because there is plutonium in the waste. It is the deadliest thing known to man. It is evil. God did not create it. That is garbage. That stuff is an alpha emitter, for openers. You could wrap it in a piece of tissue paper, put it in your pant's pocket and walk around with it with impunity because it emits no gamma radiation and no beta radiation. It is not dangerous. If you were to eat a bunch of it, it is 50 times less poisonous than ordinary arsenic trioxide. Mr. Speaker, you can look that up in any good journal of toxicology.

*Private Members' Business*

It has been studied in great detail. The toxicity of plutonium on a weight dose basis is much less than that of many items which are kept commonly around the home. It is lethal only if breathed into the lungs or directly injected into the bloodstream. Then it will kill you, and it will kill you quick, but not as quickly as botulism poison, for example, which is fairly abundant, and anthrax. Again, there are many natural toxins which are more toxic than this horrible stuff that we all have to worry about so much.

I see the Speaker starting to rise from his seat. I wish I could have spent some time on the technical aspects of this. As you have probably gathered I do have some knowledge of nuclear energy production. Perhaps another day.

**Mr. David Iftody (Provencher, Lib.):** Mr. Speaker, I rise today to speak to Bill C-285 on behalf of the people of the Whiteshell facility in my riding of Provencher and to say that this bill would in effect eliminate Canada's nuclear industry.

The government believes that to do so would be fundamentally wrong. Not only has the nuclear industry provided a good return for investment to Canadians, and I will get into that later, it has achieved international acclaim. That recognition includes the recent Nobel prize to Dr. Bert Brockhouse for pioneering scientific work carried out at the Chalk River laboratories of AECL.

I would like to look at the myths and also address the facts of the Canadian nuclear industry. Nuclear energy supplies 15 per cent of Canada's nuclear electricity with a value of close to \$4 billion.

(1905)

The hon. member for Kamloops stated earlier that the nuclear industry provides 4 per cent of Ontario's power. That is not true. The fact is the 22 reactors in Ontario provide 66 per cent of that power.

Direct employment in the nuclear sector is estimated at 30,000 jobs and at least 10,000 jobs in other sectors depend directly on the nuclear industry. Many of these jobs are highly skilled and knowledge based, the kind of jobs that are consistent and compatible with the new economy. They are the kind of jobs that we are trying to develop and encourage in Canada. Indeed in the last year we have created 437,000 of those kinds of jobs.

More than 150 companies across six provinces supply manufacturing and engineering products or services. In addition to those that we directly subcontract to, there are another 400 or 500 companies beyond that who subcontract to those 150 companies.

The recent sale of three Candus to Korea has generated more than \$1 billion in Canadian content, providing some 25,000 person-years of work over six years. The Korean Candu sale in

1992 was Canada's largest export order. It is well known to most Canadians and certainly to all those interested in the nuclear industry of the Prime Minister's most successful and recent trip to China where letters of undertaking were signed with the Chinese for two more reactors, estimated to bring back a total of \$4 billion worth of investment in Canada.

In 1991 the industry had a trade surplus of approximately \$500 million and that trend continues. Ontario Hydro estimates that from 1965 to 1989 the nuclear industry saved the Canadian economy \$17 billion in foreign exchange. Were we to have imported oil and coal, it would have cost the Canadian taxpayers another \$17 billion, to say nothing about the points addressed by my hon. colleague from Renfrew about the acid rain emissions and other kinds of global warming effects that would inevitably occur from burning these other kinds of fuels. For each year of the 1990s foreign exchange savings will amount to about \$1 billion.

The federal government has supported the development of Canada's nuclear energy capability. In the period between 1952 and 1994 the nuclear industry contributed at least \$23 billion to the gross domestic product. The federal government received \$700 million annually from the nuclear industry in the form of income and sales taxes.

I can tell you of a similar study to the one that Ernst & Whinney completed for the Government of Canada done in Manitoba which demonstrates clearly that the investment that the government makes in the facility close to where I live generates \$30 million of tax a year in the Manitoba economy alone.

The private sector also benefits. In the four years between 1988 and 1992 private sector companies that provide nuclear products and services had sales of almost \$10 billion. The performance of the research reactors has been the envy of the world. The performance of the Candu reactor is second to none.

Out of the 369 power reactors which provide significant amounts of electricity in 29 countries throughout the world there are four Candus in the top 10 in lifetime performance. As was pointed out earlier, the reactor at Point Lepreau, New Brunswick is number one. That is a formidable record.

With the kind of high-tech job-creation initiative that is inherent in the nuclear industry why the member for Kamloops would want to oppose that kind of job creation and that kind of record for Canadians and Canadian researchers.

Nuclear energy's contribution to electricity supply is not its only benefit to humankind. It also contributes to the quality of life. Its spinoff benefits to the environment and to medicine are equally significant. I refer to clause 5 of this bill where the member for Kamloops wants to keep isotope production but toss out everything else.

*Private Members' Business*

Let me make a couple of other points about some of the more recent research and possibilities.

(1910)

In the biotech area, for example, in terms of a radiation facility we can design new kinds of drugs. A nuclear capacity allows us to investigate small, molecular membrane interactions which will help in terms of the health care, the medical field and the life chances of Canadians who are unfortunate enough to have trouble with cancer or other kinds of illnesses. This is a record breaking and ground breaking kind of technology that is important to us all.

The boron neutron capture therapy is another example. It is a new mode of radio therapy that combines tumour seeking components to destroy cancer cells and tumours. Is that wrong? Is that bad? Is that not a worthy undertaking for the Canadian economy? Is that not a legitimate expense for the Government of Canada?

It was mentioned earlier by one of my colleagues that we have built in AECL through one of its spin-off companies over 1,300 of the world's cobalt therapy machines. Each year 500 million people are treated for cancer through those 1,300 machines. Is that not a wonderful contribution and worth the effort of the Government of Canada to participate with our world neighbours in cancer treatment research? I think so.

The nuclear industry is an important factor in the sustainable development equation. Nuclear electricity generation is clean, burning an abundant fuel and has no other practical uses. It does not emit the acid gases, as I referred to earlier, carbon dioxides and particulates associated with fossil fuels.

Nuclear energy has been and continues to be a good investment for Canadians and for Canada. It plays an important role not only in providing clean electricity, but in the creation of jobs, revenues and in spin-off benefits that have improved the quality of life of Canadians and the people in other nations.

We talked earlier about some of the financial aspects in the Ernst & Whinney study which I think was important and timely in terms of allowing Parliament to tell Canadians what this kind of investment has meant over the past 30 years.

As my hon. colleague from Renfrew pointed out earlier, surely I could go to any Canadian taxpayer or the the Canadian business person and say: "For every dollar you give me, I promise you a 400 or 500 per cent return, a 4:1 or 5:1 ratio". Surely that is a wise investment of Canadian tax dollars to bring those revenues back to the Government of Canada, to create jobs in Canada and to continue to place Canada and Canadians at the front of the Canadian nuclear industry.

**Mr. Wells:** Mr. Speaker, I rise on a point of order. I understand our time is up for debate on this issue. Unfortunately I am not going to get the opportunity to deliver the tremendous speech I had prepared for this time.

I would like to go on record, with your permission, to advise the House that I was going to speak in favour of Bill C-285 and that I fully support the House referring this to the Standing Committee on Finance for—

**The Acting Speaker (Mr. Kilger):** That is not a point of order, but I guess the member was able to get his view on the record.

Under right of reply, the member for Kamloops. No one else will speak to the motion and this will close the debate in a maximum of two minutes.

**Mr. Riis:** Mr. Speaker, before I wrap up my comments, my hon. friend was obviously waiting for an opportunity to get in on the debate and I think has a speech with him. Would it be appropriate for the House to seek unanimous consent to have him table his speech as part of *Hansard*?

**Some hon. members:** No.

**Mr. Riis:** Mr. Speaker, there has obviously been a difference of views presented here this afternoon. I respect the views of my colleagues, although they are perhaps not exactly the same as my own. Others are similar and supportive.

I make two requests. The other day the minister announced that the government was to examine the whole nuclear industry and the support of that. The question was put to her at that time whether she would allow public input. At that point I think she mumbled a bit.

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

**Mr. Riis:** She did not say she would. I say mumble because she made no commitment.

(1915)

I would hope that after hearing the diverse views here she would say that legitimate views exist in the country and that she would agree to hold public hearings in all parts of the country to allow the public an opportunity to present its views.

Just on the long shot that people are generous here tonight, would there be any inclination on the part of my hon. friends to provide unanimous consent to send this to committee for further consideration?

**The Acting Speaker (Mr. Kilger):** There is no consent. The time provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 96, the order is dropped from the Order Paper.

*Adjournment Debate***ADJOURNMENT PROCEEDINGS***[Translation]*

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

## IMMIGRATION

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, on February 8, I put my main question to the Minister of Citizenship and Immigration and a supplementary question to the Deputy Prime Minister regarding the deportation of Taramatie Ramsuhag and her three children, who are originally from Trinidad and Tobago.

The minister then asked me to bring any new information to his attention so that he could review this case on the basis on humanitarian considerations, which I did on February 10, when I personally gave a document to the minister and his parliamentary secretary. Although Mrs. Ramsuhag and her three children had adapted well to Quebec society, they were all ruthlessly deported the same day.

Furthermore, the minister rejected, without any sign of consideration or deference, a request by Quebec's Minister of International Relations, Cultural Communities and Immigration, Bernard Landry, to delay the deportation, to allow the Quebec government to consider issuing a certificate of selection.

The minister and his government did not show any respect or consideration for the numerous women's rights organizations begging them to grant Mrs. Ramsuhag permanent resident status in Canada. These organizations include Assistance aux femmes de Montréal, the Canadian Advisory Council on the Status of Women, Vancouver Status of Women, the Ontario Association of Interval and Transition Houses, the CNTU's national committee on the status of women, the Quebec women's federation, etc.

The minister showed an unacceptable insensitivity to this refugee claimant. Yet, he gave her aggressor and ex-husband a special permit allowing him to return to Canada. Is that the Liberal government policy on women who are victims of spousal abuse?

Mrs. Ramsuhag does not have a criminal record. Canadians and Quebecers will never understand the policy applied by the minister in this case, nor why immigration officers had to use force to arrest three children aged 9, 11 and 13. Under the circumstances, arresting these children without a warrant amounts to kidnapping pure and simple. Mrs. Ramsuhag also had to pay \$800 to have her case reviewed by the same officials who wanted to deport her.

During the election campaign in September 1993, the Deputy Prime Minister promised that women who were victims of family violence and applied for refugee status would no longer

be deported. However, so far at least two members of this group of women in Montreal have already been deported. What about the Deputy Prime Minister's commitment to defending women's rights? That the Canadian government should take this kind of action is appalling, especially the immigration officers who arrested the three children. This attitude is in stark contrast with the open and generous approach taken by the Government of Quebec, which had applied for a stay of execution to consider the possibility of giving the Ramsuhag family a Quebec certificate of selection.

I wish to commend the many women's groups that sent letters to the minister, with copies to the critic for the Bloc Québécois, as part of the campaign to defend the case of Mrs. Ramsuhag. I hope she will return to Canada, with her children, as a landed immigrant.

*[English]*

**Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, Canada is universally recognized as having one of the fairest and most generous refugee determination systems in the world.

We were the first country to establish formal guidelines on gender persecution. It would not be, and the hon. member well knows this, appropriate to go into the details of an individual case on the floor of the House. However let me assure the hon. member that the application was reviewed in a most thorough and fair manner and the individual was found not to qualify as a refugee.

(1920)

Similarly the case was reviewed in the light of our gender persecution guidelines three times and was examined for any special merit on humanitarian and compassionate grounds.

As the results of all these reviews were negative, the individual was obliged to comply with the removal order. We carried out the deportation order to uphold the integrity of the immigration system as a whole. The person did not qualify as a refugee but she is welcome to apply to immigrate to Canada through the normal channels.

I understand the Government of Quebec has shown interest in the case and under the Canada-Quebec agreement Quebec officials are welcome to facilitate her application for immigration to Canada for residence in the province of Quebec.

## VIOLENCE AGAINST WOMEN

**Hon. Audrey McLaughlin (Yukon, NDP):** Mr. Speaker, on December 6, the National Day of Remembrance and Action on Violence Against Women, I asked the Deputy Prime Minister whether her government was committed to ensuring the continuation of core funding for essential services that help prevent, treat and counsel against violence against women. The minister answered at that time that her government would respect its

*Adjournment Debate*

commitment to funding for women's shelters and other support services.

However since that time the review by the Minister of Human Resources Development has taken place. We have heard a lot of prebudget comments being made. Indeed there are Liberal members of Parliament who are advocating that these services to women's groups be cut or reduced.

As well, the federal government is considering combining transfers for social programs, health programs and post-secondary education to provinces and territories. One of the concerns in this regard of many groups across the country including myself is that it could break the social consensus that has been built in Canada. It has been one of the strengths of Canada that says that regardless of where one lives geographically and regardless of income there are certain standards of service that one gets as a right of a Canadian citizen.

It is also my feeling that these proposals to do this transfer without national standards would in the end hurt women more than men. Single mothers could lose many of the supports they now have. We know that is the group with the largest number of unemployed.

The Canadian Action Committee on the Status of Women estimate that violence against women adds at least \$1 billion a year to the bill for health and related services in Canada. It is the time for zero tolerance of violence against women. Yet I do not see from the government or in the Deputy Prime Minister's response a true commitment in this regard.

We have the Minister of Justice introducing gun control legislation that he says will make women safer because of the number of women who are victims of violence. Yet there is no proof the legislation he is proposing would do that.

It seems hypocritical to me that there is one piece of legislation that we are told by the Minister of Justice will make women safer in their homes, again with no proof, and at the same time they are looking at either not funding at all or severely reducing funding for services that provide information, counselling and protection for women who have been victims of violence.

I was quite interested in doing my research to come across a letter written in 1990 by the opposition at that time to a women's centre. It stated that core funding cutbacks, that is those proposed by the former Conservative government, would have a devastating impact on women seeking shelter from family

violence. That letter, by the way, was written by the now Solicitor General.

I want to ask again whether it is the policy of the government to have a real plan to combat violence against women or simply a public relations effort and whether in fact the government and the minister will be committed to having core funding for women's shelters to provide the services that help women who may be victims of violence.

**Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, we have already demonstrated our commitment.

In 1994-95 for the women's program of HRD Canada the contribution was \$4 million in core funding to a broad cross-section of women's organizations across Canada which carry out a clearly defined program of activities related to the areas of economic equality, social justice and access and participation.

In addition, the women's program and the disabled persons participation program of the same department are involved in the family violence initiative, providing approximately \$5.5 million for community based initiatives to raise awareness and promote institutional change.

I remind the hon. member, and I know how very deep her commitment to this issue goes, that in the February 1994 budget, the women's program budget for group funding was spared from the 5 per cent across the board cuts made to other HRD programs. That is commitment.

This government has also moved quickly toward prevention of violence against women. We have taken prompt action in several areas. The Minister of Justice today tabled gun control legislation. As well there are the amendments to the Criminal Code's peace bond provisions to be proclaimed into force on February 15, 1995. These amendments will provide increased protection to women and other victims of violence before the courts.

That is commitment and it is a commitment we intend to carry on with.

**The Acting Speaker (Mr. Kilger):** Pursuant to Standing Order 38, the motion to adjourn the House is now deemed to have been adopted.

Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.26 p.m.)

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