



House of Commons Debates

VOLUME 133

NUMBER 166

1st SESSION

35th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Tuesday, March 14, 1995

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Tuesday, March 14, 1995

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 24 petitions.

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COMMITTEES OF THE HOUSE

FINANCE

Mr. Jim Peterson (Willowdale, Lib.): Mr. Speaker, I have the honour to table the 13th report of the Finance Committee dealing with the borrowing authority.

I wish to thank members from all parties for their co-operation.

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PETITIONS

HUMAN RIGHTS

Mr. Jim Peterson (Willowdale, Lib.): Mr. Speaker, I have the honour to present two petitions today. The first one calls upon Parliament to amend the Canadian Human Rights Act to protect individuals from discrimination based on sexual orientation.

The second petition asks for the opposite.

[*Translation*]

SEXUAL ORIENTATION

Mr. Réal Ménard (Hochelaga—Maisonnette, BQ): Mr. Speaker, I have a petition pursuant to Standing Order 36 asking the Canadian government to conform to the decision of the courts, which have ordered that the Canadian Human Rights Act

be interpreted as also prohibiting discrimination on the basis of sexual orientation.

The petitioners therefore ask Parliament to amend the Canadian Human Rights Act in order to protect people against discrimination on the basis of sexual orientation, and I support this petition.

[*English*]

JUSTICE

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, it is my pleasure this morning to present a petition containing 5,703 signatures from the lower mainland.

There has been great concern not only in my constituency and my area but across Canada for dangerous offenders walking our streets. These petitioners are asking Parliament to enact legislation against serious personal injury crimes being committed by high risk offenders by permitting the use of post sentence detention orders and specifically by passing Bill C-240.

It is my honour to present this on behalf of my petitioners.

GOVERNMENT SPENDING

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I have two petitions to present today. The first petition comes from 1,520 petitioners of the riding of Okanagan—Similkameen—Merritt.

(1005)

They call on Parliament to reduce the federal deficit by reducing government spending and refrain from any form of increased taxation. The government has ignored that already.

GUN CONTROL

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, the second petition deals with 1,032 petitioners from Okanagan—Similkameen—Merritt who call on Parliament to oppose further legislation for firearms acquisition and possession and to provide strict guidelines and mandatory sentences for the use or possession of a firearm in the commission of a violent crime.

This brings to date 2,958 petitioners from my riding. I support both these petitions.

ASSISTED SUICIDE

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, it is my privilege to present a petition with 38 signatures from citizens of the town of Elkford calling upon Parliament not to enact any

Routine Proceedings

legislation that would allow doctor assisted suicide. I concur with this petition.

JUSTICE

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I have two petitions today.

The first, certified pursuant to Standing Order 36, is signed by residents of Ontario and Saskatchewan, some from the town of Wilkie, Saskatchewan, North Battleford, Saskatchewan.

The petitioners note that Robert Latimer of Saskatchewan was sentenced to life in prison for second degree murder with no chance of parole for 10 years. The petitioners believe the law should be flexible and based on the individual. They believe that his sentence is unfair and out of proportion.

The petitioners request that Parliament grant Robert Latimer a pardon, conditionally or unconditionally, for his conviction of second degree murder in the death of his daughter.

SOCIAL PROGRAMS

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, the second petition is signed by many Canadians from all parts of the country.

The petition collected by members of the Council of Canadians notes that the petitioners have a right to health care if they are sick, to education if they need training, to a pension if they are senior, to insurance against joblessness if they are a worker, to assistance if they are poor or homeless, to day care services if they are a parent working outside the home and to access to cultural institutions.

The petitioners note that social programs form the very fabric of Canada and that cuts to social programs are not necessary since tax breaks and subsidies to wealthy individuals and profitable corporations have caused close to half the debt while social programs have caused less than 6 per cent.

The petitioners call on Parliament to maintain and enhance social programs which are the right and heritage of all Canadians.

HUMAN RIGHTS

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, I have two petitions to present today on behalf of the citizens of Calgary North.

The first petition prays that Parliament will ensure that the federal Human Rights Act will not be amended to include the phrase sexual orientation as a prohibited grounds of discrimination.

ASSISTED SUICIDE

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, the second petition prays that Parliament ensure that the present provisions of the Criminal Code of Canada prohibiting assisted suicide be enforced vigorously and that Parliament make no

changes in the law that would sanction or allow the aiding or abetting of suicide or active or passive euthanasia.

HATE CRIMES

Mr. Pat O'Brien (London—Middlesex, Lib.): Mr. Speaker, it is my duty to present a petition which calls on Parliament to oppose amendments to the federal Criminal Code to include hate crimes legislation.

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QUESTIONS ON THE ORDER PAPER

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, Question No. 92 will be answered today.

[Text]

Question No. 92—**Mr. Harper:**

What will each department or agency spend on television, print or radio advertising during the 1994-95 budget year?

Hon. David Dingwall (Minister of Public Works and Government Services and Minister of Atlantic Canada Opportunities): The following is the amount spent on or committed to advertising for the period April 1, 1994 to November 1, 1994 by departments and agencies through the Advertising Management Group (AMG).

If a department or agency is not listed, it is because there was no advertising activity undertaken for them by AMG in the stated period. Previously, departments were required to submit advertising plans to AMG annually. However, this was not the case for fiscal year 1994/95.

On May 11, 1994, Public Works and Government Services Canada (PWGSC) released new guidelines for advertising and public opinion research contracting. AMG retains contracting authority for these services, as well as responsibility for providing advice and services to departments to ensure consistency with overall government priorities. The new system is being developed and will be implemented in fiscal year 1995/96.

Department	Committed (incl. taxes)	Expenditures (incl. taxes)		
		Print	TV	Radio
Fisheries & Oceans	4,736	3,903		
Transport Canada	329,139	170,803		
Human Resources	375,364	1,414		
National Defence	22,095	15,865		
Federal Office Regional Development (Quebec)	61,456	60,905		
National Archives	66,749	41,437		14,476
Foreign Affairs & International Trade	124,322	100,434		
National Research Council	272,462	210,150		

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Department	Committed (incl. taxes)	Print	TV	Radio
Commission of Inquiry – blood systems	21,720	11,326		
Statistics Canada	30,649	24,163		
Finance (Bank of Canada)	7,644,293	3,105,771	3,271,624	661,899
Veterans Affairs	1,636	1,636		
Industry (Tourism) Canada	764,710	240,952		
Industry Canada (aboriginal)	7,294	7,249		
National Library	95,355	51,177		
Canadian Heritage	96,859	29,761		
Public Works & Government Services	1,075,393	843,604		24,448
Health Canada	623,200			
Natural Resources	124,650			
Privy Council	436,275			
Total	12,178,357	4,920,550	3,271,624	700,823
Grand Total	\$ 12,178,357	Grand Total	\$ 8,892,997	

future. They will not be paying for their own social programs. They will be paying for ours.

How can government members sit here so smugly knowing that during the course of this Parliament the amount of money that we will have to make in interest payments will increase from \$38 billion to over \$50 billion? This increase of over 30 per cent is an additional burden that will continue to grow. Billions fewer dollars will be available for social programs and government operations.

The government says this is good. Liberal members say it is all right that one-third of government spending is for yesterday's programs. They claim they are at least slowing down the rate of growth of interest payments. I do not see how it can be considered much of a consolation knowing that the country is going bankrupt at a slower rate.

All this budget does is delay the inevitable. The fact that this budget was viewed as tough is not so much a compliment to this budget, rather it is a scathing indictment of previous budgets. If previous finance ministers had been sufficiently courageous to make the necessary cuts in the past, by today's standards those cuts would have been insignificant. Because they chose not to make those required cuts, today we have to cut deeper.

The current Minister of Finance is now faced with tougher choices. He could have and should have made the rights ones. Short term pain for long term gain. Instead he took the more masochistic route of a little pain this year and even more pain in the following years.

The latest budget alludes to some of the changes that are coming but it does not have the courage to address the problems in detail, head on.

The city of White Rock in my constituency has one of the largest concentrations of seniors in the country. Almost one-third of the population is over 65 years of age. The budget tells Canadians the government will be releasing a paper later this year with changes required to the old age security and guaranteed income supplement programs to ensure their affordability. These changes are to take effect in 1997.

The budget documents make it clear that significant changes are coming. While it promises undiminished protection for all seniors who are less well off, it gives us no numbers. What does this government consider to be well off? Is it \$15,000, \$20,000 or \$25,000?

The Minister of Finance criticized the Reform Party for our taxpayers' budget which stated we would reduce the money paid to seniors by \$3 billion. The minister stated this would affect all seniors earning more than \$11,000. When we include OAS, GIS and the Canada pension plan and the fact the government pays out \$34 billion a year to seniors, \$3 billion accounts for only 8.7 per cent of this total.

Is this Minister of Finance suggesting that 91 per cent of Canadian seniors earn less than \$11,000? Maybe the \$11,000

[English]

Mr. Milliken: I ask, Mr. Speaker, that the remaining questions be allowed to stand.

The Deputy Speaker: Is it agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from March 1 consideration of the motion that this House approves in general the budgetary policy of the government; and the amendment.

(1010)

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, the Reform Party will be splitting its time.

As this House debates the budget we are discussing the very future of this country. We have already mortgaged our children's

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figure popped into the minister's head because that is the figure he is contemplating in the Liberals' plan.

We also note the government's plan to reform the provision of old age security benefits on the basis of family income. What a great idea. If the government had been listening it would have realized the Reform Party made that a part of its zero in three package over two years ago. Reformers recognized the unfairness of the existing system at that time. Unfortunately it has taken the Liberals two years to recognize a good idea. Now it will take them another two years to act on it.

At this rate by 1997 the Liberals will realize the value of our 1995 taxpayers' budget. However, we will not have to worry about their waiting another two years to act on it because by then Canadian voters will have unburdened them of the challenges of providing the country with fiscal leadership.

In defending the budget the Minister of Finance frequently commented on his belief of addressing matters with short term goals. This philosophy of short term goals also appears to include short sightedness.

There is no better example of this than the impending crisis with the Canada pension plan. We have heard the plan will be bankrupt within 20 years unless rates are doubled. The budget states that in 35 years rates will almost have to triple.

(1015)

In order to deal with this impending crisis the budget says that the government should—actually the budget does not say anything. It appears this is too far in the future for the government to be concerned. Besides, why should cabinet members be concerned about the Canada pension plan when they have protected themselves with their own gold plated pension plan?

What does this impending crisis in the CPP mean to the average Canadian? For salaried employees who make approximately \$35,000, this means their contributions will have to jump from \$850 a year to almost \$2,500 a year. Every employee will have \$140 less each month to spend.

However, it is not just the employees who will suffer, but the small business person as well. A small business that employs 10 employees who each make about \$35,000 a year will have to come up with an additional \$16,000 a year in premiums. For a lot of small businesses I would suggest this is a significant portion of the profit margin.

The time to act on the problems with the Canada pension plan, old age security and guaranteed income supplement is now. Those people who are entering the job market today are the ones who will have to deal with the pension crisis in the year 2030. It is incumbent upon us to give them some idea of what they can

expect for a pension and give them the opportunity to plan their lives accordingly.

We know the system has to change. We know there has to be more individual responsibility for looking after one's retirement. Let us be honest with Canadians today and develop guidelines for them to plan for themselves in an appropriate manner.

More important, let us show Canadians some leadership and get rid of gold plated MPs pensions. If this government has moved as far as it intends to move on MPs pensions, that is okay too. My colleagues and I are not too concerned about fighting the next election with the slogan: Liberals say the only way to get rid of the obscene MP pension plan is to vote Reform.

I have a word of caution for those MPs who think they have it made because after the next election they will be collecting their pensions. A Reform government would make any changes in the new MP pension plan retroactive.

As the baby boom generation approaches the pension years, it is absolutely necessary for us to get Canada's pension plans in order. Forget short term objectives. Think long range. As we continue to debate this budget we cannot think of today. We have to think of our children and their children who will be paying for our largesse.

It is extremely unfair for our generation to ask future generations to pay our bills. The bottom line is simple. If our social programs are worth preserving, then they are worth paying for. It is a disgrace that the largest expenditure in the federal budget is interest payments.

While the self-deluded government congratulates itself for a booming economy it is criminal that during a period of rapid growth the percentage of the budget that is consumed by interest payments will increase from 25 per cent to almost 33 per cent. This is the same error made by the previous Tory regime. In the boom years of the late 1980s it failed to bring the debt and deficit under control. When the business cycle took a downturn the deficit skyrocketed.

What is this government going to do when the economy hits the down cycle? The Liberal strategy of maintaining the status quo will lead to economic disaster. The government has taken a small step in the right direction. Unfortunately what was needed was an Olympic distance long jump.

I found it somewhat amusing when the Minister of Finance announced during his budget speech that he was bringing in the fourth largest deficit in Canadian history and his party gave him a standing ovation. What would number one have brought him, cartwheels in the aisles?

There is nothing to be proud of in this budget. Are the Liberals really proud of the fact that we now spend more money in

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servicing the debt than we do in transfers to individuals for social programs? Do they really think this is a good thing?

What about our borrowing habits? Are the Liberals really happy that foreigners own over \$300 billion of Canadian debt? Think about it. With this latest budget Canadians will be paying more money out of this country each and every year to our foreign creditors to pay our interest charges than we will spend on our old age security program. Is this something to be proud of?

(1020)

The solution is simple. If people do not want budgets that are tailored for Bay Street or Wall Street, get rid of the deficit so we do not have to keep going back to them for more and more. Instead, this government is intent on going back and humbly asking for a little less each year.

In summation the Liberals say the polls show that Canadians are happy with the budget. However they should look closely at the results of the Angus Reid poll where 39 per cent of Canadians felt that the level of government spending cuts were right; 43 per cent believed that the government cuts did not go far enough; and 83 per cent of Canadians are expecting further cuts.

It is time for the government to be up front with Canadians. Make the cuts that have to be made, get our budget balanced and start making inroads into our obscene debt. Our children can expect nothing less.

The Deputy Speaker: My colleagues, before we have questions or comments an error was made. In fact it was the Liberals' turn to speak. With your permission we will finish the questions and comments on the speech of the member for Surrey—White Rock—South Langley and then we will go back to the side that should have had the floor.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, it was interesting yesterday in question period when I raised the question with the Minister of Human Resources Development whether he was actually floating a trial balloon with the idea of increasing taxes.

One of the difficulties we and I think all Canadians have is that we do not have any idea what the real intention of the government is. It keeps on talking about perhaps we should be taxed more or, as the Prime Minister says, perhaps the health act has to be completely changed, perhaps it has to be downgraded. The health minister says it will not happen and then the Prime Minister turns around the next day and says it might. It seems to be absolutely unclear as to what the intent of this government may be with respect to the health program and tax increases.

I have felt the frustrations from people in my constituency. I wonder if the hon. member has had the same feelings of frustration from her constituents over the fact that the government just does not seem to be coming clean with respect to tax increases.

Ms. Meredith: Mr. Speaker, we are being faced with our constituents who are trying to find out what there is in the future for them, what they can be planning for.

With the concern of health cuts and what not, the situation is that the provincial governments are having to reduce services because they are unable to go to the people with user fees and whatever to provide the same level of services. The concern is that the government promised that those services would be maintained yet in this budget the government is reducing its equalization or transfer payments to the provinces for those issues.

Constituents hear the government telling them one thing and see the government doing something completely different. There is concern and very much uncertainty out there.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the hon. member for Surrey—White Rock—South Langley made an interesting comparison between the effect of the Reform taxpayers budget and the Liberal budget.

The hon. member said that the Reform budget has the motto short term pain for long term gain, whereas the Liberal budget takes the masochistic approach of short term pain followed by long term pain. It is a very interesting statement and I appreciate it very much. I know the hon. member explained it in her speech but perhaps she could explain it again so that perhaps the Liberals will understand why that is and why that comparison was made.

Ms. Meredith: I thank the hon. member for the opportunity to remind the government when it talks about making smaller cuts that what it is talking about is increasing the interest payments in the year 1997 to \$50 billion. When the government is spending \$50 billion on interest payments it means there will be less money to spend on social programming.

The only alternative the government has is to take the long term approach by taking short term pain by making the cuts now, making sure that interest payments do not escalate to the level they will be escalating.

(1025)

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I will be speaking for 10 minutes and will be sharing my time. Thank you very much for recognizing my opportunity to speak.

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I believe that the Minister of Finance has done a masterful job of calming and appeasing the the bond holders, the people who move capital around the world, Wall Street, all the currency speculators. He has done a masterful job because it was only—

Ms. Meredith: With sun glasses on.

Mr. Mills (Broadview—Greenwood): It was only about a week and a half ago when I was actually inspired by the Reform Party's budget.

I challenged the Reform members saying they did not put enough focus and attention on the human deficit. All they want to talk about in this Chamber is the federal deficit. They do not seem to communicate their concern enough, in my judgment, about the human deficit that is being inflicted not just upon our communities and our country but all countries of the world because of the monetary system that has evolved which many sovereign countries right now do not seem to have a handle on. We are one of them.

The day I spoke in the House on that issue I received a paper from Professor Morris Miller. His paper is entitled: "Where is Global Interdependence Taking Us? Why We Need a New Improved Bretton Woods". I will read directly from the paper:

By early 1994 there was a perceptible rise in the level of concern with the focus placed on the business of derivatives that are estimated to be outstanding in the amount of about \$16 trillion. The size and volatility has provoked a congressional committee hearing and prompted *The Economist* to devote the cover and lead editorial of the May 14–20, 1994 issue to the theme "Your financial future" and to ask what the fuss is all about. The reason given is that

"the industry is new, global and already very big: the telephone number figures for the supposed value of outstanding derivatives, \$16 billion—plus, make the eyes spin—Lastly, there are fears that the derivatives fuel financial market uncertainty by multiplying the leverage, debt based buying power, of hedge funds and other speculators, an uncertainty that could, if things went wrong, threaten the whole of the world financial system".

I want to quote from an article which appeared in the Sunday, March 5 Toronto *Star* business classified. It is the cover story "Billion-dollar boys":

The Royal Bank is Canada's biggest player in international currency trading, turning over \$20 billion U.S. or more every working day. That translates into \$325 million a year in revenues and a healthy chunk of the \$150 million in profit the bank earns from its treasury operations.

It is a 24-hour a day, 365-day a year floating crap game where the players never see each other, rarely talk to each other, yet can often tell by the buying patterns on their monitors which bank in which city is offering them the business.

I started off by saying that I believe the Minister of Finance has done a masterful job in calming and appeasing the bond holders. I say that because the reaction from all of these players has been extremely positive.

However, I share the view of many in this House and even members of the opposition who ask the question: What will we do 30 months from now when the interest bill on our national debt might be \$50 billion to \$60 billion? What will we do when we have sold off federal assets coast to coast? What will we do when we have privatized everything that is left to be privatized? What will we do when transfers to universities and hospitals have been cut back? How will we pay the bill?

(1030)

I suggest to the opposition that what we should do is not unlike what world leaders did after the second world war when they organized the United Nations conference on monetary and trade reform called Bretton Woods. Professor Morris Miller talks about that in his paper. That is the challenge for all of us in this room.

The world monetary system is not working. It is broke. We are in a canoe going down the river and all of a sudden we are in the rapids. We all want to be responsible. We do not want to tip the canoe. That is why I think the Minister of Finance has done a masterful job in cooling out these croupiers, these international casino operators that move capital and control our currency. Exchange rates and interest rates are up and down with no public accountability. They are not just doing it to us, they are doing it to all sovereign states.

Who are the losers? A certain group in our community is getting a whole lot richer and another group is getting a whole lot poorer. We all know this. How are we going to challenge these casino operators? How are we going to get at them? Canada cannot do it alone. Canada must have the support, not just of the G-7 countries but of all countries, even the new countries since Bretton Woods, that got together and said: "Hey, we have a mess on our hands".

I see lots of things in the budget that are very tough for people who will lose their jobs. The Minister of Finance has stated that. What could he do? This is the best he could do with the situation that has evolved.

Mr. Abbott: Oh, really.

Mr. Mills (Broadview—Greenwood): Absolutely. One thing that the Minister of Finance stated in the budget that has not received a lot of attention is the responsibility the financial institutions in the country have toward small and medium sized business. He challenged the financial institutions to become more supportive, more compassionate and caring toward the small business community. We all agree that in that community rests the best hope for putting Canadians back to work.

In a couple of weeks we will begin meeting with the banks again and challenging them. I for one will be asking them: "How is it that you can operate private casinos, most of them in

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my city of Toronto, pushing unaccountable billions and billions of dollars a day but we cannot seem to figure out a way to deal with small business". The Minister of Finance has issued that challenge.

I realize my time is up but I would appeal to all members to let us start directing our attention toward a new Bretton Woods.

(1035)

[Translation]

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, I listened with great interest to the comments made by the hon. member for Broadview—Greenwood, and I realize that they are not different from those made by other hon. members who debated the budgets tabled in the last 30 years: reassure investors; reassure the big banks; reassure everyone except the Canadian voters, taxpayers and workers.

We remember their red book slogan. Strangely enough, they do not quote the red book as they usually do. Every time we put a question to the people opposite, they reply that it was in the red book.

You will note that, since the budget was tabled, they tend to ignore the red book more often than not. Their rallying cry in 1993 was "jobs, jobs, jobs". In Quebec and across Canada the Prime Minister repeated one single slogan: "jobs, jobs, jobs". I saw him do just that in answer to a few questions during the leaders' debate. Whether the question had to do with turbot or ski slopes, his answer was always the same: "jobs, jobs, jobs".

What does the famous budget that was tabled recently have to say about "jobs, jobs, jobs"? Nothing at all. They reassured everyone. They reassured investors and foreign markets—that is very important. However, the 29 million Canadians needing to be reassured are never mentioned. Therefore, I wish to ask him what he is doing to create jobs?

[English]

Mr. Mills (Broadview—Greenwood): Mr. Speaker, I realize that I cannot flash the red book around because some people would consider it a display. I want to read from it. At page 109 it states:

New multilateral regimes are needed to address many emerging global issues: the management of global fish stocks, the protection of the world's atmosphere, the maintenance of biodiversity, the control of population growth, the resettlement of refugees, and the equitable sharing of global wealth and resources. A Liberal government will foster the development of such multilateral forums and agreements, including an improved Law of the Sea, a new agreement on global warming, an improved international code of human rights, and a new agenda for development that matches the Secretary General's *Agenda for Peace*.

I would like to think that when the red book talks about an equitable sharing of global wealth and resources, that deals directly with my remarks today.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, I was rather surprised, if not disappointed, that the hon. member again brought up the issue of the so-called human deficit, as though human deficit means that if governments are not prepared to make the cuts today they are somehow more compassionate than if they make the necessary cuts to be able to protect the ability to fund these programs.

I submit that the government with this budget has gone further to lose the ability to control our currency and we are becoming involved in the international currency casinos, as the hon. member has stated.

Pragmatist that he is, I wonder if he is being realistic in suggesting that Canada, as a bit player in the global world economy, can actually bring about the kind of restructuring he is talking about. Second, what is his position on the so-called Tobin tax, that is, trying to recapture some taxes in the actual exchange of currency around the world?

Mr. Mills (Broadview—Greenwood): Mr. Speaker, first of all, I want to deal with Canada's role on the world stage. I had the privilege of working for a prime minister who, the history of the world will show, was one of the great leaders on the world stage and helped move Canada forward on that stage with the respect of nearly everyone.

(1040)

The popularity of, the current Prime Minister is even greater than my former boss'. His relationship with President Clinton is extraordinary. I am optimistic that if they get together with a few other leaders—the problems are the same for all—we can get the process started.

In response to the second point on the Tobin tax I say briefly that part of a new Bretton Woods would have to look seriously at the Tobin tax.

Mr. Pat O'Brien (London—Middlesex, Lib.): Mr. Speaker, it has been two weeks now since the Minister of Finance presented his budget. I appreciate the opportunity to reflect on it and to share some of the views of my constituents after having two weeks to consider its implications.

The people of London—Middlesex have been very congratulatory toward the Minister of Finance. Despite the remarks of some members in the opposition they are very pleased the minister actually met the deficit targets he had set. There may be debate about those targets but he announced the targets and actually met them. He is the first minister to do so in years. This was very positively received by my constituents.

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An hon. member: He has exceeded them.

(1045)

Mr. O'Brien: He exceeded those targets. They see this not as the ultimate end but as a major step in the right direction, contrary to what we have witnessed over the past several years.

What the minister has done in the budget is put the Canadian family on a diet. We have gained an unhealthy, crushing weight which must be lost. We know that. It is the deficit and the debt. This weight was not gained suddenly. It was not gained overnight. No one party, no one group of our society is at fault here, despite the views of some that look for simplistic answers and are quick to point the finger. This crushing weight was gained as a nation and that is how it must be lost. It must be lost gradually. It will not be effectively lost in any sudden downsizing or slash and burn approach to the problem.

Similarly it is a sensible way for an individual to lose weight. Canadians are all too familiar with the problem, many of them being overweight, as I confess to be. It is the sensible approach to take in trying to deal with the serious economic problems we face.

In October 1993 two visions were put before the people of Canada about this serious problem. There was the gradual, determined downsizing approach of our party and the more dramatic, sudden effort to downsize put forward by the Reform Party. In a democratic way the people of Canada spoke on October 25, 1993. They made it very clear with the results by passing judgment on the previous government's efforts in this regard. They very clearly chose between the two options presented by the Liberal Party and the Reform Party.

It is clear to me as it is to most Canadians that this nation deliberately chose a sensible, gradual approach to downsizing and to eliminating the deficit and debt. Given the reception of the budget in the two weeks since it was presented, Canadians have once again endorsed this approach.

Acceptance of this budget is very high. National and international financial experts have lauded it as balanced, as fair, as a common sense way to deal with our problems. I am not necessarily enamoured of experts, frankly. The people I am most interested in hearing from are the people of Canada. Roughly 70 per cent of them—this has varied by a point here or there from day to day—have consistently said they are pleased with the budget brought in by the Minister of Finance.

There are those critics that feel the budget was too easy, too soft and not tough enough. It is interesting because in consulting very widely with my constituents I have not heard that from the poor in the country. I have not heard it from the unemployed. I have not heard from the disadvantaged that the budget was too easy or too soft. I would submit that it certainly was not too easy or too soft.

Then we have critics who suggest that the budget is much too fair and is draconian in what it is attempting to do. I do not hear that from people who are trying to find work and are looking to us to help create jobs.

The unemployed with whom I have spoken know full well that if the government is to help create the climate for jobs and help them find meaningful employment, it will be done by putting our financial house in order.

I was gratified to hear from some of the unemployed in my riding that they understand the minister had to make the tough choices he made and the road to their personal economic future is that the nation's finances must be put back in order.

We hear seven or eight provinces claiming to be the hardest hit. How seven or eight provinces are hardest hit by the budget is beyond me, but that is exactly what we have been hearing.

When I hear a cry from one side that it is much too tough and from the other side that it is not tough enough, I am inclined to say that many of my constituents believe the budget is well balanced. It is tough but fair and the minister got it about right.

They do not like all of the budget. I do not like each and every single thing in the budget. Certainly Canadians do not like the pain that is in the budget for them individually, be they farmers in western Canada or some of my farm constituents, be they business people—

Mr. Cannis: Nothing is perfect.

Mr. O'Brien: That is right. Nothing is perfect and no budget is perfect. However Canadians generally accept that the budget is tough and fair and that the cuts undertaken were necessary.

Let me come to my constructive criticism that I have had the opportunity to make personally to the Prime Minister. In certain cases we could be selectively tougher. That is the way I would put it.

I hope future budgets will be a little tougher on wealthy individuals and corporations. I applaud the move to be tougher with the banks, but perhaps we will have to go further. Quite frankly the signal I hear from the minister and from the government. There is a message in the budget for the banks, for wealthy individuals and for corporations that there are other budgets to come and if they are not going to do more to help the economy of the country get going tougher measures can be brought in. This is something I will be watching closely as a Canadian and as a member of Parliament on the government side of the House.

The specifics of the budget are well known, but let me recall for Canadians two or three of the most important points. The key interim deficit target, as I said, was met and exceeded as my colleagues have pointed out: 3 per cent GDP by 1996-97.

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The debt to GDP ratio, the size of the debt relative to the economy, begins to decline in 1996–97. The cartoon many of us saw was very appropriate. It was of Canada moving along the road, suddenly hitting something called the Martin budget and making a significant turn in the road. The budget represents a significant turn in the road. We are now on the path to getting out of the deficit and debt spiral we have put ourselves in for too long as a country.

For every dollar in new tax revenues \$7 in expenditure reductions were made. That is the kind of downsizing Canadians are looking for from government.

To those who say that the budget was too tough, I say reflect on the debt load of the country. We do not want to see a collapse of our social programs. The cuts that were undertaken are necessary to ensure the social programs put in place by past Liberal governments, with I acknowledge many ideas coming from the NDP, will be preserved.

(1050)

To those who say the budget was not tough enough, I say consider the reduced spending, the downsizing of government and the hitting of our targets. Indeed it was a job well done. Seventy per cent of Canadians support the budget. That is the reality.

I know it is not politically popular in certain parts of the House to acknowledge that fact. I understand that, but the reality is that it has been a widely accepted budget. It is one that Canadians can look forward to seeing repeated in years to come by the minister and the government.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I always enjoy hearing the hon. member for London—Middlesex talk about fairness in the country and in the budget. I remind him that during the election the government promised to keep article XI of the GATT negotiations. It had to break that promise. Fairness is fairness; it could not do much about it.

In the federal budget the government announced a three-year withdrawal of funding for genetic evaluation and milk recording programs because they were contrary to GATT. It seems to me the same week the U.S. government announced an additional \$600 million of funding toward these programs. Is that fairness? Is that the type of protection the government is to give its dairy farmers?

I know we do not need subsidies, but surely to goodness there should be some fairness. Or, are government members trying to make sure they have a good supply of chocolate milk from the president? We could be running short of fairness and I am wondering how he would justify it.

Mr. O'Brien: Mr. Speaker, I appreciate the question from my colleague.

On article XI, 20 per cent of my constituents are agricultural people in rural settings. As the hon. member well knows, one of the first issues the government dealt with was article XI. My constituents and I submit that most Canadian farmers understand, as the member said, we could not do much about it. Canada stood alone and voted to maintain article XI. I do not know what else the government could have done than to stand alone, virtually totally alone in the world on something that important.

For my colleague's information, my riding of London—Middlesex in southwestern Ontario is one of the most active dairy farming parts of Canada. Before the budget the concern brought to me was that the government would somehow give into pressure and suddenly totally end dairy subsidies.

Frankly as late as last week some leading dairy farmers in my riding advised me that the 15 per cent cut followed by an additional 15 per cent cut was the kind of gradual, common sense reduction that would allow them to adjust. They were relieved that the government had the common sense not to suddenly end the subsidy because there were those calling for it.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the hon. member said that he was proud of the government's budget, that he was proud it met the deficit target for the first year, and that the budget must be balanced slowly.

If the budget must be balanced slowly, how will the government explain to Canadians in two years when interest payments will have increased from \$39 billion a year to \$51 billion?

The member for Broadview—Greenwood asked the question a few minutes ago. What will we do when Canada faces federal government interest payments of \$50 billion to \$60 billion a year? His answer was that we would hold a world meeting like the one held after the second world war to deal with the problem.

(1055)

Does the hon. member think the problem should be dealt with in a world meeting which may or may not happen? Or, should we face the reality of government overspending and deal with the problem in Canada by setting a definite target for deficit elimination, complete elimination, and meeting it, not just reducing the deficit?

Mr. O'Brien: Mr. Speaker, the question is whether we should concentrate on the problems here or have a world meeting. The answer is pretty easy and obvious. Of course we should do both. Canada does not stand alone in the world. No country, not even the greatest economic giants, can isolate itself from the global world situation.

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Obviously we have to do both and the Minister of Finance has done just that. That is why the budget is being applauded both at home and by international experts throughout the world.

[*Translation*]

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, I must inform you that I will be sharing my speaking time with my colleague from Manicouagan.

On Monday, February 27, the Minister of Finance tabled his 1995 budget before this House. Make no mistake about where I am coming from. I am, of course, in favour of streamlining public expenditures. I am also for a fair and efficient method of taxation by which the rich pay more and the less fortunate are protected.

How can this government keep hitting on the same group of people time after time, with each new budget measure, penalizing middle income taxpayers and digging into their pockets for millions and millions of dollars when it would be so easy to deal with the real problem and collect substantial amounts in a jiffy by making those who can afford it pay their share?

With its new budget, this government will cut \$560 million in subsidies paid to railway companies with respect to grain transportation. At the same time, milk producers are seeing their subsidies cut without any compensation. It will be no news to anyone if I tell you that half of milk produced in Canada comes from Quebec. Yet, let it be known that our province is not as fortunate as Western provinces. No one told us about the rise in the price of milk, bread, butter and other dairy products that will result from this budget.

Who will foot the bill, if not the little people? Stop cutting essential public services and social assistance, which are so vital in these times we are going through. Why wait until 1999 to enforce the 21-year rule with respect to taxing capital gains on investments in family trusts? Why not start right now? Can you tell me why this four-year delay is necessary? Must I remind you that the Liberal government is thereby forfeiting hundreds of millions in revenue each year? Can we afford to do without such revenue at this time? Not likely.

And what about tax havens? There is nothing whatsoever in this budget concerning the 16 tax treaties Canada has signed with countries considered as tax havens. What are we to make of a \$100 million temporary tax on the capital of banks, when the Royal Bank's net profit for 1994 was \$1,169,000,000? The same year, it paid its president \$2,740,000. I wonder at what rate that salary was taxed.

(1100)

What is the result of that nice performance? The Royal Bank laid off 3,500 employees.

Let us recover the unpaid taxes and GST payments. According to the auditor general, thousands of companies owe several billion dollars in unpaid taxes on their profits. This is unacceptable.

Can the Minister of Finance put himself in the shoes of an ordinary person, who does not share his philosophy and certainly not his definition of philanthropy?

The speech made by the hon. member is laudable, honourable and perhaps justified, but can the same be said of his motives, or are those merely related to the referendum?

The money saved by making cuts to the UI program and transfer payments to the provinces is now used to finance part of the provinces' spending on welfare, post-secondary education and health.

I do not understand why these cuts do not apply to 1995; they are being postponed until 1996, 1997 and 1998.

Does the minister really think that no one will notice? I am convinced that, faced with the same situation, the federal government would have noticed.

On February 26, it was reported in the media that Quebec was deprived of \$650 million in the national defence sector. What better way to correct that injustice than to eliminate 285 direct jobs at the Bagotville military base? The same could be said about the Saint-Hubert base. Yes, 285 jobs and, in the process, an elementary school with 10 classrooms. The fact is that over 1,000 people will be affected by these cuts. Once again, a decision was made without those affected being consulted. Entire families will be uprooted from their community. Following these cuts, how many small businesses from my region will have to lay off people or even shut down? The local population just does not accept that decision. It would be more appropriate to refer to my region as the queen of unemployment rather than the kingdom of Saguenay.

That decision will result in the loss of several million dollars for the region. While the province of Quebec is starting to recover from a hard recession, our region of Saguenay—Lac-Saint-Jean is sinking deeper and deeper into an inescapable economic slump. Our young people are leaving in droves.

Just take a look at the most recent data released by Statistics Canada. Last month, our unemployment rate jumped by one per cent, while it went down by one per cent just about everywhere else in the country.

The ICI organization in my region summed it up well when it stated that, and I quote: "Our region is a group of distinct communities which, as everyone knows, contribute a lot, in their own way, to the social, cultural, economic and political enrichment of Quebec and Canada".

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What better way to thank that region and its residents for their support than to cut over 285 jobs in the military sector?

In addition to holding many surprises for the years following the referendum, the 1995 budget does not deal with the real issue. It does not deal with unemployment.

The Liberal government refuses to use the surplus in the UI fund to implement concrete job-creating initiatives. The government wants to reduce the deficit, but it does not resort to concrete measures and prefers to transfer the problem to the provinces.

(1105)

I realize once again that, with its budget, the Liberal government is showing all Quebecers that the federal system does not work and that it would be much wiser on our part to get rid of it.

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, I have a very simple question for the hon. member for Chicoutimi. He referred at length to the budget and to the connection he sees with the forthcoming referendum in Quebec.

Since he brought this up, I wonder whether the hon. member for Chicoutimi is in favour, as his leader seems to be, of changing the question for the referendum. The issue is relevant to this debate on the Budget, since he mentioned it himself. Furthermore, it creates a climate of uncertainty, as Premier Parizeau clearly admitted in his various speeches and statements on Parti Québécois policy.

Considering the impact of this issue on the economy of the country and on the budgetary process, I would like to know whether the hon. member for Chicoutimi personally favours changing the question, or whether he would agree that this is a lot of window dressing, in other words, an attempt to manipulate the electorate. The option has not changed. It is still the same. The option is independence or federalism, and as far as I know that has not changed; but as far as change in the referendum question is concerned, we can expect, or at least we have the impression that there is some trickery afoot. I would be interested to hear the hon. member's position on this matter.

Mr. Fillion: Mr. Speaker, first of all, I am not so sure the question as such has a direct connection with the budget. However, I will respond to the issue raised by the hon. member for Sherbrooke and tell him that, for the time being, everything is on the table.

If the hon. member for Sherbrooke had any suggestions for the Government of Quebec as to the form and substance of the question to be asked in the referendum, he could have participated in a democratic exercise in which the National Assembly of Quebec gave all residents a chance to be heard. He failed to participate in this exercise which would have given him a chance to explain his position before the public.

I could also mention the outcome of the election in Brome—Missisquoi. I think voters made it quite clear to the hon. member for Sherbrooke that what he represented was not what they wanted. His party came in fourth or fifth.

My position is that, with our natural resources, with our culture and with everything we have developed in Quebec in recent years, the people are ready for this question, and they are ready to say yes.

[English]

Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.): Mr. Speaker, sometimes I wonder how much longer we will have to endure this same tiresome line from the Bloc, constantly referring everything that happens in this House to the specifics of how it will affect Quebec. Never mind the country, just Quebec. Frankly, it drives me nuts.

He mentioned the milk subsidies and the 30 per cent cut over two years. He said the west received a much better deal because it received restitution for the cut of the Crow benefit. I wonder if he realizes or if he chooses to ignore that the cut to the Crow benefit was 100 per cent and immediate. He is talking about a 30 per cent cut over two years.

He also states quite correctly that 50 per cent of fluid milk production comes from Quebec. I wonder what he thinks will happen to all that subsidized milk production if he gets his dream of independence and the Canadian market is cut off, as it naturally would be—

The Deputy Speaker: I think the question is clear.

(1110)

[Translation]

Mr. Fillion: Mr. Speaker, first, I must say that Quebec has been trying for over 100 years. Quebecers delegated members of Parliament to this House to defend their ideas.

We realized, at the end of debates, that our very simple questions were getting very little response. Whether it is agriculture, rail transportation or natural resource development, Quebec has always had to fight harder to achieve its goals. Today, with what we are offering Quebecers—and rest assured that we will be able to sell our dairy products, regardless, because they are quality products—

The Deputy Chairman: Order, please. Debate resumes with the hon. member for Manicouagan.

Mr. Bernard St-Laurent (Manicouagan, BQ): Mr. Speaker, we were promised a tough budget focused on renewal. Tough, it was for sure. But it was tough for the disadvantaged, once again, with social programs being blithely cut directly and indirectly. As for the renewal part of it, it did not quite make it. There was

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no provision for job creation. Let us look at a few examples to justify my remarks.

I represent the riding of Manicouagan. In this riding, social programs take on considerable importance because the rate of unemployment is higher than the national average and also because the distances between villages is a serious impediment to the region's economic development.

When I say the rate of unemployment is high, it is true. And when the minister once again with a vengeance went after the most disadvantaged, that is the unemployed, well, the people in our area were affected on February 27 by the tabling of this budget. Already, in a region like ours, where, east of Natashquan, 85 per cent of the population depends on fishing, the people had to work 12 weeks in 1994 instead of the previous 10, in order to qualify for unemployment insurance.

In my riding, and more particularly east of Natashquan, managing to have six weeks' work was quite an achievement, given that the department of fisheries, on the other hand, was cutting quotas in order to preserve stocks. I do not question the merits of this, but people were losing weeks of work on the sea so stocks could be preserved. When you try to relate these two, that is, preservation of stocks and therefore fewer weeks of fishing, on the one hand, and the need for more weeks of work to be eligible for unemployment insurance, on the other, things do not add up once again.

In his February 27 budget, the Minister of Finance found another way to go after the people of Manicouagan. Just like that, he said that he was going to cut their unemployment insurance cheques by 10 per cent. In a way, he makes no distinction between people who live in Manicouagan, Saint-Hubert, Laurier—Sainte-Marie or Charlevoix.

In addition, my region is affected by the \$300 million cuts to the Canada Mortgage and Housing Corporation. The unemployment rate is very high, as I said, and, consequently, many people live in housing managed by the CMHC. For unemployed people, and for those who have gone a step further and receive social assistance, finding low-rental housing is of capital importance. With one stroke of the pen, the minister added another hardship to the lives of the needy who, like you and me, will always be in need of lodging.

(1115)

There are vital needs that the government must not play with if it wants to maintain the standard of living, such as food and lodging. In one speech, the Minister of Finance went after both simultaneously.

By skimming 10 per cent from unemployment insurance cheques, he took away quality and a good part of the food. By cutting the CMHC's funding by \$300 million, he deprived many households, many families, often single-parent families, might I add, according to the statistics, of decent housing. Therefore,

how much respect can the government really have for the population if it is not even committed to keeping just the basic elements that make up society's standard of living? If that is not taking it out on the needy, I do not know what is.

People in my riding will also be affected by changes to the health care and education system, but naturally, in an indirect way. Indirect because the minister calls these indirect cuts "decentralization". Allow me to explain. The minister anticipates that transfer payments to the provinces will be cut by \$7 billion. Now, we all know that the provinces use that money to provide health care and education to their population. Yes, there is duplication, because the provinces are already administering these programs. But it is not decentralization, it is dumping the deficit in the provinces' backyards.

They are offloading the deficit because the provinces will get \$7 billion less but will still be expected to provide the same services. However, the federal government is careful not to withdraw completely from health care and education for the simple reason that it wants to standardize these areas and raise standards so that it will be a little more costly for the provinces to operate in these fields.

They cut their financial support every year but still manage to give just enough to impose standards that end up costing a lot of money. They cut financial support without giving the provinces any additional decision-making powers. The minister calls this "decentralization", but in truth it amounts to offloading their deficit onto the provinces.

When people get sick in my riding on the North Shore, where the roads are inadequate, they must be transported by plane. We must give financial help to some doctors so that they can travel to remote areas like the North Shore. One does not choose to get sick in Kuujuaq or Natashquan any more than in downtown Toronto.

There is also the gasoline tax. Again, the Minister of Finance did not discriminate, but that is not necessarily a good thing. Let us not forget that unemployed people looking for jobs hope that any dollar they put in their gas tanks will yield results. This measure will affect them indirectly once again. The budget does not say anything about job creation. The Liberal government got elected on its red book promises by shouting from the rooftops that they would create jobs.

In the first year of his mandate, the Minister of Finance and all the other Liberal members proclaimed to all and sundry that they would address the deficit by creating jobs. Yet, the February 27 budget showed us the true face of the Liberal Party, which does not do anything to create jobs. Instead, they went after the most needy while protecting their friends and being careful to keep up appearances and look good, which is important to the Liberal Party, of course. When I say that they are protecting their friends, I am referring among other things to family trusts.

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However, I will not elaborate on this, because I do not have enough time.

This budget is a skilful political juggling act but in fact, there is nothing in it which really addresses the real social problems by creating jobs.

(1120)

[English]

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the hon. member talked about the cuts in transfers to provinces under the Liberal budget. He talked about them as being downloading, which they are.

In the Reform taxpayers' budget, the alternative budget Reform presented, we also had reductions in transfers to provinces. We transferred the tax points along with the reductions. We transferred the ability of the provinces to raise the revenue to compensate for this reduction in transfers to provinces.

Let us use the analogy of a chicken and an egg. The government now transfers eggs to provinces so they can pay for some of their programs, done through transfer payments. Instead of transferring individual eggs to the provinces, the Liberals transferred a carton of eggs except they removed two. Therefore they transferred 10 eggs instead of the dozen. They cut the transfers.

There are also strings attached because of the regulations under the Canada Health Act. Instead of transferring the carton with fewer eggs Reform transferred the whole chicken. That is the program. We transferred the revenue producing ability to the provinces. Instead of transferring individual eggs and keeping the chicken as the Liberals have done in their program, Reform transferred the whole chicken so that revenue is in the hands of the provinces. They can fund these programs.

This would be popular in Quebec. Quebecers want more control of their future. Quebec generally is in favour of decentralization to the provinces.

I would like the hon. member to respond to what the Liberals have done in cutting transfers and not cutting the revenue producing ability as compared to what Reform proposed in the taxpayers' budget of cutting transfers to provinces but giving provinces the power to collect that revenue instead of the federal government and therefore giving provinces much more control over their own programs and their own resources.

[Translation]

Mr. St-Laurent: You know, Mr. Speaker, each minute the House sits is very important and certainly costs taxpayers a lot of money. I have great respect for the Reform Party's hypothetical budget, but if we start hypothesizing about hypothetical budgets in the House of Commons, we better change its name to House of Utopia.

I think our taxpayers deserve more respect than that. I have respect for the Reform Party and its budget, but unfortunately—or perhaps fortunately; Canada will decide after the referendum—this party is not in power. Let us look at more factual matters, matters before us today and that we have to deal with. Much as I respect Reform Party members, the fact remains that their Party's budget is nothing more than a piece of paper for the time being.

[English]

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, one of my most rewarding duties as a member of Parliament is to visit schools in my riding and meet with students.

Three weeks ago I participated in such a visit. As usual I found the questions asked by the students quite interesting, the Quebec referendum, unemployment insurance and the environment.

I was struck by a very distressing thought. Each of these students has a huge debt hanging over their head. Because of the size of our national debt, those young students are starting out life with a \$19,000 mortgage. Unlike past generations that could build their hopes and dreams on the solid granite of public finances, these young people are building their dreams on quicksand.

(1125)

I cannot accept that. I entered politics to give a voice to young Canadians too often forgotten by past governments. It is fundamentally unfair to expect young Canadians to pay a debt incurred by past generations. It is particularly irresponsible for Canadians who have lived beyond their means for so many years.

That is why I am so proud to be a member of this government. This is a moment of great importance in our history. For the first time in many years Canada has a government and a finance minister ready to do what must be done in order to control the deficit.

The minister's budget speech was nothing less than a call to arms to all Canadians. We must band together to defeat the deficit and the debt. Steadily, silently these two economic forces are robbing our government of the strength and sapping it of the vitality it needs to foster growth, care for the needy and invest in the future.

For too long governments have postponed tough decisions. For too long governments have been pretending everything was fine while borrowing another \$30 billion and \$40 billion from our children. Now we have finally turned the corner.

A nation that has been sleep walking toward the precipice of bankruptcy has awakened with one foot on the edge of the cliff. Our government has the will to do what is necessary. As important, it has the support of the Canadian people.

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Canadians are willing to support this government because they have seen the positive results of our financial stewardship. In the first year of our mandate 433,000 new jobs were created, all of them full time. Canada's economy grew at about 4.5 per cent, the fastest of the G-7. Manufacturing output is up over 9 per cent and inflation is at its lowest rate in 30 years.

At the local level the results are as encouraging. In Toronto unemployment dropped from 12 per cent to 9 per cent between January 1994 and January 1995. In my area of York region unemployment insurance claims have dropped from 70,491 to 13,773 in the same period.

When I speak to people in my riding I sense a renewed sense of hope, a sense of confidence. Business people are investing again, Canadians are working again.

Canadians know that our recovery will be threatened unless we get our financial house in order. They realize everyone must make sacrifices. Canadians must all share the burden of debt reduction.

Our government will reduce spending but it will also rationalize its operations, targeting spending to where it can do the most good. For every \$1 of new tax revenue there will be \$7 worth of cuts in expenditure.

Above and beyond deficit targets, this budget is about reinventing government. It clarifies the role of government within a new socioeconomic order in which the old rules do not apply.

To improve Canada's social safety net our government will introduce a number of innovative measures. It will establish the Canada social transfer. The CST will replace established programs financing and the Canada assistance plan. It will cut unnecessary red tape, ensuring that the provinces will have maximum flexibility to design the programs that meet their needs.

(1130)

The budget also calls for the creation of a human resources investment fund. The fund would involve a broad approach to employability issues. The functioning of the Canadian labour market would be in congruence with UI reform and the consolidated transfer.

The human resources investment fund could encompass support for a wide range of employment development services including assessment, counselling, training, work experience, self-employment and community development; the development of occupational standards; national labour market information; sectoral councils; child care for working parents; a national workplace strategy; programs and services responsive to the needs of aboriginal Canadians; assistance for persons with disabilities; and assistance for students and adult learners.

The restructuring and redesigning of programs could be based on principles established by the social security reform and

linked to increased flexibility in the use of the UI fund. These principles include tailored programs to individual client needs, delivery involving community partners and the private sector, the use of modern technologies, national standards and priorities.

The government intends to reform the UI system to bring it into line with the new economic realities facing the nation. A greater emphasis will be placed on helping Canadians acquire skills and find work. We will move away from traditional UI and focus on investing in people. We will replace despair, dependency and defeatism with ambition, autonomy and advancement.

The government has signalled its intention to protect senior citizens. At present old age security and the guaranteed income supplement cost Canadians over \$20 billion a year. It is estimated the cost will increase by 60 per cent over the next 15 years as the population ages. Clearly Canadians would want us to do something about it.

The 1995 budget sets out the principles that will govern the reform of OAS and GIS: undiminished protection for less well off seniors, continuation of full indexation of benefits, OAS benefits to be provided with reference to family income levels, greater progressivity of benefits by income level and control of program costs. This will be a very important step toward achieving intergenerational equity.

These are all positive developments in the evolution of the nation. The budget holds the promise of a better tomorrow. It says to Canadians that the sacrifices we make today are for a greater good. Sound public finances are the bedrock of a prosperous future. Freedom from debt is the greatest legacy we can leave our children.

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, let me first congratulate the parliamentary secretary on his last phrase. He said that freedom from debt was the greatest legacy we could leave our children, if I understood correctly. I only wish he had said that in the years he was sitting on this side of the House. However that is another story.

I want to put a question to the parliamentary secretary who I know is very much in the loop in terms of what is happening within government. I asked him a question about 10 days ago in the House relative to pension reform that he talked about in his speech. He evoked principles relative to pension reform. I am very interested in the issue. It is one that needs to be tackled head on. I agree this is something that requires the immediate attention of the country if we are to resolve some of the difficult issues.

(1135)

I am assuming the government is not improvising pension reform, something so important that the parliamentary secretary chose to speak to it. For example, he mentioned a 60 per cent increase in expenditures over 15 years. That is not a number he

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invented or drew out of a hat. It must have come from somewhere.

Given the importance of the issue to all Canadians and the consequences evoked—and I believe there is a bit of a hidden agenda in the budget—I have a very direct and simple question for the parliamentary secretary. In fairness to Canadians is the government willing to have all Canadians participate in the debate so we will all know what the choices are?

I guess whether he answers will be an indication of whether there is a hidden agenda. Will the government agree to table in the House of Commons for all of us to see, read and reflect upon the studies the government has undertaken with regard to pension reform?

Mr. Bevilacqua: Mr. Speaker, I agree with the hon. member that it is a very important issue. A lot is at stake in the issue of social security reform.

Unlike past governments that ran away from the challenge of discussing major issues such as training, unemployment insurance, child care, and reforming and modernizing the system, we decided to engage Canadians in the dialogue and to consult with Canadians.

The hon. member can rest assured the government will consult Canadians on any measure we take related to the issue of pension reform. It will consult all members of the House in the same manner and fashion as we engaged in prebudget consultations, social security review and many other issues ranging from defence to external affairs. The government has created many opportunities for Canadians to participate in dialogue with the Government of Canada.

With reference to the specific question on pension reform, the hon. member has clearly read the budget documents. He has read the five principles outlined. From the day the Minister of Finance tabled the document until today nothing has changed on the government's agenda.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, I enjoyed the parliamentary secretary's kind words, but there is a saying on the farm that kind words and good intentions do not feed too many animals.

I am just wondering how he can say that the government is after financial stewardship. At the research station at Morden, one of the most successful research stations in Canada, 40 per cent of the jobs were cut. It took away the buckwheat program and the potato program. It moved them up north where they could all freeze. Is that good financial planning?

I see their pension funds have not been cut too drastically. However, does he know of a program called the Canadian polar commission? The polar commission takes \$1,081,000 from the government. It employs six people and half the money goes to salaries. The commission spends on the dissemination of in-

formation. The amount of transfers to people looking into this matter is \$20,000.

Is it financial responsibility to spend \$20,000 out of \$1,081,000 on the actual work and the rest on salaries? I would like to see some improvements there.

Mr. Bevilacqua: Mr. Speaker, at the expense of sounding immodest, we have to look at the record. When we look at job creation under the government we see 433,000 new jobs. We also see a government that is looking at a number of issues including program reviews. It is looking at the programs that are working and the ones that are not. It is creating a climate for new jobs.

(1140)

If the hon. member had listened to the speech of the Minister of Finance speech, he would have found that we are hitting all the targets we have set. We are moving toward achieving the results that Canadians wanted during the election campaign.

The red book is being honoured and Canadians seem to be extremely happy with the performance of the present government. Perhaps the hon. member should join in the applause.

Mr. Andy Scott (Fredericton—York—Sunbury, Lib.): Mr. Speaker, I am anxious to participate in the debate on the 1995 budget because I believe it represents an historic occasion in our country's evolution.

It is not the kind of budget I would normally want for Canada. I would rather enhance programs than reduce them. I would rather be involved in introducing new programs than analysing the effectiveness of existing ones. As Liberals I am sure most of us agree that the budget was born of necessity, not ideology.

Our social programs are threatened by our cumulative debt and our annual deficit. I am not one of those obsessed by debt. My banker can attest to that. However, I am very protective of our sovereignty as a nation and our ability to design and implement public policy and programs that reflect Canada's values as a generous and civilized nation.

Because we borrowed to finance our programs we have allowed foreign lenders to affect domestic policy in a manner that simply is unacceptable. We must reclaim our ability to pursue a style of governance that reflects Canadian values: compassion, equity, tolerance and pluralism. These are Canadian values. Many elements of the Canadian way of life may be uniquely Canadian. Our responsibility is not only to these ideals as they affect us as a nation. Our responsibility is to these ideals as a world leader, as a country that others turn to.

Another threat our social programs face is much more practical. In 1995–96 debt charges will consume \$49.5 billion of our annual spending. Over the last 15 years interest payments have grown from \$8.5 billion to \$42 billion and have devoured over \$445 billion of taxpayers' money, dollars I would much prefer to

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see placed in the hands of Canadians in need, dollars better spent on social housing or literacy instruction, dollars we need to eradicate child poverty, and dollars we need to meet our international obligations as a nation of great wealth and advantage. The thought of how much better we might use these dollars causes me to accept the need to reduce the deficit.

The unproductive nature of interest expenditure is partially responsible for the resistance of Canadians to broad tax increases. Our citizens pay more but see less in return as we finance past expenditure.

Even as I speak in favour of deficit reduction, I call on our government to exercise compassion and creativity as it implements the budget over the next 12 months. All Canadians must share in the mission of reclaiming our fiscal and monetary autonomy. In return, government has the responsibility to be fair, creative, thoughtful and forthright.

The approach I endorse contrasts dramatically with that outlined by the Reform Party in its recent attempt at a budget proposal. While the Reform Party's position does not surprise me, I do find shocking that my colleague from Saint John would support it. Does the fact that she supports the view we have not eliminated the deficit quickly and decisively enough also mean that she supports the approach as outlined? The Reform agenda would destroy the fragile but real recovery we are experiencing in New Brunswick. It is sad its prescribed medicine would only push us back into the sick bed of dependency it speaks of so often.

The government is committed to a balanced but disciplined approach to deficit reduction. Canadians have been asked to help and I believe there exists an acceptance of the need to bring revenue and expenditure closer together.

(1145)

The Minister of Finance is committed to seeing social tax expenditures scrutinized with the same vigour as has been applied to other social spending. He has acknowledged the need for more comprehensive tax reforms.

The government has spoken of Canada's commitment internationally on the need to come to terms with currency speculation and sharing more fairly the benefits of new technologies.

Not only does the government need to balance spending reduction with tax fairness, it is also necessary to be prepared to do things differently, to be more creative, to consider solutions quite outside conventional thinking in the application of the budget.

Significant change does not come easily in large bureaucracies. Through no one's fault inertia is a powerful force and change, particularly dramatic change is seldom seen. Canadians from all walks of life have been asked to change their thinking, to expect less and contribute more.

I believe we will meet that challenge but in return, government must be prepared to change its thinking, to listen seriously and consider outside, sometimes unconventional, solutions.

As a member of the parliamentary committee on human resources development, I can attest to the fact that many Canadians believe for example that the federal government should show leadership in eliminating overtime and considering a shorter work week. This would soften the effect of expenditure reduction on our employees while setting an example for other governments and the private sector with the view of sharing better the jobs that currently exist in this country.

A second area where government must show leadership is in our approach to economic development. We must carve out clearly in a mixed economy the role of government and apply available resources and regulatory power toward that end. We must be prepared to use our legitimate power to make the market work for as many Canadians as possible, whether it is increasing the availability of capital to small and medium sized businesses, direct financial support for community development, pushing more forcefully the need for private sector retraining and upgrading, or taking a more vocal stand internationally on questions of employment standards or tax fairness.

If the government can no longer afford to offer as much protection to those for whom the market does not work, it must accept a larger role in ensuring that the market works for more Canadians.

I said at the start that I was anxious to participate in this debate because it marks the beginning of a new era for Canada. Some Canadians have said we are getting meaner. Others, unhappily, say we have not been mean enough. I am an optimist. I believe we can find that place where we gradually disentangle ourselves from the vulnerable relationship we have with the money markets but where we also recognize the vulnerable relationship many Canadians have with us.

Yes, we can find that balance but ultimately it is not in the numbers. The balance we seek and must find lies in the hearts and minds of Canadians, in our compassion, our creativity, our generosity and ingenuity.

As a member of the committee that travelled Canada for the social security review, I can assure the House that Canadians have ideas, ideas born of a desire to eradicate poverty, to teach people to read and offer shelter and jobs. They want us to listen,

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to work with them, to be more inclusive both in our policy development process and in the results we hope to achieve.

Over the coming months the government will be engaged in discussions with the provinces among others on the question of the social transfers. Much of what Canada will look like in the future will be affected by these discussions. They must be driven by a vision for the kind of Canada we want and can afford for our children.

To engage in the exercise without considering affordability would be irresponsible and frankly silly. However, to engage in the exercise without a national vision would be equally irresponsible. What is more, it would be an abdication of our responsibility to those whose vision and determination have brought us to where we are: the country recognized objectively as the best place in the world in which to live.

What is better than that? We have to stop beating ourselves up. We have to stop beating each other up. All this talk of crisis and catastrophe should not cause us to lose sight of the comparative credibility and objectivity between the United Nations and some analyst with the *Wall Street Journal*.

(1150)

We have a debt and deficit problem. We will fix it. We are a wealthy, safe, generous nation with a magnificent future. For those who think otherwise I can only turn to the vocabulary of my 10-year old son and say get with the program.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the Liberals constantly talk about the whole issue of cutting slowly.

I wonder if the member has had a mortgage on his home. I will assume that he has, along with probably 90 per cent of Canadians. Let us say it is a \$50,000 mortgage and he is paying \$500 a month. He probably knows that when he first starts paying on the mortgage very little goes toward the principal. Most of his \$500 payment is going toward the interest. I also wonder whether the hon. member has had the opportunity perhaps through an inheritance or hard work on his part to put \$10,000 toward the mortgage and seeing that instead of the money going toward interest that suddenly he is paying more on principal.

In other words, going slowly on deficit reduction simply does not work. To get the deficit to a point where it is not continuing to add to the burden of the debt there must be prompt, aggressive action so that we will not be doing away with our ability to fund the social programs, so that we will be able to reverse the situation that is forecast and planned for by his government of increasing interest payments from \$38 billion to just under \$51 billion. That \$13 billion is eating up the ability to fund social programs.

Surely there must be some Liberal in this House who has had the experience of making an abrupt payment down on the principal of a mortgage. Can the hon. member not see that that principal might not apply to Canadian finances, therein being able to correctly and properly protect social program funding.

Mr. Scott (Fredericton—York—Sunbury): Mr. Speaker, I thank the hon. member for Kootenay East for his question.

I am painfully familiar with mortgages. I was not kidding when I said my banker knows I am not obsessed with debt. Having said that, I do not think that in the interests of making a payment on the principal of my mortgage that I would be prepared to feed my family any less or take away from the college trust fund or my life insurance.

The reality is we have to engage in this exercise in a very practical, common sense way. Perhaps it is a regional problem, I am not sure but over and over again we hear particularly from our Reform Party colleagues that we are not moving quickly enough. I can only say as an Atlantic Canadian that to move any quicker would place us exactly in the position we are trying to escape from in terms of generating economic activity in our region. We benefit from social programs. We benefit from transfers.

To respond to earlier analogies with regard to chickens, the fundamental problem with the argument that if we give every province the chickens is that not all chickens are the same size. Consequently, part of what this nation is about is sharing the coop so to speak.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the hon. member has referred to this government taking control of Canada's finances again and the importance of that happening. I applaud him for recognizing that.

When we look at the Liberal budget and examine where the biggest change in transfer payments has taken place, has there been an increase in transfers to provinces? No. There has been a reduction of at least \$4.5 billion in transfers to provinces. Has there been an increase in transfers to individuals? No. In fact the biggest threat of this Liberal budget is in transfers to individuals through social programs. These programs are not sustainable because there has been no definite target for elimination of the deficit.

(1155)

The largest change in transfers of government money in this budget is in fact in transfers of money to bankers. When this member talks about Canada regaining control of finances, how can that possibly be happening when this budget in fact involves an increase in transfers of \$12 billion to bankers, some of which are foreign bankers. More and more are foreign bankers.

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I would like the hon. member, who happens to be on the social programs committee, to explain to me how this budget fits in with his stated goal of Canada taking control of its finances. Being on the social programs committee, can this member explain how social programs will be funded down the road when \$12 billion more will be spent on interest payments within two years, and then ever increasingly more beyond the two years?

Mr. Scott (Fredericton—York—Sunbury): Mr. Speaker, it is merely a question of balance. It would be ridiculous to annihilate social programs in the interests of saving them. Consequently, we have to find the place in the system where we strike the balance that allows the programs to be affordable.

I have great faith in the wisdom of Canadians. They were presented with the option put forward in this budget of a target of 3 per cent at the end of the third year and were also presented with the option put forward by the Reform Party. They picked our solution. I have some faith in the good judgment of not just the Minister of Finance and my colleagues in the government, but also the good judgment of Canadians who chose a balanced approach.

Mr. Abbott: Mr. Speaker, a point of order. I believe that every member should be permitted to speak in this house, particularly on issues like this debate.

However, I note that in the last House our party had one independent member, the hon. member for Beaver River. When she was in the House the Conservatives consistently dealt her out of being able to enter into debates.

I wonder if the Chair might be able to explain to the House under what rules the next member is permitted to speak, considering that he, as a member of the previous government, did everything he could to stop our member from being able to speak.

The Deputy Speaker: The member for Kootenay East raises an important point. There are about 300 members in the House. On a mathematical basis, the unrecognized party members are entitled to speak about one every 25th slot. We are at that point now, approximately. I take the point of the hon. member for Kootenay East because I sat in the corner back there, too. I know exactly what the member is talking about.

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, I will not pursue the point of order except to say that maybe the hon. member for the Reform Party should let go at one point in time. When does he think kicking someone around should stop, if that is the case? Or does he feel that we have abused our privileges in this place? Anyhow, we probably witnessed a new definition of what meanness is in this place, but for many reasons, I am a lot more interested today in addressing the issues relative to this budget.

This budget has the advantage of putting things into focus and perspective in regard to a few elements that are important to Canadians. First is where the Liberals really stand on these

issues and what their real agenda is or is not. It puts into perspective the previous accomplishments of other governments and what their records mean and what do they not mean. It also brings into perspective the real issues we have to address.

I wish to begin by being as frank and straightforward as possible. There are things in this budget we agree with. There are things in this budget that we think are positive for the country. We intend to support those proposals that are positive and constructive.

I do not think it is very useful for us to enter into any phoney indignation on budget night in terms of what the budget is all about. It is not useful to stray around with inflated vocabulary that only rings false in the ears of the Canadian public when they try to look at this budget.

(1200)

Frankly, in trying to assess how the government needs to deal with this issue, anything I have heard is that Canadians want government to succeed. Canadians want the government to do well in dealing with the budgetary and fiscal problems facing the country. They do not want to see the government face another crisis. On the contrary, they hope that it will make the right decisions. It is very much in that spirit that I would like to offer my thoughts and comments today.

The most interesting part—I happen to be one of the few members in this place who has a view on this because I happened to be in the other Houses—is that this budget also brings into perspective the policies and positions of the Liberal Party of Canada. That has to be one of the first assessments that we need to make about the budget.

To be brutally frank, it needs to be said that the budget is a denial of the principles espoused by the Liberal Party during its nine years in opposition, a repudiation of the policy it placed before the Canadian electorate 16 months ago, an abandonment of those people whose defenders the Liberal Party pretended to be.

For nine years Liberals purported to defend old age pensioners against any reductions in benefits, to fight for the jobless against changes in unemployment insurance, to maintain the annual increases in parliamentary grants to VIA Rail, to the CBC and to all the cultural agencies. They called for the expansion of day care.

The parliamentary secretary this morning even had the temerity to raise day care when if one reads page 40 of the red book as Canadians have, one will find there is a clear commitment to increase day care spaces by 50,000 a year the moment the economy goes beyond 3 per cent.

Is there anything about that in the budget now? That was the Liberal position. They vowed to stand shoulder to shoulder with single mothers, with poor families, with refugees and immigrants, with the regionally disadvantaged, with the sick, with

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needy children here at home or abroad, all of whom were to be given more, not less, financial support by a Liberal government.

Maybe I am naive but I am still young enough to be disheartened by the treachery and old enough to know that in time the Liberal Party will pay for this. It is said often enough but it bears repeating because it is true: Liberal policies in opposition were unrealistic. Their promises were irresponsible, their opposition to budgetary restraints of any kind in any circumstance at any time over nine years were not principled, but dishonest, totally political and wilfully ignorant of the national interest.

Everywhere they sought to obstruct—I was in that House for nine years—systematically and without question any cuts or reductions in expenditures. In fact when the government was elected in 1984, previous expenditures were growing at a rate of about 13.4 per cent a year. Program expenditures under the previous Liberal government were brought down to under 4 per cent a year. Did Liberals support that? No, not once that I remember.

What now? Do we congratulate them on having seen the light? Is their policy any more principled than the old policy? Is it any more credible? Is it any more reliable? That is the real question.

Liberals bitterly fought the Canada–U.S. free trade agreement. I remember that well. Under the present Prime Minister's leadership, they opposed NAFTA, the North American free trade agreement, in Parliament and promised on the hustings they would not ratify it unless specific amendments were agreed to.

They opposed the previous government's energy policies. They obstructed the changes in pharmaceutical patent protection. We are still not sure where they stand on that today. They fought the dismantling of the foreign investment review agency. They denounced deregulation and privatization. They also swore to abolish the GST, to scrap the GST. We even heard in their first budget—

Mr. Nault: It is coming. Don't be disappointed.

Mr. Charest: The hon. minister responsible for financial institutions says it is coming. Is that not what they said in their first budget, that they were going to accelerate reform of the GST? Is that not what the Liberal government said in its first budget?

What has happened since? Nothing, except the vain hope that the Deputy Prime Minister will resign if it is not done. That is the glimmer of hope they have offered to Canadians with regard to changes to the GST.

(1205)

The vindication of these Tory policies lies not in their dubious embrace by today's government but rather in the results now

being achieved in the country's productivity, its increased investment in exports and the new job creation.

Our economic growth today and in the foreseeable future is based for the most part on these Conservative initiatives so mindlessly and vigorously obstructed by the Liberals in opposition. It is one thing for the opposition to say that everything that is wrong with the country today was the previous government's fault. If we were to follow that line of thought, then they would have to admit that what is working would also be the previous government's fault.

Things as trivial as an increase of 40 per cent in trade between Canada and the United States, which is the number one reason we have job creation in the country today, that they fought against vigorously and at every turn. Things like changing the GST because it actually changed the federal sales tax for manufacturers in Canada. If we ask manufacturers today why they are more competitive, it happens to be because of the GST.

There is more than one side to this story. Those are things that are forgotten. For all of these policies they demonized Prime Minister Mulroney. They and their acolytes would not even concede the elementary assumption of civilized discourse in a democratic society, that their opponents acted in good faith for good motives but maybe with a mistaken policy. That usually would be the presumption. No.

As far as the Liberals were concerned, Tories wanted to sell out the country. We were bent on dismantling the federal government. We were going to balkanize the country, killing the Canadian dream. This was imposing the Thatcher–Reagan neo-conservative corporate agenda on Canada. That is what they were saying during the nine years in this place.

Now the President of the Privy Council is quoted in the Toronto *Star* of March 4 acknowledging that he cannot recall the Conservatives cutting anything like the \$7 billion the Liberals plan to take out of the provincial social programs between 1996 and 1998. The same minister in the same article is quoted invoking the name of the Hon. Erik Nielsen, boasting that this budget was a mega–Nielsen exercise.

These are the same people who for nine years behaved in a way that is totally the contrary of what they are espousing today. As far as I know there is only one Liberal member of Parliament who has stood by his convictions. Only one Liberal member of Parliament has said he is offended by this. That is the hon. member for Notre–Dame–de–Grâce who is quoted in the same newspaper article as saying it is a repudiation of everything the party stood for in opposition and promised in the 1993 campaign.

This is not the member for Sherbrooke. This is not a member from the Reform Party. It is not my colleague from Saskatchewan saying this. It is a Liberal member of Parliament sitting on that side of the House who was there for the last nine years, who

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was there before that also and still sits, for now, with the government. We await his vote on the upcoming budget in regard to these issues.

As for other Liberal MPs, their critical faculties and social consciences seem to have been dulled or blunted along with their political instincts, lulled by the most insidious narcotic known in politics: the polls, the fast results and public opinion polls.

The Minister of Finance now boasts that his budget policy is such good politics that there will be more of the same, more again and yet even more as we get closer to the election campaign. Let me offer some advice to members in the House. Save those quotes. Cut them out. Keep them close. As we approach the days of the election campaign you will find them very useful.

(1210)

We will also find out in the next two or three years that the government has an intended raid on the treasuries of other governments. That is what the budget is really about. From 1995 to 1997 there is a series of delayed action bombs which it hopes will explode in provincial jurisdictions and take out provincial and not federal politicians.

Most of all, we should give credit to Canadians. If anyone deserves any credit in this country in regard to some of the good decisions that are being proposed it is the Canadian people who have spoken in a loud voice and with consistency in regard to these issues.

The bottom line in the budget is that the cost of servicing the debt is going up as fast as program expenditures are coming down. Fiscal improvement is the product of increased revenue from economic growth. That is what we are seeing. So far as balancing the budget is concerned it has to take place at some unspecified time.

The government has made hay of the fact that it has a 3 per cent commitment in terms of reducing the deficit to GDP. It even has the temerity of adding that this is the standard of the European Community. What it forgets to say is that in the European Community this standard is applied to national governments.

In Canada, in the federal system, the provincial governments also incur debt. This year alone it is estimated that they will add \$16 billion to the annual debt of the whole country. This is a false standard and the marketplace has recognized it. In fact, if we were to speak objectively of the reaction to the budget, at first what seemed encouraging has since then soured. The bank rate since the budget has gone up. The prime rate has gone up and the dollar has fallen. Those are objective facts.

I will recognize that there are other factors out there in the international marketplace but if the government makes a pretence of telling us to look at the numbers because it is on course, it reveals to us that it is certainly not on course in terms of the provisions it has made.

One group of people had it right. One rating agency grasped the essence of the budget very quickly. It was the Dominion Bond Rating Service. This service looked at what was proposed in the budget and then went on to place Ontario's rating under negative review because the provinces stand to lose billions of dollars in federal transfers. It understood what had just taken place. The problem had now been transferred to the provincial governments. It then turned to Ontario and saw who was in trouble now. It was Ontario that was going to be losing the money. It understood the real impact of the budget.

Some apologists for the government and some wishful thinkers explained the budget as a triumph of pragmatism.

[*Translation*]

Let us not kid ourselves. When the government says it is taking a pragmatic approach, the fact of the matter, what we have actually seen, is that it is all improvised, an off-the-cuff, ad hoc, last minute approach, which is interestingly enough reflected in the decisions that are made, particularly with respect to provincial transfers for social programs. It will all come out of the same big transfer pot, so to speak, with as little connection as possible.

In its budget, the government even had the nerve to suggest putting the Minister of Human Resources Development in charge of negotiating new standards with the provinces. After his first mission—which was a flop, a complete fiasco, ending in humiliation, and ultimately disowned—he is asked to go and consult again with the provinces, while cuts have already been announced.

Mr. Speaker, let us not be naive. We were not born yesterday. Just between you and me, what is going to happen when they get together with the provinces? How do you think things will go? The provinces are going to say: "Look, you made the decision to cut. There is nothing left to negotiate. Give us whatever money is left and leave us alone." This certainly reflects a lack of planning.

[*English*]

This brings me to what I see as the first major weakness of the budget: there is no plan. It reflects nothing of what the Liberals said, did or stood for in the last nine years in this place. The budget reflects nothing of what is written in the red book. All promises have been thrown out the window. The red book has been scrapped and the government and the country are left with no plans and no priorities. What kind of a situation does that lead to?

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(1215)

This government is cutting R and D and the granting councils 14 per cent, the same way it is cutting small craft harbours across the country at a time when R and D is important for the country. This is a government of one of the only modern countries in the world to have closed universities. That is what happens when there are no priorities. That will be the first weakness of this government.

I have already alluded the second, this false objective of 3 per cent of GDP which frankly is not good enough and will not last. The country needs a very firm commitment to balance the budget with a timeframe.

The third weakness in the budget is in its approach. The budget and its unilateral ways go against the very essence of what federalism is about. Rather than setting national objectives for deficit and debt reduction, rather than sitting down with the provinces to avoid a situation, we are only off-loading debt into their yards.

How do we know a provincial government will not choose to increase taxes as a consequence of the budget? Where does that leave the taxpayer, the men and women, individuals who pay taxes today? There may be more than one level of government but there is still only one taxpayer. The approach is wrong and will not work.

The fourth area is the hidden agenda. Pension reform is the most glaring one. Here is a government that says it wants to undertake pension reform but will not share with the House of Commons the studies it has done in this regard when we know the impact and the consequences of what it is proposing are tremendous.

Let me give another example of the hidden agenda of this government with regard to the budget. The Prime Minister went on a TV show with Mike Duffy, stating as a matter of policy the government wants to reduce the cost of health care 1 per cent of GDP.

Mr. Duffy had a guest on his show last week, Dr. Jane Fulton, Ph.D., a professor of health policy and ethics at the University of Ottawa. I do not remember anything being said in the budget about cutting health care in Canada 1 per cent relative to GDP. This is not an ordinary member of Parliament who said this. It was the Prime Minister.

What does this mean? According to Dr. Jane Fulton: "I think if we have to talk between \$7 billion and \$10 billion, and every time we cut \$1 billion out of any kind of public funding we cut about 10,000 jobs". I am not quarrelling that there need to be serious thinking and reduction of funding in health like in every other area of government.

What I find objectionable is that the government in this case has a hidden agenda. It is not coming clean with Canadians. Why did the Prime Minister not say this? Why did the Minister of

Finance hide this from the House when he came forward with his budget? I am assuming the Prime Minister did not think this up. Did it just appear in his mind during an interview that this would happen? If that is the case, we all need to be enlightened with regard to this.

There is one advantage to the budget in terms of what it means to all the issues we are confronted with. It certainly puts into perspective the real accomplishments and the failures of previous governments. If this government likes to blame the previous government on anything that went wrong, it would also want to acknowledge the strong growth we have in our economy today was also because the previous government restructured our economy, brought forward the FTA, the NAFTA, the GST, privatized, deregulated.

These were the main features and the Liberals fought every one of them for nine years. Those enabled Canadians today to have economic prosperity and see some real job creation as we now go on to deal with some of the really tough issues we are confronted with.

This government has no compass, no plan. The last nine years were a complete farce. Whatever it was saying or purporting to present as positions were all thrown out the window. The red book has been thrown out the window.

(1220)

I see my colleague here, the Parliamentary Secretary to the Minister of Foreign Affairs. Foreign affairs took a deep hit in the budget, contrary to anything the Liberals purported as being a position for ODA in the years they were in opposition. It does not resemble it at all.

Canadians will now watch very closely as this government tries to get its act together and await whether there will be a sense of priority and planning in terms of where this country is going.

[Translation]

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, I congratulate the member for Sherbrooke on his fine speech. I would say he is quite loquacious.

I note that he is attributing the current rise in the interest rate to the budget tabled by the Liberals, whereas, about a month ago, he attributed it to the political uncertainty in Quebec. I am happy that the member for Sherbrooke is making amends and recognizing the real source of our difficulties.

I find him wordy; I like him; I think he made a fine speech, and I would like to ask him this. Why did he not give the same speech during the electoral campaign in Brome—Missisquoi just before February 13? He never opened his mouth there. He said nothing of all that, and yet he knew it to be true. He did not say a word. Are we to understand—and this is my question—that there was an agreement with the Liberals not to hurt them during the electoral campaign in Brome—Missisquoi?

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Mr. Charest: Mr. Speaker, I will first comment quickly on my colleague's allusion to a comment I allegedly made about interest rates. I made no such comment.

I will stop immediately here and ask him his source.

[*English*]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I listened with interest and it sounded like a death bed repentance, a true confession, a catharsis for the hon. member.

I want to share this time with other members. The member talked very seriously about the implications of the reduction of transfers to the provinces.

The member well knows the transfers are a combination of tax points and cash and that under the existing EPF and CAP provisions, in certain provinces the amount of cash would be reduced to levels which would eliminate the leverage the federal government would have with regard to maintaining national standards with regard to education, health and so on.

I wonder if the member would admit or agree that the consolidation of the programs under one transfer, where there is a consolidation of tax points and cash, does assist the federal government to ensure appropriate national standards?

Mr. Charest: Mr. Speaker, the member for Mississauga South may be a little confused in what he is saying. If I understood him correctly, he was saying the proposed reduction in cash and tax point transfers would reduce the leverage to a minimum, the leverage of being able to ask for standards. He said how we think the government can impose some standards or allude to the fact that we should continue to do so.

If the government is to act unilaterally in this way and announce the cuts in advance I hope he is not naive enough to think it will sit down with the provinces and negotiate some sort of standard. There is nothing left to negotiate.

If the hon. member has ever been to a federal-provincial meeting he would find it quite startling to sit down with ministers of other provinces who will say to the Minister of Human Resources Development: "There is nothing left to discuss. You have made the decision on the cuts. What do you want from us?" That will be the dynamic of the meeting.

This points to one of the major weaknesses in this approach. During the election campaign our view was that if we were going to deal effectively with deficit and debt reduction, given that it is all the governments that enter into deficits and debts, it required a joint effort by all governments.

(1225)

There should have been a formal process, a federal-provincial meeting, in which the government should have set joint objectives in terms of deficit and debt reduction and as a consequence of that, because it would imply reductions in transfers to the provinces, examine line by line areas of joint spending where

the federal government uses its spending power to determine where each level of government should be intervening. That was the common sense approach we proposed. His government chose instead to act unilaterally.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I found the speech of the hon. member for Sherbrooke extremely interesting, especially considering the member ran for the leadership of a party which took the hole the prior Liberal government dug \$170 billion deep and proceeded to dig it even deeper to the tune of \$420 billion.

I find it interesting how he would, in his first opportunity, attack a Liberal budget. In opposition people tend to attack government budgets. We did the same thing. There are some things about this budget that are worth while commenting on, such as the \$9 billion in cuts the government has proposed which the opposition has been urging for over two years. It is soft, it is too slow, but that is another story.

I have three specific questions for the hon. member for Sherbrooke. When he was part of the Conservative government why did it or could it not reduce the deficit? What does he think currently is the biggest problem in this country, the debt, the interest costs to service the debt or the deficit? Does he agree or disagree with the Reform Party solution of a zero deficit in three years, working toward a balanced budget and protecting the taxpayers from increases by government with a taxpayers' protection act?

Mr. Charest: Mr. Speaker, I want to thank the hon. member for Calgary Centre for the question and for the opportunity to set the record straight, as the budget offers us an opportunity to put things in perspective.

He asked me, with respect to the Conservative government, what were the things it did or did not accomplish. Let me point them out in real, objective terms.

When we became the Government of Canada in 1984 program expenditure was rising at an annual rate of over 13 per cent. We brought that down to below or around 4 per cent. When we took over government in 1984 the annual deficit relative to GDP was in excess of 8 per cent. We brought that down to somewhere in the area of 5 per cent or 6 per cent.

I will go further because I know he will be interested in the facts and less in the rhetoric. A document was put out by this government, "Agenda, Jobs and Growth: Creating a Healthy Fiscal Climate". I am sure people can write to the Department of Finance to obtain a copy.

This Liberal document of October last has at page 8 a very interesting graph on the federal deficit as a percentage of GDP. If we watch the line very closely, as of 1984 when we became the government the line started to go down dramatically. That reflects the real efforts we brought forward as opposed to the inflated demagoguery we have heard from time to time. We produced a surplus on the operating budget of the government

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of \$13 billion over the nine years we were the Government of Canada.

Does that mean everything we did was right or perfect? Obviously the answer is no. Those are the facts as opposed to the fiction proposed by others.

Mr. Andy Scott (Fredericton—York—Sunbury, Lib.): Mr. Speaker, I was quite happy to see the hon. member for Sherbrooke here because I wanted to discern his party's position relative to the budget. I was a little disappointed last week when his colleague from Saint John supported the Reform motion calling for the elimination of the deficit within the time of this Parliament.

I did not discern in his speech where he was going in terms of whether it was too tough or not tough enough. Before the last election he proposed the position that the federal government had to work with the provinces to come up with a joint strategy. Do I assume that is no longer the position? Certainly that was indicated last week.

(1230)

Does the member for Sherbrooke share his colleague's position that the Government of Canada should eliminate the deficit inside this Parliament?

Mr. Charest: Mr. Speaker, I will be happy to answer the question.

There are four things about the budget we think are wrong and need to be addressed. There is no plan or priorities for the country any more with regard to deficit and debt reduction. That means we may run the risk not only of making tough decisions but wrong decisions.

The objective of reducing the deficit to 3 per cent of GDP is not good enough. There should be a clearly enunciated objective of balancing the books within a precise timeframe. Three years is a reasonable timeframe.

Third is its unilateral approach in terms of deficit and debt reduction, which is a complete negation of what a federal country is and how it operates. That puts us in the situation in which we will run the risk of the government's shovelling its deficit and debt problem into the yard of New Brunswick. If it chooses to increase taxes, if it chooses to cut service, we are not going anywhere unless there is a joint effort.

The fourth problem is the hidden agenda. Pension reforms, reform for health care as announced by the Prime Minister are not enunciated in these documents, not clearly laid on the table in terms of the agenda of the government in its document.

The Deputy Speaker: My apologies to the member for Strathcona. I am obliged to go back and forth across the House. Therefore I have to go to the government speaker now. I know the member for Strathcona has been waiting for a long time.

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, the hon. Minister of Finance has tabled the budget Canadians asked for, a budget that is tough but fair, that will allow us to gain control of our deficit, one that has been growing out of control for decades.

We cannot afford to repeat these mistakes. Our government has looked to the future. It could be one in which Canadians are told which services they can and cannot afford by foreign creditors or it can be a future in which Canadians decide their priorities and watch them flourish. The government and the majority of Canadians have chosen the latter.

Our government has taken the necessary measures to ensure Canada's future will be bright and prosperous. Tough decisions had to be made and they were. Our government has produced a plan that is viable and attainable.

I would like to quote from the red book which is often used by opposition parties. Where our policy on Canada's fiscal situation was first outlined it says a Liberal government will adopt a two track fiscal policy, matching a drive for jobs and growth with a comprehensive approach to controlling debt and deficits. That is on page 16.

This is exactly what has been done, from our government's agenda of jobs and growth to the budget tabled by the Minister of Finance.

In producing this budget the minister has taken the time to solicit views of Canadians and all members of Parliament and has reacted to their concerns in delivering a budget that re-established its goal to meet the financial commitments and obligations, the same commitments made during the election campaign and reinforced during the 1994 budget.

The plan outlined by the hon. Minister of Finance will break the back of the deficit and enable us to reach our goal of 3 per cent of gross domestic product by 1997.

(1235)

Projections indicate that our goal will be exceeded this current fiscal year when the deficit is expected to fall as low as \$38 billion, \$1.7 billion below our target of \$39.7 billion for the end of the fiscal year.

As I listened to the Minister of Finance deliver his budget I realized that it reflected the message impressed upon me by constituents in Carleton—Charlotte. It was the same message impressed upon MPs across the country, including the Minister of Finance.

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Canadians want to get their debt under control. They want to achieve this through cuts in government spending. The government has heard this message loud and clear. For that reason we have committed to cutting \$7 in expenditures for every \$1 in increased revenues.

To ensure fairness in the tax system, the government has closed a number of loopholes that benefit large corporations and banks and has avoided increasing the burden on individual and middle class Canadians and their families by refusing to increase personal income tax.

In 1994 a department by department review of all government programs was initiated in which every expenditure in each department was reviewed. As promised, the results of that review were announced in this year's budget.

The government has redefined its own role to ensure that departments focus on the priorities of Canadians. The new government operations will be smaller but more effective and more efficient.

This government has had the foresight to realise that small and medium size businesses are the future of growth in Canada. For this reason the \$500,000 capital gains exemption has been maintained for small business and for farmers. Similarly, only minor changes were made to registered retirement savings plan contributions which benefit many working in this sector.

Government spending has been cut dramatically but in a way consistent with the values of Canadians, protecting the most vulnerable in society and cutting government first.

As I mentioned earlier, the budget also promotes the government's agenda for jobs and growth. In 1994 well over 400,000 new jobs were created, most of which were full time, permanent jobs. The economy grew at 4.5 per cent, the largest economic growth of all the G-7 countries. This type of growth will continue to flourish in 1995 as a result of the measures taken in the budget.

I quote from an article in the Ottawa *Citizen* on March 2:

The boom is back. And, at least temporarily, without inflation. The economy, fuelled by exports and consumer and business spending, steamed ahead at a robust 4.5 per cent pace last year, Statistics Canada said Wednesday.

And growth in the final quarter of 1994 was at a torrid annual rate of 5.9 per cent, the agency said in its latest report card on the economy, which suggests there is more growth to come, the analysts said.

The following quote was also published in the same issue:

The *Wall Street Journal*, one of the coolest critics of Canada's economic policies, has been warmed a few degrees by the new budget. The influential business newspaper said in an editorial Wednesday that the finance minister's budget ought to be an inspiration to other countries struggling with overextended governments.

(1240)

The minister has obviously listened to Canadians from Carleton—Charlotte and from across Canada and delivered a budget they wanted; a budget that is tough but fair and will be implemented equitably.

We can now look forward certainly to a better tomorrow for all Canadians in the future as a result of the budget tabled by the Minister of Finance in the House.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I want to say to the hon. member who has just spoken, that everyone agrees, in fact, that there is a need to control federal government spending, which has been out of control for a number of years and which has brought us to financial disaster.

In a world where markets are said to be increasingly dealing with internationalization and globalization and where our producers need help in research and development to enable them to deal with worldwide competition, where, in his opinion, is the logic in suddenly stopping all research and development in the area of sheep production by deciding to close the one experimental farm that worked in this area and that had a national mandate across Canada? What message is being sent to sheep producers in Canada when they are told they will have no more support in research and development?

Why was the decision made to take everything away from this sector? Is this not what might be called a poor cut, as compared with others, which could be made where there would be no direct impact on an important sector of agricultural production, such as sheep production—a form of production making agricultural diversification possible, particularly in Quebec and Alberta? What, in his opinion, is the logic behind such a decision?

[English]

Mr. Culbert: Mr. Speaker, I should agree with the hon. member across the way in his question. He is quite right. Although we take pride in the fact that we must get our debt and deficit under control, we are not the first government that has set goals for bringing it under control. We certainly will be the first government in this century that will meet those goals. The Minister of Finance has made that commitment. The Prime Minister has made that commitment and the House has made that commitment.

Research and development is a priority of this government. It has been stated time and again. The government also believes private enterprise and commercialization can do, as proven in the past, the best job out there in business. Whether in research

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and development of small business or industry, they can do it much better than any government level can.

This government is supporting that. It is supporting a partnership with private business and industry. We will continue that support in the future.

Mr. Jesse Flis (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, I have witnessed many budgets tabled in the House. Usually the next day constituency offices' telephones ring off the hook with complaints, support or whatever.

This year I checked with my constituency office on how many calls it received the day after the budget. My assistant in Parkdale—High Park told me it received one call. That caller said the minister did not go far enough in reducing the deficit.

(1245)

Because the hon. member works very closely with and listens to his constituents, what kind of reaction did he have from them directly on the budget, positive or negative?

Mr. Culbert: Mr. Speaker, I thank my hon. colleague for the question. To be honest, it was an excellent one. Like he I expected my phone to be ringing on the budget. However I can honestly say it did not happen.

Last week we had an opportunity to be back in our constituencies. On Monday I had did an electronic town hall meeting specifically on the budget. The headline in the newspaper the next day was: "First attempt on an electronic town hall meeting" because we had done all the others personally "went very smoothly". There were many questions. Every person in the television studio was very positive about what the government had done in the budget and how it was done fairly and equitably right across Canada for all Canadians.

It was quite different from a radio interview I did on Friday morning. It was supposed to be on the budget. When I arrived at the radio station it was on Bill C-68 or gun control and I was facing a lawyer sitting there debating it from another perspective.

It showed the amount of negative concern there was toward the budget. I found out from my constituents exactly what the hon. member mentioned he heard from his constituents. It was accepted. It was supported. It was tough. It was fair but it was equitable.

[Translation]

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, first of all, I would like to congratulate the Minister of Finance, for delivering a courageous and innovative budget, which, most importantly, takes on the deficit yet respects the red book commitments. This was no easy task and the minister did a great job.

Having had the honour of sitting on the Standing Committee on Finance, I am very happy to see that the minister incorporated 80 per cent of the committee's recommendations into his budget. This means that the minister took into account the suggestions and concerns that Canadians expressed during the public hearings held nationwide.

This budget takes the steps needed to control the deficit. These budgetary measures are the most rigorous undertaken by a federal government in 50 years. They will permit us to bring the deficit down to 3 per cent of the gross domestic product by 1996-97.

This budget also allows us to meet our goals without increasing personal income taxes for the second consecutive year. The government refuses to reduce the deficit by offloading it onto Canadian taxpayers. Like Canadians as a whole, we believe that we must strive to balance the budget. We will achieve this in a responsible and realistic way without jeopardizing the strides we have taken regarding the economy and on the job front over the past 16 months and without discarding the values and priorities of Canadians.

[English]

We use forecasts that are more prudent than the private sector average. The budget anticipates the debt charges in 1995-96 alone will be \$7.5 billion above last year's estimates.

This is why we must act now or risk missing our deficit target altogether. The budget takes some tough actions to prevent the probability of failure. To hit our targets we are implementing cumulative savings of some \$29 billion over the next three years. This is the largest single set of actions in any budget since World War II. These actions mean changing the size and the shape of government. By 1996-97 program spending will fall from \$120 billion to just under \$108 billion.

(1250)

The structural changes we are making will assure that significant deficit reduction continues in 1997-98 and, more important, beyond. The bottom line benefit will be dramatic. By 1996-97 the deficit will be lower than that of any G-7 country.

[Translation]

We have taken measures that will have far-reaching effects and are result oriented.

We have substantially cut spending while at the same time preserving principles that Canadians hold dear, namely economic recovery, protection of the disadvantaged and government streamlining.

If we want our efforts to put our fiscal house in order to be efficient and sustainable, it is imperative that we reconsider the role and structure of government and focus government activities on the priorities set by Canadians.

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In this budget, government is brought down to a size we can afford. Cuts were not made blindly, contrary to what the opposition says. The measures announced by the Minister of Finance flow from the comprehensive review of departmental programs and activities we had announced in the 1994 budget and they will continue to pay dividends in the years to come.

Expenditures will be cut by half in some departments. After these measures have been implemented, the public service, including DND, will be reduced by 45,000 positions, or 14 per cent.

[English]

The budget reduces the deficit in a way that is consistent with the strong Liberal commitment to social programs. We remain absolutely committed to a fair and sustainable system of protection for seniors who have given so much to the country.

The budget states the basic principles of the so-called hidden agenda the hon. member for Sherbrooke alluded to before. There will be the following: undiminished protection for all seniors who are less well off, including those receiving the guaranteed income supplement; continuation of full indexation to protect seniors from the effects of inflation; provision of old age security benefits on the basis of family income, as is currently the case with the guaranteed income supplement; greater progressivity of the benefits by income level; and, more important, control of program costs.

[Translation]

The role of the state is to do only what it does best. Therefore, some activities should be transferred to other public administrations or entrusted to the private sector. If the federal government does not have to do something, it should not do it. And in the future, this government will not do it.

True, this budget is tough, but it is fair. The Minister of Finance strove to distribute budget cuts fairly among all regions.

We will not reduce the deficit without also reducing provincial transfers. Nonetheless, the cuts we are asking the provinces to absorb are not as deep as the cuts we are facing ourselves, that is, 3 cents for every dollar of provincial revenue.

This budget constitutes additional proof that federalism is dynamic, flexible and not stuck in the status quo. The federal-provincial transfer payments will be replaced with a new consolidated subsidy called the Canada Social Transfer, which will alleviate the constraints that the government may impose in areas of exclusive provincial jurisdiction.

By giving the provinces two years' notice before introducing the Canada Social Transfer, we honoured a red book commitment to "achieve the maximum degree of predictability and

stability for each level of government". It is the Quebec government that is deferring all important decisions because of the referendum.

The Leader of the Opposition alleges that this budget is unfair to Quebec. No region suffered more cuts than any other. Under the Canada Social Transfer, transfers to Quebec in 1996-97 will decline by only \$350 million. That is a 3 per cent cut compared with 1994-95.

(1255)

Over that same period, we will reduce federal spending by 7.3 per cent, which is almost double the cuts affecting transfer payments to the provinces. It goes without saying that those who support separation cannot react positively to a budget which demonstrates that Canadian federalism works.

Bloc members oppose the reduction of the subsidy to industrial milk producers. Yet, the Leader of the Opposition himself said that, in an independent Quebec, he would willingly abolish that subsidy. Financial markets did not endorse the claims made by the Quebec Minister of Finance to the effect that the federal budget generates uncertainty. Indeed, all are unanimous in saying that the budget measures will help fiscal consolidation.

Even the editorialists from Quebec recognize that this budget paves the way to a federalism respectful of the provincial fields of jurisdiction. The budget was designed with the best interests of Canada and Canadians in mind, not those of Wall Street. Still, we managed to reassure the financial markets. It is now up to the Quebec government to put an end to the uncertainty by holding its referendum as soon as possible.

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I think the hon. member for Vaudreuil is to be commended for the stand he took in his speech on this budget. He is to be commended, but I am somewhat critical of his choice of words. I think he should check the definitions in the dictionary, and I am referring to the fact that he called this a "courageous budget".

I would like to remind the hon. member for Vaudreuil that during the last election campaign, the Deputy Prime Minister made the following promise: "Give me a year, and we will get rid of the GST or at least make some changes to improve it. Give me a year, and if we do not, I will resign". Fifteen or sixteen months later, nothing has changed. The only suggestion the finance committee made was to hide it, to camouflage it and make it a little less blatant.

The hon. member's leader, the Prime Minister, the leader of his own party, the Liberal Party of Canada, said: "Give me a day, and I will make some thorough changes in the pension plan for members of Parliament". Fifteen or sixteen months later, nothing has been done yet. And what is on the table is a mere shadow of pension reform.

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The present Prime Minister said during the election campaign: "During our first term, I will not raise taxes or personal income tax". So what did he do in last year's budget? They raised \$500 million by de-indexing old age security pensions. What did they do this year? The hon. member for Vaudreuil must know that they raised, or will raise, \$500 million by taxing every litre of gas an extra 1.5 cents.

But this is the question I would like to put to the hon. member for Vaudreuil, who has a number of dairy farms in his riding. He must be aware of a consensus among dairy farmers in Canada on one milk, one price. By removing 15 per cent of the subsidy on industrial milk this year and another 15 per cent next year, the government is widening the gap. How will he explain to the dairy farmers in his riding that the gap is getting even wider?

(1300)

And how can he explain to the farmers in his constituency, and I say this in concluding, why in the west, now that the Crow subsidy worth \$560 million has been abolished, farmers will receive \$1.6 billion in compensation tax free, when our dairy producers will lose 30 per cent of their milk subsidy without receiving any compensation whatsoever?

Mr. Discepola: Mr. Speaker, I am pleased to reply to the hon. member, because he started by saying that he did not think this was a courageous budget. He gave three examples which, I suppose, are his three major concerns, namely the GST, the pension plans and personal income tax. The last point raised by the member was the impact of the cuts to agricultural subsidies.

I am convinced that in the riding of Vaudreuil, and elsewhere in Quebec and in Canada, the three points raised by the hon. member are not unanimously perceived as the three major issues. The main concern is government spending and the lack of flexibility resulting from a debt accumulated over many years and which is very costly in terms of its financing.

As you can see in the budget, in spite of cuts of \$29 billion over a three-year period, the interest on the debt will increase by roughly \$7 billion. This is a courageous budget because, for the first time, a Minister of Finance meets his own objectives in terms of the debt reduction. This is a first in the history of our country.

For the second year in a row, the government has not increased personal income tax. The hon. member forgot to mention that point. As for the pension plan, the member is well aware that we introduced a bill which will be voted on in April.

When it comes to agricultural subsidies, the Bloc Quebecois always tries to compare the East to the West for political expediency. It must be mentioned that, in the West, the subsidy was completely eliminated. The farmers were deprived, without notice, of subsidies amounting to \$560 million. This is why a

transition period and a compensation are provided. In Quebec and in the East, we are only talking about an annual reduction of 15 per cent, over a two-year period. It is better to get 70 per cent than nothing at all.

In reply to the hon. member's question, I think this is a courageous budget because we tried to be fair. We did not ask more from the provinces than we were prepared to give. We did not ask the small and medium size businesses to do more. We tried to be fair and this is why the budget was well received across Canada, and even in Quebec.

[English]

Mr. Hugh Hanrahan (Edmonton—Strathcona, Ref.): Mr. Speaker, I appreciate the opportunity to participate in this year's budget debate.

I feel fortunate to be able to have this opportunity to pass on the views of my constituents of Edmonton—Strathcona. The constituents of Edmonton—Strathcona voted for a Reform member of Parliament based primarily on three principles: justice reform, parliamentary reform and, most significantly, fiscal reform.

It is because of the fiscal reform that I became involved in politics. I wanted to ensure that the standard of living which I have enjoyed will be maintained and passed on to my children and to my children's children.

This budget presented by the Liberals does nothing to seriously address the national debt and deficit problem. It has been said that a new government receives only one chance to make the necessary changes, one window of opportunity. This government has had not one but two chances.

(1305)

The first was a year ago when the government was more concerned about increasing the deficit through increased spending and claiming that the deficit was not a problem. It then spent the rest of the year producing discussion paper after discussion paper while doing nothing.

The second and final narrow window of opportunity which the government has had to balance the budget passed earlier this month when it failed to implement the necessary restructuring in its latest budget.

It is therefore amazing to me that this government can stand before the citizens of Canada and present such a disheartening and ineffective budget. It is another example of Liberal smoke and mirrors. The Liberals state this budget is exactly what the doctor ordered. If this is the prescribed medicine, it not only smells bad and tastes bad but it is totally ineffective. Canadians have been subjected to a clinical trial where they have received nothing but a placebo.

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This budget has cut spending by \$12 billion over three years with a cut of only \$4.1 billion in 1995–96. What the government is not telling Canadians is that we are borrowing more money this year than we did last year even after these poorly placed budget cuts.

The reason for this is extremely painful. It is because the interest payments on the debt are becoming astronomically high because of previous Liberal and Conservative governments and this Liberal government's continuation to run deficit after deficit.

With this Liberal plan Canada will still be running deficits of approximately \$25 billion annually by 1997. This is a sad commentary on the government's unwillingness to listen to Canadians. At the end of the day, the national debt will still rise by \$100 billion and Canadians will have to cough up nearly \$50 billion a year in interest payments. This is a \$12 billion increase since the Liberal fat pack came to power.

The Liberals have also managed to introduce a budget which involves short term pain with even longer term pain. What Canadians wanted was a budget which not only controlled spending but a budget which made a concerted effort to begin the process in which the deficit can be eliminated.

This is what we introduced in the taxpayers budget. It was a budget that could have seen the elimination of our national deficit within three years. The Reform Party had its fair share of short term pain. However, it had a light at the end of the tunnel. It was a budget that reflected hope and prosperity, unlike the Liberal budget which reflects doom and despair.

The Liberals have merely postponed the tough decisions until 1997. If they are unwilling to do the right thing now, how can they expect Canadians to believe they will be willing to make the right decisions down the road when those same problems still exist and the tough decisions have become tougher?

They should be honest with Canadians. I know we were with respect to the Reform alternative budget. The Liberals should come clean with Canadians and explain the consequences of their fiscal indecision and ineptitude. It took the Liberals 12 years to add the first \$100 billion to the national debt. By the end of this mandate, the Liberals will have added a further \$100 billion in only four years. This Liberal fat pack is extremely efficient, efficient overspenders.

Middle class Canadians are asking the same questions the Reformers are. For example, is heating your home a tax loophole? Is having electricity in your home a tax loophole? Is having water a tax loophole? Is having a car a tax loophole?

(1310)

If the answer to these questions is no, then my constituents, Albertans, and for that matter all Canadians would like answers to the following: Despite this government's promise to limit tax increases to the rich and corporations by closing the so-called tax loopholes, why is it that the middle class has ended up with the burden of paying the majority of this year's nearly \$1 billion tax increase in which a \$.5 billion gas tax is included?

Why does the Liberal Party exploit Alberta to the extent that it does? Liberal governments have been notorious for abusing Albertans and this government continues the Liberal legacy. First we had the national energy program. Now we have the termination of the Public Utilities Income Tax Transfer Act through which nearly \$200 million annually will be taken out of the pockets of Albertans.

While it is true this government did not raise personal income taxes, this government continues to speak out of both sides of its mouth. There is only one taxpayer and taxes did in fact rise by \$1 billion this year and will rise by almost another \$3 billion by 1997. Instead of tax increases, the government should have looked at the elimination of funding for non-priority items such as multiculturalism or regional development programs such as ACOA, WED or FORD-Q.

The government has taken a step in the right direction in terms of privatization. However, it did not go far enough. Every ministry has one or more areas in which the government is providing a service which is in competition with the private sector or could be done more efficiently by the private sector.

The Department of Canadian Heritage is no different. Due to time constraints I will focus my comments on the CBC. The CBC's primary mandate should be the provision of distinctive, culture specific information and drama programming. In an increasingly multi-channeled environment the current mandate to provide a wide range of programming that informs, enlightens and entertains is too broad. It is also clear that the mandate of the CBC is to provide Canadians with predominantly Canadian programming. However, what Canadians are being subjected to is extremely questionable in terms of meeting the prescribed mandate.

The issue is no longer whether the CBC has adequate funding, as that passed long ago, but rather the structure of the CBC. In particular, the organization has not adjusted to the realities of the marketplace. It is an outdated, highly concentrated and expensive organization.

We must constantly remind ourselves that the Canadian broadcasting environment has changed radically since the conception of the CBC. New technologies, new services, changing viewer tastes and fundamental changes in advertising behaviour

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have transformed the broadcasting environment. We must not forget that in a world where the CBC is no longer the only national service, does it make sense to use scarce public funds to subsidize the provision of commercial television programming?

In this new world of broadcasting consisting of many more options to television viewers, public broadcasting cannot effectively maintain its all things to all people objective. It is therefore essential for survival in this multi-channel universe that the public broadcaster be willing to reinvent itself. It is quite evident that the corporation is unwilling to do just that.

When the president of the CBC states that revenues are not its mission, we must therefore as parliamentarians address this area for it. Since revenues are not the mission of the CBC, what is?

How can a private company such as CTV make revenues its mission while still adhering to Canadian content legislation? Last year, CTV spent \$488 million on Canadian content. The CBC spends \$561 million on Canadian content programming. This is not a huge difference considering we spent over \$1 billion for the operation of CBC and nothing on CTV. CTV spends close to the same amount as CBC on Canadian production. The difference is, one is government owned and one is privately owned. One is a drain on the public purse and one adds to the public coffers through taxation and profit.

(1315)

Had the government privatized CBC television, it could have saved the taxpayers approximately \$800 million. This number does not include the revenue which would have been generated from the sale of approximately \$1.5 billion in assets which the CBC currently holds.

The government must balance its books, which means all areas of public financing must be evaluated for efficiency and cost effectiveness. It is for these reasons that the Reform Party will not support the budget.

Mr. Julian Reed (Halton—Peel, Lib.): Mr. Speaker, I would like to correct the record. I am sure the hon. member did not mean it when he said that it was the Reform Party's objective to do away with the debt in three years. I am sure he meant deficit.

Before the hon. member becomes overly defensive about fuel taxes and the impact on Alberta, he should also remember the tax expenditures that go to the oil patch and have gone there over many years. I do not have a figure for last year but I know that in 1990 the tax expenditures to the oil patch totalled about \$850 million. It is only fair to put some of these things into perspective.

There has always been an element that would like to privatize the CBC. Most people who think that way think of Canada as a long narrow strip of land that ends at about 150–200 miles north of the American border.

Historically the CBC has been one of the ties that have bound Canada together. No private investor would put a repeater station at Wawa, Ontario, for instance, or be broadcasting to the most remote parts of the country. That is what the CBC does.

The people of Canada pay for that service through their taxes so that every Canadian can feel included and a part of this country. If we were to privatize the CBC, what would inevitably happen would be those unprofitable areas of broadcasting would of necessity have to disappear if station was to show black ink at the end of the day.

I would suggest to the hon. member the CBC does perform a very valuable function. The money can be spent more wisely.

Mr. Hanrahan: Mr. Speaker, the hon. member has pressed a number of issues in my speech. With regard to the oil patch expenditures, while I agree that these have been made, they are nothing compared to the national energy program that took billions and billions of dollars out of Alberta.

I would not suggest, however, that we continue funding uneconomic programs, whether they be in oil or whatever commodity we are dealing with. With regard to the taxes on public as opposed to private, when the tax program was in place it was refunded directly by the private companies back to the consumer. In Alberta we have the majority of privately owned gas and electricity organizations. We are giving a tax free holiday to the publicly owned companies in Ontario and Quebec at the expense of Alberta and I believe Nova Scotia. This is grossly unfair to the consumer and to the average citizen in both of those provinces.

(1320)

With regard to the comment on the CBC, let me deal with the historical aspect. I agree the CBC has played a significant role in the development of Canadian culture. We must remember that was back in the days when we had perhaps two, at most three television networks in the country.

The heritage committee right now is investigating the role of the CBC in a 500 channel universe. If we have a CBC which is costing \$1.1 billion at a time when the government is rightly trying to restrict its expenditures, can we afford, when we are cutting back on health, when we are cutting back on education, can we afford the luxury—

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

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Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.): Mr. Speaker, as I sat in the House on February 27 I felt I was in a time warp.

For 20 years we have been hearing the same biased platitudes from Liberal and Conservative finance ministers. The Lib con artists I call them, telling us that they have the deficit in hand, responsibility reigns and everything is going to be all right if people will just be patient and trust them.

When the current Prime Minister was finance minister he announced with a lot of heavy breathing that significant reductions in the deficit can be expected, and then proceeded to set a new record for deficit spending.

In 1982 Allan MacEachen said the government cannot responsibly add to the deficit, and then proceeded to set another record.

In 1990 Michael Wilson stated: "We will reduce the deficit to \$28.5 billion next year. We will cut it in half to \$14 billion in three more years and we will reduce it further to \$10 billion in the next year after that". Plus ça change, plus c'est la même chose.

The government still lives in the same economic fantasy world as its predecessors. It believes it can spend and borrow itself into prosperity.

The Minister of Finance boldly stated in his budget speech that it is time to put our fiscal house in order, a line borrowed from a famous 1989 speech by the leader of the Reform Party. The minister has finally learned to talk the talk, but he made only a feeble attempt to walk the walk. He said that Canadians want clear action and then he proceeded to deliver mush.

Previous finance ministers were able to play budgetary games, sleights of hand for 20 years without making any real spending cuts. I acknowledge that the incumbent did make some real cuts. Thanks to the magic of compound interest he had no luxury of choice. He had to make cuts just to avoid immediate disaster. However he did not have the courage to cut as deeply as necessary to begin to solve the deficit problem.

The proposed \$12 billion in cuts are going to hurt but they are going to be offset by additional interest payments which will continue to rise until they reach more than \$50 billion in 1997.

(1325)

What is his program after that? Continued half-hearted cuts until there is nothing left to reduce while annual interest payments continue to rise to \$60 billion or \$70 billion?

The hon. member for Broadview—Greenwood mentioned the same problem. He said: "We will solve this. We will have a new Bretton Woods agreement. We are going to have this great big international conference so we do not have to clean up our act at

home. We will just bring in the IMF and it will solve all our problems for us".

Where does this insanity end? Does the government really intend to continue treading water until it drowns in debt? We cannot perpetually borrow money to give it away to people or entities that do not need it.

Speaker after speaker has risen on the other side of the House to tell us about their compassion. They ooze compassion. Please tell me what is compassionate about destroying the economy of the country?

Canada is like a patient with a gangrenous leg and a tender-hearted but incompetent doctor. That leg should come off but the doctor with misdirected kindness amputates only the foot. When that does not solve the problem, he cuts off a few more inches and then a few inches more, each time subjecting the patient to additional trauma. In the end, the poor devil dies anyway.

The finance minister is fortunate that unlike the incompetent physician, he cannot be sued for malpractice. They are so proud of their transfer programs over there but thanks to 20 years of deficits the biggest single transfer program is now payments to money lenders.

A lot of the transfer payments do not even stay in Canada but are delivered into the hands of financial institutions in Tokyo, New York and Zurich. The Liberals and Conservatives, with their bread and circus approach to governance, have sold us into economic slavery.

It is obscene that this most blessed of countries should be headed for economic collapse and that foreign money lenders are being allowed to continually suck our blood. This is the legacy of Lib-Con economic policy.

The Minister of Finance has refused to face reality in the name of compassion and caring. We are going to continue down that same steep and narrow path to national bankruptcy. What good will his reassuring words do when not too many years from now half or more than half of the national revenue must go into debt service?

What will be his after the fact excuse if the money lenders cut us off and we are no longer able to provide even basic government services, much less social programs? What will he tell the people of Canada when we are unable to help even the poorest of the poor, the old, the sick, the infirm, the weak? How will he explain it when there is no money left, when there is no medicare, when there is no welfare, when there are no old age pensions, no UIC, when there is nothing. Because that is the direction in which we are headed.

The government has again proven through its non-budget that it cannot be trusted with a credit card. For the sake of our children and our grandchildren, it is time to take that credit card away.

*The Budget**[Translation]*

Mr. Jean-Paul Marchand (Québec-Est, BQ): Mr. Speaker, actually, I agree with what the hon. member was saying when he described the following rather gloomy prospects for the Canadian economy: "We are headed for an economic collapse, and we are going down the steep and narrow path to national bankruptcy".

(1330)

National bankruptcy is what we see looming as a result of the budget that was brought down this year. This is one of the reasons, just one but a major one, why Quebec would like to separate from Canada. Canada's budgetary and financial affairs are a mess and are leading straight down the road to disaster, to bankruptcy. This is more or less what was said by financial advisers on Wall Street.

Personally, I do not want to see the poor and the elderly in Quebec in a position where they cannot count on the support of social programs, as the hon. member pointed out. This Budget is terribly unfair to people who depend on social programs.

This Budget will cut \$100 million annually in funding for social housing alone, a program that is targeted to the poorest members of our society. Single parent families, women, the elderly, people who live alone, welfare recipients: they all belong to the poorest social group in our society. This group will be affected by cuts of \$100 million annually, while the banks get off scot-free or almost, with very few cuts, in fact \$100 million over two years, the same Canadian banks that last year made a net profit of \$4.3 billion. These cuts represent not quite 2 per cent of their net profits.

I may also add that family trusts will not pay a cent.

In concluding, I want to say that I fully sympathize with what the hon. member said, and I would like to ask him the following: If he were in Quebec, would he not agree that the best solution, at least for Quebecers, is sovereignty?

[English]

Mr. Morrison: Mr. Speaker, I thank the hon. member for his very dramatic intervention. One thing puzzles me. I know the hon. member is an economist, yet in his intervention I detected hints of three economic theories all warring in the same breast. I heard a bit of Adam Smith. I heard a bit of Engels perhaps and a great deal of John Maynard Keynes.

As far as his immediate question regarding secession is concerned, is the hon. member suggesting that if they bail out and leave the sinking ship of state they will not be required to man any of the lifeboats? They could get off scot free after having benefited from the largess of deficit spending for lo these 20 years. Now they will leave us holding the bag and take nothing. Is this what the hon. member is saying?

[Translation]

The Deputy Speaker: I am sorry, you will not have an opportunity to respond as your time is up. Resuming debate.

[English]

Ms. Roseanne Skoke (Central Nova, Lib.): Mr. Speaker, I rise in the House today in support of the budget tabled by the Minister of Finance.

The fundamental objective of the 1995 budget is sustained growth and job creation. The budget takes far reaching actions to reduce spending and to reshape the role of the federal government in building a stronger, more dynamic Canadian economy.

The budget is aimed at restoring fiscal health and refocusing government on key priorities and needs. It is about getting government right so that Canadians can get the economy right.

It is the biggest Canadian budget since post-war demobilization. It delivers on the commitment to meet our fiscal targets using prudent economic assumptions. It cuts the deficit largely through expenditure reductions. It restructures spending to keep the deficit on a downward track. It puts the government's own house in order to make it smaller, more frugal, better managed and innovative.

It defines a new role for government in the economy. It reforms federal transfers to provinces. It points the way to reform of unemployment insurance and the public pension system. It distributes the burden of restraint fairly among Canadians and the regions of Canada.

(1335)

The deficit and debt are national problems. The budget distributes the burden of restraint fairly across all regions. Canadians in every region have strongly urged us to bring spending under control. Some individual measures obviously affect certain regions more than others, but looked at as a whole no region is being hit disproportionately.

The budget shows that federalism is flexible and dynamic. Although we are cutting the level of transfer payments, we have given the provinces ample notice as promised and the cuts are less than those we are imposing upon ourselves. The government remains committed to the equalization program, a pillar of Canadian federalism.

The new Canada social transfer will give all provinces greater flexibility in designing social programs while the principles of the Canada Health Act are maintained. The introduction of the Canada social transfer in 1996-97 will deliver funding to the provinces, cash and tax points of \$26.9 billion. That is a drop of about \$2.5 billion from what provinces could expect under the current system.

The Budget

That is tough action but let us put it in context. It means that the total of all major transfers, including equalization which is not affected by the budget, will be 4.4 per cent lower than today. By comparison, the cuts in federal spending everywhere else will be 7.3 per cent, a much deeper reduction.

The Canada social transfer will represent a new approach to federal-provincial fiscal relations marked by greater flexibility and accountability for provincial governments and more sustainable financial arrangements for the federal government. By doing so it continues our national evolution toward more mature fiscal relations.

The government is meeting its fiscal target. In the 1994 budget we pledged that the deficit would be reduced to 3 per cent of GDP or \$24.3 billion for 1996-97. In the budget we are taking strong measures to ensure that those targets are met even with higher than expected interest rates.

The budget also looks beyond the two-year target because our fiscal reforms will continue to pay off in the years after sustaining our progress toward the government's ultimate goal, a balanced budget.

Our cautious fiscal and economic assumptions make clear the need for tough measures. To hit our targets we are implementing cumulative savings over the next three years of \$29 billion. These actions mean changing the size and shape of government. By 1996-97 program spending will fall from \$120 billion last year to just under \$108 billion. The structural changes we are making will ensure that significant deficit reduction continues in 1997-98 and beyond. The bottom line benefit will be dramatic.

The budget concerns itself with increasing tax fairness. The 1995 budget takes far reaching action to restore the fiscal health that supports a strong and growing economy. The plan also reflects the government's determination to put its own financial house in order instead of placing the burden on taxpayers.

Over the next three years spending reductions will total \$25.3 billion against \$3.7 billion in revenue action. That is almost \$7 in spending cuts for each \$1 in new tax revenue.

Most important, there is no increase in personal income tax rates in the budget. Where tax action is taken it centres on improving the fairness of the tax system. As the finance minister said, the issue of taxes is more than a matter of rates; it is a question of equity.

The budget reflects the results of the program review that was launched a year ago. The budget agenda is not just a plan for smaller government. It is a plan for smarter government and for reforming the structure of the government and how it spends. The size of government will be reduced substantially over the next three years. Departmental spending will be cut by almost

19 per cent from 1994-95 levels. For some departments spending will be halved and in total these actions will deliver a three-year savings of almost \$17 billion.

As a result of the sweeping reform of federal programs, the public service will be reduced by 20,000 people this year and by some 45,000 positions over the next three years. For the first time departments will have to prepare three-year business plans and submit the plans to the scrutiny of Parliament and the public.

(1340)

The impact of the program review budgetary measures has been fairly distributed across all provinces. Some programs have been eliminated or significantly reduced. Other programs have been redesigned or consolidated. There are some particular measures that tend to be concentrated in specific regions.

Of concern to the Atlantic region, and more particular to my riding of Central Nova, is the Atlantic freight subsidy that is being eliminated. However to offset this a five-year, \$326 million transition program is being provided. Dairy subsidies will be reduced by 30 per cent over the next two years. Forest resource development agreements with the province will be discontinued. The public utilities income tax transfer payment of \$30.4 million to Nova Scotia will be terminated. Regional agency funding will decline by \$562 million over the next three fiscal years. ACOA's share of the reduction is \$173.5 million or a 31 per cent reduction.

The government remains committed to supporting economic incentives in Atlantic Canada. ACOA has proven to be the most efficient and effective vehicle for delivering on the commitment. In terms of the government's commitment to job creation as promised in the red book, ACOA has shown itself to be part of the solution, having helped to create some 42,000 jobs in Atlantic Canada. ACOA will continue to fulfil a vital role as a source of capital for the region for growing small and medium size business and as a leader for economic development in the region.

In conclusion, the budget marks the beginning of a new era. It underlines the need for an evolving, dynamic, co-operative federalism to meet the challenges facing Canada's economy and its people in a tough, competitive world. It is a challenging budget but also an equitable budget that deserves the support of all members of the House.

[Translation]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I listened very attentively to the speech on the budget given by our colleague for Central Nova. However, I must confess that I detected bias in her comments. This hon. member must be on the same team as the Minister of Finance.

The Budget

She said a few minutes ago that she saw the budget as a source of jobs—there is nothing to be seen. There is absolutely nothing there, less than nothing for job creation in this country, on the contrary. The only good thing the Liberal government has done to create jobs was the \$2 billion, which became—because it was a tripartite program—\$6 billion.

That was the only good creative thing where jobs could be created, and it should be said that the jobs were temporary. There was \$200 million left, and they were threatening to cut it. And the hon. member for Central Nova is telling us that jobs will be created out of this budget. On the contrary, there is nothing.

She spoke of the deficit and of the debt which had become huge, a major problem for the country. This is true. I, however, would remind her that, in 1970, when her team was running the country, the deficit was almost nil—\$1 billion and some. It was “improved” again and again. There were of course Mr. Clark’s nine months and the preceding government’s nine years, but today’s \$550 billion debt, on which we pay \$50 billion in interest a year, is the child of her own party, except for the nine years the Conservatives were in government, before the Liberals returned to power.

I conclude by asking my colleague how she is going to justify to her constituents the fact that they have widened the gap to obtain parity in industrial milk and unprocessed milk in Nova Scotia?

[*English*]

Ms. Skoke: Mr. Speaker, the hon. member raised a number of issues.

(1345)

Let me set the record straight. I am not biased and I am certainly not confused. I have read the budget, I have scrutinized it and I am very proud to support the budget.

With respect to jobs and job creation we should not overlook the numerous job creation strategy programs the Liberals have implemented and are continuing with the budget. We have our youth service corps initiative and all our human resources development programs the people in my riding of Central Nova rely on a very regular basis. They are creating jobs. I am proud to say we are now underway in implementing our youth service initiative program.

With respect to ACOA and its new role in terms of economic development in our area, we are very proud and pleased to have ACOA involved in economic and regional development and we are looking forward to working very closely with that agency.

We have our infrastructure program. Although there has been some reduction in the funding my riding has benefited significantly and created a number of jobs pursuant to this program and we are looking forward to future initiatives.

We also rely on small business in our area, which creates up to 85 per cent of the jobs in the country. The Liberals are being very active in terms of ensuring small businesses get the venture capital they need, ACOA will be taking a roll there, and also the measures they have taken in terms of ensuring banks recognize small business initiatives.

With respect to dairy subsidies, which affect my riding, there is only a 30 per cent reduction. There is equity in the budget. Every sector, every individual, every business, everyone has been affected by the budget. In terms of dairy subsidies for Nova Scotia there is only a 30 per cent reduction. It is time it became more competitive and cut its costs in terms of management and organization. It is not necessary for the 30 per cent reduction to be passed on to consumers. I trust it will not be in Central Nova.

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, I rise today in support of the budget handed down by the Minister of Finance.

The main basis for my support is this was a unique process. This was terrific way all Canadians could participate in the budget. Volumes and volumes of material and input from Canadians across the country were received and distributed among parliamentarians and among the general public. The information came in a variety of forms and forums. There were letters, organized mailings, budget workshops, radio call-ins and town hall meetings.

People put forward their ideas, their personal views, their fears and their projections for the future. Canadians took part in the prebudget consultation process and had their voices heard. No rebellion was necessary. True democracy worked and the budget is a result of that.

In Burlington we had a terrific prebudget consultation meeting. It was a great example of public participation, discussion and debate. We had incredible input and ideas from people of all ages, backgrounds and various work experiences. We provided information to them beforehand so they could make an informed contribution. They could weigh the options. They could think about the issues, unlike the Reform Party which asked people to simply check off which percentage and which columns they would like to have done.

Through discussion we reached consensus on many issues and we had good debate and the debate continues on some others. My constituents thought long and hard about the issues. They offered their considered input.

They did not want to have tax increases without government showing leadership and taking responsible action. They indicated, and I certainly support them, constituents give us their precious tax dollars and it is our job to make it work. We must bring some accountability to the process.

The Budget

There was clear support among participants that spending cuts were inevitable. They asked us to take a good look at our existing programs and the funding mechanisms for them.

In other areas there was no consensus reached. These are complex issues and Canadians are thinking hard about them. The budget addressed my constituents' concerns.

There are some false perceptions out there and perhaps they serve some people's purposes. There is a false perception Canadians are excessively burdened by taxes compared with citizens of other countries. This is wrong.

(1350)

The hon. member for Beaver River is on record as saying we are among the highest taxed people in the world. This is wrong. Canadian taxes as a percentage of economic activity fall below the average for the 24 industrialized nations of the OECD. However, that kind of statement does not take into account the services Canadians get in return for their hard earned tax dollars.

We must deliver value for money. One great example is our entire medicare program. Even so, Canadians and Burlington residents agreed personal income tax rates should not be raised. The government listened and there were no tax increases.

We are achieving our goals for deficit and debt reduction, but not on the backs of individual Canadians. Our solutions are focused. They are good, efficient government instead of increased taxation.

Canadians recognized difficult decisions had to be made while at the same time it was critical we make strategic investments, that we be smart about where we are going to spend money for the future and to balance our budget.

The Reform Party is quoted in the *Calgary Herald*, February 7: "Reform for its part would rapidly slash government spending as to create a fiscal balance while creating a huge social deficit in the form of greater unemployment and social polarization". This is not the Canada we want.

Our approach is to cut in a fair manner, to lead by example by looking at where to cut in government first. By reducing government spending and undertaking a full program review we have taken the responsible approach. The budget has a 7:1 ratio of spending cuts to revenue increases. These steps will lead the country into a brighter economic future. We are redefining the role of government.

In the area of unemployment Burlington residents are concerned about their neighbours, both in our community and in the broader Canadian context. People must get back to work. The budget continues with our Liberal four-point agenda for jobs and growth. New programs are being developed to ensure people

acquire more skills, the youth internship program, the youth service corps. We must address youth unemployment particularly and the school to work transition. We must invest in our future generations now.

Burlington residents suggested the best way to improve job creation is to implement apprenticeship programs, keep pace with innovation and with changes in technology, encourage education and training, encourage free enterprise, eliminate bureaucratic paper work, especially for small businesses. The budget is connected to all our initiatives as a government and to our policies like the social security review.

The area of technology is important. We must be innovative. We must be ready for the future. We must spend wisely and work within our fiscal means. R and D is encouraged through the research and experimental tax incentive, one of the most generous tax incentives in the world. However, it is important it is not abused, and so we have moved to change that.

In the area of small business we must continue to invest in people and in growth. The 1994 budget undertook a small business policy review, realizing entrepreneurs are responsible for creating the majority of new jobs in Canada and for moving our economy forward. With consultation and the release of the report "Building a More Innovative Economy" we have received input from Canadians about how to proceed. The challenge of access to capital remains.

The 1995 budget encourages banks to do a better job of lending to small businesses by encouraging government to work with the banks to develop appropriate benchmarks. These must be achieved.

In my riding of Burlington our local economy is vital and continues to grow. We have many diverse, successful small and medium size businesses such as Colette's Café and Toshiba Office Product Centre, employing a small number of people but growing.

There are many more people, young and old, experienced and inexperienced, who have excellent ideas, great initiative and full support from their friends and families. All they need is financial backing. These are the people who are creating jobs in Canada. These are the people whose entrepreneurial spirit we must foster. They are creating the environment and the jobs for future generations. The government is committed to ensuring they do that.

We are committed to ensuring Burlington and all Canadian businesses are able to succeed, to grow and to add to their employee base. We have fine examples like the companies that started small, Zenon Environmental, Gennum, Thompson-Gordon and Laidlaw. They are leaders in the world in their own fields.

(1355)

The 1995 budget also put some things in context for Canadians. Our inflation was the lowest of the G-7 nations and our economy grew at a rate of 4.25 per cent, the fastest of the G-7 nations.

Our export growth is strong; 433,000 full time jobs have been created since January 1994. The unemployment rate has fallen by 1.7 percentage points. Our cost competitiveness is the highest in 40 years and yet we remain burdened by high national debt and continue to pay off our interest.

There is optimism. Canadians know we have a rational plan for deficit reduction. We are taking the right steps. We will achieve our deficit targets. In the last year we not only achieved them, we surpassed them by \$4.2 billion. We aspired confidence.

Now is the time for hard decisions. We must make forward thinking investments for the future. Our aim is sustainable jobs and growth, with sensitive cuts and responsible spending.

The budget shows our commitment to future generations. We cannot stand idle by the impact of our decisions or past actions. We must not squander limited resources, but use them in an intelligent and effective manner.

Precious Canadian taxpayers' dollars must be put to work effectively. This budget is a terrific step in that plan of action. Canadians are the winners in this budget. They made their voices heard and this budget is there because of them.

I thank the many residents of Burlington who participated in this process. We are all winners. We will have a stronger nation. We will all have better lives.

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, I was overwhelmed by the speech of my colleagues about these mean Reformers here. There is a bit of paranoia among the government members about the budget.

There are a couple of things in particular about her speech that are really intriguing to me. The hon. member suggests the government is going to meet its targets and Canada will be forever thankful when the Liberals meet their targets, three per cent of GDP, approximately \$25 billion a year. We would really like to thank this government at the end of its budget exercise for overspending by \$25 billion a year. Somehow I am not sure a lot of folks out there think much of that.

What is the idea of overspending by \$25 billion a year? Is that a good idea or a bad idea?

Would the hon. member justify how this Liberal government can mess around with MPs' pensions and come up with \$4 million on the old plan and \$3.16 million in the new plan, like the minister of immigration. How can they justify that and cut

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all the other programs back? Maybe they could get rid of the paranoia over there.

The Speaker: Like many members, I am interested in paranoia. I am going to let the hon. member think about it for a bit. She will have the floor when we come after question period.

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

STATEMENTS BY MEMBERS

[English]

INTERNET

Mr. Sarkis Assadourian (Don Valley North, Lib.): Mr. Speaker, on Tuesday, March 7, 1995 Ernst Zundel, a leading Nazi propagandist, confirmed to the *Globe and Mail* that he is preparing a link to the global information network through a computer to be based in the U.S. or Europe.

His plans for Internet include posting the transcripts of his trials as well as material regarding the second world war, what the Canadian Jewish Congress calls Holocaust denial material.

Mr. Zundel's plan shows why it is necessary to regulate Internet. Other media outlets are accountable to someone. Internet is not.

I urge the House to condemn Ernst Zundel and Zundel's afterward for racist and hate mongering activities. All members of the House must stand together and send a loud and clear message that promotion of hatred against any identifiable group is unacceptable and will not be tolerated by Canadians.

* * *

[Translation]

VIOLENCE AGAINST WOMEN

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, to our dismay and indignation, we heard yesterday that Algerian Islamic fundamentalists took another young girl as the innocent victim of the intolerance that now rocks that country.

Since five leaders of the Islamic Front were sentenced to death by a symbolic tribunal of women gathered in Algiers to commemorate International Women's Day, other innocent women have been slaughtered.

The list of Algerian girls and women assassinated, tortured and raped by fundamentalists is getting longer as the months go by. The official tally of women assassinated by armed fundamentalists between the months of August 1993 and December 1994 is 112, including 6 students.

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As parliamentarians, we insist on denouncing in the strongest terms possible these gratuitous and premeditated murders which violate the most basic rights of Algerians and which deprive them of the hope of being free and safe in their own country.

* * *

[*English*]

FORUM FOR YOUNG CANADIANS

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I rise to give tribute to the Forum for Young Canadians and its participants who, as hon. members will know, are in Ottawa this week to learn more about the process of government at the federal level.

I know all members will join me in praising the organizers, the sponsors and the many volunteers who make this annual event possible. Special tribute goes to each one of the participants, our future leaders and in particular to my young constituents, Tashia Davalovsky and Lisa De Hoog.

I am sure all members will join me in welcoming them and wishing them the best in their visit to Ottawa.

* * *

MINING INDUSTRY

Ms. Hedy Fry (Vancouver Centre, Lib.): Mr. Speaker, we all believe that developing a strong economic base for this country is the key to global competitiveness.

As a British Columbian, I urge the members of this House to recognize the importance of the mining industry to all Canadians. The government's 1995 budget made a first step toward improving our mining industry's ability to maintain and create jobs for Canadians.

Besides providing 400,000 direct and indirect jobs in Canada, mining sustains 150 Canadian communities and their one million residents, thus having a great impact on their daily lives in future.

Besides adding \$10 billion to our annual trade balance, mining contributes \$20 billion a year to the Canadian economy and accounts for 14.8 per cent of Canada's total exports. Mining is therefore a key engine for the export driven economy, jobs and growth benefiting all of Canada and not only those who live in mining regions.

Canada is seen by the rest of the world to be a country blessed with the wealth of natural resources. The interest and support of this House in developing an environmentally sound and sustainable mining industry—

PATRICIA MCCRAW

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, on March 8, Guelph—Wellington Liberals met to elect a new president for the Guelph—Wellington Federal Liberal Association. At this meeting we also paid tribute to outgoing president, Patricia McCraw.

Patricia has been a longstanding member of the Liberal Party at both the federal and provincial levels. She has worked hard for her party and her country. Besides her work in politics, she volunteers for many organizations, including Canadian Save the Children.

Patricia's work and dedication has again proven that liberalism is more than a political party. First and foremost it is people, people who care deeply about Canada, people who are never satisfied with the status quo and who work hard to make their country the best in the world.

I join Pat's family and her many friends in thanking her for her service to our association and her commitment to me as member of Parliament. Well done, Pat.

* * *

JUDY FELD CARR

Mr. Jim Peterson (Willowdale, Lib.): Mr. Speaker, the recent history of Syrian Jewry has been one of terror and bitter repression.

This grotesque chapter of modern history is now thankfully closed, due to the efforts of one Canadian, Judy Feld Carr. Over the past 23 years, she has worked unceasingly and surreptitiously to build an underground railway. She has raised funds to sustain these hostages, co-opt officials and to pay ransom. Because of her, 2,500 Syrian Jews are now free.

Judy Feld Carr and all those who supported her deserve our praise, our gratitude and our thanks. When this heroic story is fully told, may it inspire others to realize that one person can make a difference. Judy, you have made a difference, an incredible difference. You have earned a place in our hearts and in the history of humanity.

* * *

(1405)

[*Translation*]

ARTISTS FOR SOVEREIGNTY

Mrs. Madeleine Dalphond—Guiral (Laval—Centre, BQ): Mr. Speaker, yesterday a number of Quebec artists spoke out in support of Quebec's march to sovereignty.

These artists wanted to express publicly their determination to see Quebec become a country. Singer Paul Piché delivered a clear message to Quebecers: "We know you. We imitate you.

We heal your pain in love. We give words to your fears, your desires and your hopes. We have faith in you. You can have faith in us; you are entitled”.

The Bloc Quebecois is delighted by the artists’ action, inspired not by political affiliation, but by a desire to express their profound convictions and to share, with their fellow Quebecers, aspirations that go well beyond the political.

* * *

[English]

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Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I rise on behalf of the constituents of Okanagan—Similkameen—Merritt and local radio stations in my riding to warn the Minister of Canadian Heritage that his actions will kill jobs and small businesses.

The people I represent are suspicious that once again the Liberal government is attempting to fool Canadians, this time by introducing amendments to the Copyright Act. What the Liberals are really trying to do with neighbouring rights is to foist a killer tax on local radio stations.

The Minister of Canadian Heritage is silently planning to kill locally owned radio stations. They already pay royalties to authors and composers of music aired on their stations. Additional fees to performers and record companies is unjust.

Broadcasters maintain that free air play is what creates Canadian stars and sells records, not a Liberal government tax hidden in a bill of amendments. Canadians are confident that our culture can develop and grow without the Liberal government intervening with a radio station killer tax.

* * *

CARLETON CIVIC CENTRE

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, on the afternoon of Thursday, March 16, 1995 the Carleton Civic Centre will officially open its doors in Woodstock, New Brunswick. It is a wonderful new facility that will be enjoyed by the area’s citizens for many years to come.

While this is wonderful news, the even more important component has been the method in which the goal of completing this facility has been realized. It is important to note that the completion of this project was achieved through true partnership. This partnership included groups, organizations, businesses, individuals, surrounding communities, as well as all three levels of government.

I congratulate the Carleton Civic Centre committee and all those who contributed to the success of this most worthy project.

MANITOBA SPORTS TEAMS

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, I rise in recognition of two recent Canadian championship teams from Manitoba.

This past weekend Mr. Kerry Burtnyk and his team members, Keith Fenton, Rob Meakin who is a constituent of mine, and Jeff Ryan captured the brier in Halifax. It was Burtnyk’s second win. He first won the brier 14 years ago. Mr. Burtnyk and his team will go on to represent Canada at the world curling championships in Brandon beginning on April 8. We wish him and his teammates the very best of luck.

I also wish to give my wholehearted congratulations to the University of Winnipeg Wesman women’s basketball team. They won their third consecutive university championship this past weekend. The Wesman beat the University of Manitoba Bison squad 72 to 61. A healthy rivalry exists between these two teams. In fact it was earlier this year that the Bisons ended the Wesman’s world record setting 88 game winning streak.

These athletes deserve recognition for their skill.

[Translation]

These athletes are champions; these Canadians are a source of inspiration to us all.

* * *

[English]

GUN CONTROL

Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.): Mr. Speaker, come with me now to those wonderful days of yesterday, back to the days when the NDP thought themselves a force to be reckoned with.

Where are the NDP members today? Well, I will tell you that eight out of nine members of the NDP caucus are going to vote against gun control.

I look to the left and see Buzz Hargrove and the CAW. They support gun control. I look to the left and see Bob White and the CLC. They support gun control. I look to the mainstream and 80 per cent of Canadians are what I see. They support gun control.

(1410)

Where are the NDP? Oh, there they are on the right.

The Speaker: I see the NDP.

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CUBA

Mr. Svend J. Robinson (Burnaby—Kingsway, NDP): Mr. Speaker, speaking from the left, Canada has maintained unbroken diplomatic relations with Cuba for 50 years and has established important trade and investment links with Cuba.

The U.S. government and Congress have imposed an illegal and immoral blockade in Cuba. Now U.S. Senator Jesse Helms, chair of the foreign relations committee, is trying to target foreigners, including Canadians, who invest in Cuba, barring entry to the U.S. and cutting off preferential trade rights.

I call upon the Government of Canada to strongly condemn and lobby against this bill which would have a particularly grave

S. O. 31

impact on sugar product exports to the U.S. and investment projects in Cuba.

The Helms bill has been referred to as the Canada bashing act of 1995 by Cuban expert Jorge Dominguez of Harvard University.

Finally, the leader of the Reform Party may wish to raise this issue with his political soulmate Newt Gingrich during this love-in in Washington today.

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[*Translation*]

QUEBEC SOVEREIGNTY

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, in a study by the highly reputable firm of Rogers and Wells of New York, commissioned by the Government of Quebec, lawyers David Bernstein and William Silverman concluded that Canadian-American trade rules would not change with Quebec sovereignty.

According to these experts, the United States would renew Canadian-American treaties with Quebec, including the free trade agreement, in order to protect their economic interests.

Therefore, the rest of Canada will have nothing to say about trade between Quebec and the United States and even less effect on preventing Quebec from enjoying the benefits of the free trade agreement.

In other words, the day after sovereignty in Quebec, it will be business as usual.

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[*English*]

CURLING CHAMPIONSHIPS

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, it is a pleasure to rise in this House today to congratulate a fellow Manitoban on a great performance.

Manitoba's skip, Kerry Burtnyk, led his team to victory at the Canadian men's curling championships in Halifax over the weekend. The Manitoba team, which also includes Keith Fenton, Rob Meakin and Jeff Ryan, persevered through some tough competition to give Manitoba the Canadian men's curling championship.

This victory also solidifies Manitoba's claim to curling excellence. We now enjoy the men's and women's titles as well as the junior women's and men's titles.

Best of luck to the Manitoba squad at the upcoming world curling championships in Brandon starting April 8.

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REFORM PARTY

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, the Reform Party has sent its boss to Washington to try and impress Republican leader Newt Gingrich with its brand of politics. This gives a whole new meaning to the expression "a meeting of the minds".

Let us read today's agenda for these public officials: Republican whip meeting, closed to the public; meeting with the undersecretary of state, no photo op; briefing with officials of the secretary of defence, no photo op; Concord Coalition briefing, closed; Progress and Freedom Foundation briefing, in camera. Finally, the leader of the Reform Party is enjoying a Heritage Foundation private luncheon and you guessed it, it is private.

We cannot understand why the leader of the third party prefers to have closed meetings. Yesterday, Washington reporters paid him the ultimate compliment by saying he was a Liberal.

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[*Translation*]

PREMIER OF QUEBEC

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, during a press conference held at the end of the first day of the Parti Québécois' caucus meeting, the Quebec premier stated that what the Martin budget says is that we will be pretty nice to you this year and that way we can be sure that you will be gullible enough to vote no. This statement is totally unacceptable.

By expressing himself in this way, Quebec's premier really shows how much he respects those who do not share his opinion. This deplorable comment is but one in a slew of pitiful and bigoted things that many separatist spokespersons have been saying recently.

(1415)

After spending millions of dollars to give Quebecers a say in their future, with that statement alone, the premier totally negated the process's basis.

We are therefore obliged to state that separatists in Quebec only respect people who agree with them.

Oral Questions

[English]

THE DEFICIT

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, we have asked and asked the Minister of Finance how long it will take to eliminate the deficit. He has been completely unable to give us an answer.

Now we discover that the President of the Treasury Board has it all under control. The year 2000 will be the year that Canadians will start to move out from under the deficit cloud, that is, if the cloud has not descended upon us by then.

The minister and his colleagues said they will “hum the same balanced budget tune”. This is no time for a cowardly rendition of the “lower the deficit only if you can” song. It is time for the minister to produce the deficit requiem mass. By the way, would he please be sure to send a copy to the Minister of Finance as he seems to have been left out of the choir.

ORAL QUESTION PERIOD

[Translation]

NATIONAL DEBT

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, despite the spending cuts announced in the Budget, the government is faced with a substantial increase this year, from \$42 billion to \$50 billion, in the cost of servicing the debt. This increase is, of course, a direct consequence of our growing cumulative debt. In other words, the debt problem has not been addressed, despite the government’s commitments.

My question is directed to the Minister of Finance. Will the minister confirm that even with the spending cuts announced in the Budget, the government’s cumulative debt will total nearly \$800 billion five years from now?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): No, Mr. Speaker, I believe the estimate given by the Leader of the Opposition is a little too pessimistic. We certainly intend to continue our efforts to put our fiscal house in order, but we did inherit a very substantial debt. In fact, that is why we took some very specific and very decisive steps in our latest Budget.

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, the figure I quoted is based on the data given in the Budget, on the minister’s own figures over three years, projected according to the same parameters. He cannot deny those figures.

More specifically, I want to ask him whether he would agree that the debt problem will not be solved as long as nothing is done about the political structures of an ossified federal system that has turned Canada into a country that is overgoverned with, for instance, 40 per cent of federal spending targeted to areas that come under provincial jurisdiction?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, projections like those just made by the Leader of the Opposition are based on the assumption that the government does not intend to intervene. However, we have just made it quite clear that we intend to use budget after budget to introduce decisive measures to deal with the legacy we received from the previous government.

That being said, as far as government structures are concerned, we have again made it very clear in the Budget that we are capable of taking action in this respect. If anyone is in favour of the status quo, it is, unfortunately, the Leader of the Opposition and his party.

Hon. Lucien Bouchard (Leader of the Opposition, BQ): Mr. Speaker, the minister was into his usual rhetoric, but I would remind him that the figures I just mentioned were computed directly on the basis of his own figures, assuming that he meets the objectives he has set, however inadequate they may be.

I want to ask him how he can deny the federal government’s very obvious inflexibility, when we consider the \$5 billion tax on employment, and I am referring to the surplus created by excessively high UI premiums, which the government will use to fund new incursions into the area of manpower training, instead of reducing UI premiums to stimulate job creation.

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the Minister of Human Resources Development and I have said repeatedly that we plan to reduce unemployment insurance premiums. In fact, one of the first announcements the minister made a year ago was in that vein.

(1420)

Yes, we are creating a surplus, but I would have thought the Leader of the Opposition would welcome that. We inherited an incredible deficit, and we are turning it into a surplus. That is quite a feat.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, once again, the Minister of Finance has delayed the needed reform of the Canadian tax system instead of ensuring that all taxpayers and corporations pay their fair share of taxes. He chose once again to go after the middle class and the most disadvantaged in trying to address his deficit problem.

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Given the extent of his budget problem, how can the minister deliberately spare the banks, which made over \$4 billion in profits last year, by requiring from them a symbolic, temporary effort of only \$100 million?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the \$100 million tax is in addition to the large corporations tax, which we raised in our last budget. There is also the corporate tax that the banks are paying. I must point out to the hon. member that, if we look at government revenues, the fastest growing source of revenue is the taxes collected from large corporations.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the minister tells us that he has asked the banks to make an effort, so I would remind him that the effort he requires from the unemployed is 120 times bigger than for the banks.

An hon. member: Shame!

Mr. Loubier: One hundred and twenty times bigger! That is his definition of fairness. So the question I am asking him is this: How does the minister explain his refusal to honour his election commitment, as reported in the *Globe and Mail*, to establish a real minimum tax on corporate profits, when CP, with profits of \$422 million, did not pay a single cent in tax?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, first of all, there is a minimum corporate tax, which, incidentally, we increased in our last budget. I must, however, tell you that we did not raise personal taxes in our last budget, and I would ask the hon. member to tell the chief of the head office in Quebec City, Mr. Parizeau, not to raise personal taxes, as he threatened to do a couple of days ago.

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[*English*]

LABOUR

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, my question is for the Minister of Labour.

The current railway labour dispute is now a national lockout. West coast ports are also shut down due to a longshoremen's strike. Every few years we go through this fiasco where both sides know back to work legislation is inevitable. Unfortunately Canadian jobs and other industries are at stake.

Will the minister put an end to this charade and legislate everyone back to work now?

[*Translation*]

Hon. Lucienne Robillard (Minister of Labour, Lib.): Mr. Speaker, we must look at each work situation from a different perspective and not lump airports, harbours and railways all

together. They are different companies and labour relations vary from one to the other.

We are keeping abreast of these situations. As you know, Mr. Speaker, regarding railways, even CP was able to reach an agreement in principle with some workers. The situation which is of most concern to me now is that of the port of Vancouver, which we are following on an hourly basis, and I hope that the parties will go back to the negotiating table.

[*English*]

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, the Minister of Labour may have time to wait to sort this out but Canadian farmers do not.

Present shipments are in danger. They must plan for future crops now and should not have to worry about whether the rail system will be there when they need it.

I ask the minister again. When will the government introduce back to work legislation? When?

[*Translation*]

Hon. Lucienne Robillard (Minister of Labour, Lib.): Mr. Speaker, I would like to ask the Reform member to remain calm and to refrain from spreading panic among the parties concerned. As we speak, grain is moving in the west, in Vancouver this very day.

(1425)

We should keep in contact with the parties and keep in mind that it is always better to negotiate an agreement than to envision legislating these people back to work.

[*English*]

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, we have been calm far too long. When is the time to get nervous? It is right now. To date there have been 13 work stoppages in 29 years. Our western grain growers cannot afford to bear the brunt of another strike. Canada's transportation system must be reliable or our customers will go elsewhere.

Once the back to work legislation is passed, will the government take steps to ensure the threat of future rail strikes is removed once and for all?

[*Translation*]

Hon. Lucienne Robillard (Minister of Labour, Lib.): Mr. Speaker, as usual, the hon. member is going a bit too fast. At this stage, legislation is out of the question, so I will not answer hypothetical questions.

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FISHERIES

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs. The stalemate persists in the dispute over turbot fishing opposing Canada and the European Union. Yesterday, the Minister of Foreign Affairs

listed a number of diplomatic avenues to reopen discussions with EU officials.

Can the Minister of Foreign Affairs inform us of the outcome of the diplomatic initiatives mentioned yesterday and whether these initiatives will get things moving again, so that the dispute can be settled?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, we certainly intend to pursue as far as possible the diplomatic initiatives under way. The Canadian government's commitment to protect fishery resources threatened by overfishing could not be clearer. I can assure the hon. member that the Government of Canada will not go back on this commitment.

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, as part of these diplomatic initiatives, is the Minister of Foreign Affairs contemplating travelling himself to Brussels to defend Canada's position and try to reopen discussions with EU countries?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I am flattered by the hon. member's suggestion. Obviously, should my presence be required to achieve a negotiated settlement in this dispute, I will gladly do so. But for the time being, I think that the government officials responsible for that sort of thing are doing a fine job and will succeed in coming to an agreement with our European Union friends.

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[English]

CANADA POST

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, my question is for the Prime Minister. Recently some very serious allegations concerning possible conflict of interest in the post office have come to our attention. It seems that a Liberal senator and the chairman and president of Canada Post are closely linked to the Ottawa developer who built the new Canada Post building.

I would like to ask the Prime Minister whether he will instruct the ethics counsellor to investigate this very serious issue.

[Translation]

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the question relates to something which occurred before this government took office.

[English]

I would also like to say that the CBC, which made the allegation, apologized to the person concerned.

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, this is a very serious allegation. It calls for immediate action. Within weeks of winning this lucrative Canada Post contract, the developer, Mr. José Perez, was billed \$59,000 to finance the racing career of the son of the Canada Post chairman. At the same time, the

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Liberal senator was billing Mr. Perez \$60,000 per year for business advice.

I ask again. Will the Prime Minister undertake to ask the ethics counsellor to investigate, give a full accounting to the House and open up these allegations?

(1430)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I just said that the problem was a problem of management of the previous administration. It is not a problem that occurred before we formed the government. At that time there were no ethics counsellors. I do not know if it is my job to get the ethics counsellor to look into the file.

If the member has accusations to make, he can make them outside the House and face the consequences. The CBC apologized because it had a reason to apologize. I do not think it was a well founded accusation, but if the member wants to make an accusation he can make an accusation and face the responsibility of making such accusations.

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[Translation]

REFERENDUM ON QUEBEC SOVEREIGNTY

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, my question is for the Minister of Canadian Heritage. Mr. Jacques Michaud, the acting spokesperson for the Fédération des communautés francophones et acadienne du Canada, asked Quebecers to vote "no" in the referendum, arguing that they can thrive more fully by remaining within Canada.

Some hon. members: Hear, hear.

Mrs. Tremblay: Will the Minister of Canadian Heritage confirm that his government has just granted a special, additional \$500,000 subsidy to defend the federalist cause during the referendum campaign in Quebec?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, not so long ago, the hon. member accused the heritage minister of not supporting the French-speaking and Acadian communities adequately. But we are doing that. We are doing it to preserve the French language, in compliance with the Official Languages Act, and also the culture of these communities, and we will continue to do so.

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, it is a good thing that I have taken the floor, otherwise I wonder what the minister would tell me.

Will the heritage minister admit that the only purpose of this specific \$500,000 subsidy granted to the Fédération des communautés francophones et acadienne is to convince certain spokespersons of these communities to serve the federalist cause, by using public funds?

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Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, the hon. member would be well advised to refrain from making accusations in this House. She is saying that these communities are selling their support and she is condemning them for doing so. This is shameful.

Some hon. members: Hear, hear.

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[English]

PENSIONS

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, my question is for the President of the Treasury Board.

During this time of government downsizing we have heard a lot of talk about fairness and equity. However today we read in the papers about an example that does not seem too fair at all. It is a special retirement allowance for deputy ministers. On top of the regular public service pension, deputy ministers get an extra 2 per cent per year without paying a cent of their own. That could be an extra \$30,000 a year for life.

Why do the government and the minister hand out golden treasure to the top executives but give a lump of coal to the rest of the public service?

Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, there is certainly no lump of coal to the rest of the public service. We treat them fairly and equitably. We will certainly be doing that in the downsizing exercise.

The program was brought in by the previous government in 1988 because at the time it wanted to attract more people from the private sector to become deputy ministers. The private sector said: "You are not competitive in terms of your salaries". It said: "We will take the additional pension allowance as being part of a total compensation package and will help attract people from the private sector into deputy minister positions". That is the reason the government brought in the program.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, it does sound strangely like MP pension plans.

The government actually on that one refused to take its nose out of the trough. Now on the deputy minister level we find that there is also a two-tier system depending on which level of the public service one belongs to.

For the sake of morale in the public service and for the sake of the fairness and equity the government claims, it should cancel the program that gives extra benefits to top executives and make it the same for all public servants as it should be.

Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, a number of representatives of the private sector advised the government of the day on this matter. They said: "If you really want to attract top people to serve the public of Canada you are going to have to be competitive, and your salaries are not competitive".

(1435)

We have to look at it from a total compensation package point of view. On that basis that is why it has been offered to senior deputy ministers.

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[Translation]

INTERNATIONAL ASSISTANCE

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs.

In its budget, the government announces a substantial cut in international development assistance, in particular food aid to the poorest countries on earth. In fact, it is reducing by 16 per cent the multilateral and bilateral food aid budget, which will fall from \$300 million to \$250 million this year.

How does the Minister of Foreign Affairs reconcile Canada's substantial cuts to its international assistance budget with the support it gave to increasing development aid to the poorest countries at the Copenhagen summit on social development?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member's question is about the same as that asked by one of his colleagues yesterday. In response to that question, I said that the Government of Canada had two ways of providing food aid: through its multilateral programs and through its bilateral programs.

The figures quoted by the hon. member refer to only one form of food aid. He does not have the total picture on government spending in this regard. If he combines expenditures in both bilateral and multilateral programs, he will see that our contribution remains the same.

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, how does the minister justify such a substantial reduction in its direct assistance to the poorest countries even before completing the reform of CIDA recommended by the Auditor General of Canada?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I would like the hon. member to come and read carefully two questions that were prepared by his research office. He does not have to listen to my reply, but I must remind him that he should read it; he would then have the answer to his second question.

IRVING WHALE

Mr. Denis Paradis (Brome—Missisquoi, Lib.): Mr. Speaker, my question is for the Minister of the Environment.

After hearing the hon. member for Bonaventure—Îles-de-la-Madeleine, can the minister assure this House today that refloating the Irving Whale, the barge that sank off the coast of the Magdalen Islands in 1970, does not pose an environmental threat to Magdalen Islands fishermen and residents?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, I was expecting this question from the official opposition, but since it was not forthcoming—

Some hon. members: Oh, oh!

Ms. Copps: I just wanted to remind hon. members that the first report proposing salvage measures, proposed in 1989, was rejected by the then Minister of the Environment.

I am very pleased to report that, since we came to power, 24 years after the incident occurred and six years after the first report was presented to the former environment minister—the hon. member for Lac-Saint-Jean—action will finally be taken this spring. We have opted for the alternative that was the least expensive and the safest for the residents of the Magdalen Islands and Prince Edward Island.

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[English]

FOREIGN AFFAIRS

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, my question is for the Minister of Foreign Affairs.

The Liberals seem to have different rules for Canada's elite. Last night it was reported that children of diplomats and senior military officials were attending expensive private schools all around the world and the taxpayers were footing the bill for this extravagance.

Will the government commit to immediately bringing this benefit in line with similar benefits in the private sector?

(1440)

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): The answer, Mr. Speaker, is that we do exactly that. It is quite clear that the children of those serving abroad have to attend schools that follow a curriculum which will allow them to continue their classes when they come back to Canada.

Canadian diplomats are receiving nothing more than diplomats of other countries. If the children of Canadian business

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representatives abroad are going to school, they are going to exactly the same schools as the children of our diplomats.

Mrs. Jan Brown (Calgary Southeast, Ref.): Mr. Speaker, I thank the hon. minister for his response. However the foreign services directive indicates that there is a double standard. Students are given three taxpayer funded flights a year. Students are even going to school on the French Riviera. These perks are more lucrative than in the private sector.

Not only is there a two-tier pension plan but we learn there is now a two-tier education plan: one for ordinary Canadians and one for the Canadian elite.

Does the minister not understand that Canadians will no longer tolerate these Liberal double standards for the Canadian elite?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I welcome the suggestion of the hon. member to review the treatment offered to children of our people who are abroad.

I challenge her to verify the allegations she is making here which I think are totally unfounded. It is very nice to take her lead from a very biased report that does not take reality into account.

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[Translation]

NATIONAL DEFENCE

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

We have learned that the number of francophones applying to become Canadian Forces officers dropped drastically after the closure of the military college in Saint-Jean was announced. Applications are down to 102 this year from 243 last year, a drop of more than 50 per cent.

Does the Minister of National Defence recognize that, as we had predicted, closing the military college in Saint-Jean will have the effect of discouraging francophones from becoming Canadian Forces officers because they can no longer train in their own environment and in French, as they could in Saint-Jean?

[English]

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I would like to inform the House that recruitment for the armed forces is down right across the country. One of the reasons is that the economy is buoyant.

Historically when times are rough there is obviously less competition for the various places. As a result of improvement

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in the economy we find that the normal group of people who would be attracted to the armed forces has found other options.

With respect to Quebec, recruitment is down about 50 per cent overall. It is down 40 per cent in Ontario. It is down about 20 per cent in the west. It is about even in the Atlantic region.

I should say that part of the problem concerning recruitment to the military college was due to the uncertainty as to what would happen with young students coming out of high schools in Quebec. That uncertainty was created because of the opposition tactics by the official opposition and the government in Quebec City that refused to accept the agreement originally signed by the former Government of Quebec.

Now that we have the agreement in place and now that the parents of francophone students in Quebec know what is going to happen, we believe recruitment will pick up in the next few weeks and we will meet our target very shortly.

[Translation]

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, I find the minister's answer extraordinary.

Does the Minister of National Defence recognize that the sharp drop in francophone officer candidate enrolment will inevitably aggravate the already serious problem of francophone under-representation in the senior ranks of the Canadian Armed Forces, thereby compounding the unfair treatment of Quebec?

(1445)

[English]

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I find it extraordinary that the hon. member did not listen to my answer.

Because of the uncertainty surrounding the disposition of the site of the former College at St-Jean, the advertising for those students specifically in Quebec was delayed a number of weeks. Now that we have a deal that was signed a few weeks ago we know what exactly is available. Those students coming out of high schools in Quebec can take the prep year at the new civil institution in St-Jean.

In the last few days we have been heartened by what we have seen. Recruitment is picking up. It was merely delayed.

The hon. member talks about the decline in francophones overall in the armed forces. That is not borne out by the facts. About 27 per cent of members of the armed forces are francophone and fully 24 per cent of all senior officers are francophone, and that will continue.

IMMIGRATION

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, a shocking document has been released to the Vancouver *Sun*, the concluding document of immigration consultations in B.C. in which the minister's employees say the following: "We go about congratulating ourselves for our overexuberant acceptance of bogus refugees while the rest of the world snickers at us for the suckers we are. The lawyers are making a circus out of refugee claims".

The minister ignores Canadians, experts and the Reform Party. Will he also ignore his own employees or will he make change?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I do not know where this member has been for the last little while, but this government has made a number of reforms not only to the immigration procedure but also to legislation like Bill C-44. Reforms to the IRB were announced last week. He was upset that we announced them during the budget process.

However, this government has moved on both IRB and immigration procedures. We support immigration. Immigration is positive for this country regardless of what this member and his party stand for.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, if the minister needs more suggestions for change than those we have offered already, here is what his own employees have to say: "End inland refugee claims. Limit family reunification. End official multiculturalism and make personal suitability the key criterion for immigration to Canada".

Why did the minister hide this damning document? Will he admit that last summer's consultations were as bogus as the refugee system he so ardently defends?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I cannot hide a document I have never seen. My department and my government do not stand for the comments he has made.

The answer to his request is no. This party is bogus to the reality of Canada and does not know how this country has been built. If it did it would not have the temerity to suggest what it does day in and day out.

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CANADIAN WHEAT BOARD

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Mr. Speaker, today in Washington the leader of the third party denigrated the Canadian Wheat Board.

Many Canadian farmers know they produce high quality products and that the wheat board has greatly assisted Canada's

success in the grain trade. The farmers are deeply concerned about these remarks made by the leader of the third party.

Do the views expressed by the leader of the third party reflect in any way the views of the federal government?

Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the leader of the Reform Party is as much of a diplomatic disappointment in Washington as he is a political disappointment in Canada.

I want to assure the hon. member that the leader of the Reform Party in no way speaks for the Government of Canada. The Canadian Wheat Board is and always has been a fair international trading agency, as multiple studies by the United States have demonstrated. Decisions about Canadian grain marketing systems and policies will be made in Canada by Canadians, not in any foreign capital.

* * *

(1450)

CANADIAN NATIONAL

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

The Minister of Finance was in Winnipeg recently speaking to the Winnipeg Chamber of Commerce. I understand he was asked a question about the status of CN pensions.

Would he say here in the House today what he is reported to have said at that meeting, that under any circumstances of privatization of CN that may happen in the future, pensions of CN pensioners will be guaranteed by the Government of Canada and CN pensioners have nothing to fear from privatization? Will he put that on the record here today?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, in dealing with the commercialisation of CN obviously we are going to take into account everything important to Canadians and the employees of CN. I want to reassure my hon. friend that as the process unfolds the interests of everyone involved will be protected to the extent that we can.

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, why is the Minister of Finance not willing to state today on the record what he is reported to have said at that meeting in Winnipeg, that the pensions of CN pensioners would be guaranteed by the Government of Canada?

Get up and say it so people do not have to worry about their pensions. Say what you said in Winnipeg. Never mind him, I asked—

The Speaker: All questions should be put through the Chair.

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, I understand the hon. member's frustration because we have all read of his experience at a meeting he attended to

Oral Questions

discuss financial matters in the west not very long ago. He only lasted, I am told, some five or ten minutes when they asked him to leave. It is obvious why one would do that.

With respect to the commercialisation of Canadian National, we understand the concerns of the pensioners of CN, the concerns of the employees. We also understand how important it is to taxpayers and to people across the country to have a viable enterprise, operating a coast to coast railroad.

The difference between what the government will do and what the hon. member and his party usually do is that they talk about doing things, we get them done to protect those interests which he considers important.

* * *

[Translation]

AIR TRANSPORTATION

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, after months of procrastination, the Minister of Transport announced on Friday that Air Canada would be authorized to take advantage of the lucrative Hong Kong market. However, the minister's decision comes quite late, since there is less than a week left to negotiate arrangements for this year with Hong Kong officials.

Will the minister agree that the delay in designating Air Canada as the second carrier to Hong Kong is the only reason which could keep that airline from exploiting this lucrative market during the peak summer season?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, it took years of negotiations to provide Air Canada with an opportunity to fly to Asia. As you know, in January of last year, Air Canada was granted access to Kansai airport, in Japan.

This year, we managed to obtain landing rights in New York and in Chicago. We also made the decision to give Air Canada access to Hong Kong.

I realize that this is painful for opposition members, but I do accept the praises of Hollis Harris, who says that this decision is fair.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, regarding the same issue, I ask the Minister of Foreign Affairs whether he can confirm that negotiating four weekly flights for Air Canada is indeed a priority for the Canadian team which is currently negotiating with Hong Kong officials?

[English]

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, the entire question of providing Canadian travellers, business people and tourists with access to and from Hong Kong is one which this government has worked on since the time it came to office.

Oral Questions

(1455)

It is extremely important that Canadian Airlines International have access to Frankfurt, that we open the routes that have been awarded to the Philippines, to Malaysia, to Vietnam. We have signed a bilateral agreement with the United States.

It is a priority of this government to negotiate arrangements to give access to Air Canada at Hong Kong.

If the member were the least bit fair about this he would look over the last 14 months at what has occurred in the aviation industry in Canada and he would probably recognize that more progress has been made in 14 months than in the previous 15 years.

* * *

GUN CONTROL

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, the Minister of Justice will be at a meeting in Manitoba tonight at the request of Dauphin—Swan River constituents concerned about Bill C-68.

I have been advised that there are hundreds of people who will be denied entrance to this meeting.

Why is the justice minister meeting behind closed doors with only 50 or so people who are attending on an invitation only basis when there are hundreds who want to attend this meeting? Why is the justice minister refusing to meet with these people? Why is he locking them out of this meeting?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, every member of the House knows no minister has been consulting with the Canadian people more than the Minister of Justice.

He is doing it so well that there are plenty of demands for meetings with him. Obviously he cannot meet with everybody. I know the Minister of Justice has never refused good consultations on problems presented to the House. He has put forth more propositions for meaningful changes in his field in the last 14 months than I have ever seen.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, this is not the first time the justice minister has locked people out of his meetings. In Calgary last January there were more people standing outside the meeting in the cold than inside the building.

Will the Prime Minister instruct his justice minister to begin to listen to the people and meet their concerns about his gun control bill and stop locking them out of meetings?

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the hon. member is completely wrong.

As the Prime Minister has said, no minister in recent years has met more regularly and more diligently than the Minister of Justice, particularly on the gun control issue.

He used his whole summer to go from coast to coast to speak with Canadians, to inform them of what he intended to do, to get their feedback and to get information in order to prepare this piece of legislation.

No one could ask for more.

* * *

*[Translation]***UNEMPLOYMENT INSURANCE**

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, my question is directed to the Minister of Human Resources Development.

Canadians and, more specifically, Quebecers, have been telling us they want more effective programs and an end to overlap and duplication with the provinces.

What steps has the minister taken through the Unemployment Insurance Program to eliminate wasteful spending of public funds?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.): Mr. Speaker, we are working very hard on a number of projects with the provinces to reduce duplication and overlap. For instance, we signed four agreements with the provinces to protect UI information and achieve substantial savings in spending on social services in each province.

In fact, I believe Mrs. Blackburn, the Quebec Minister of Income Security, is prepared to review the UI system in order to cut costs for her department. I hope this will be one example of close co-operation between the federal government and the provincial governments on reducing the cost of social services.

* * *

*[English]***BASE CLOSURES**

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

(1500)

Will the minister advise the House how he can justify cutting a \$30 million trust fund by \$10 million? This trust fund was specifically transferred from the Department of National Defence and earmarked for the Atlantic communities affected by the base closures announced in the 1994 budget. What steps will the minister take to correct this situation?

Mr. Réginald Bélair (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, I will take the question under advisement and relay it to the minister. She will get an answer in writing.

The Budget

The Speaker: I have a point of order from the hon. member for Prince George—Bulkeley Valley.

* * *

POINTS OF ORDER

COMMENTS DURING DEBATE

Mr. Dick Harris (Prince George—Bulkeley Valley, Ref.): Mr. Speaker, I rise on a point of order. On March 1 in the House I mistakenly stated that the member for London—Middlesex had made unacceptable comments about the children of the member for Medicine Hat.

It was the member for Victoria—Haliburton who made these remarks and not the member for London—Middlesex. I wish to apologize to the member for London—Middlesex.

Mr. Pat O'Brien (London—Middlesex, Lib.): Mr. Speaker, I would like to take this opportunity to thank my hon. colleague for his apology. I was surprised how I could have been in the House at that time insulting anyone since it was my privilege to be having lunch with some other colleagues—with the Prime Minister—that day.

I appreciate his clarifying the record.

* * *

[Translation]

WAYS AND MEANS

TABLING OF NOTICE OF MOTION

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, pursuant to the provisions of Standing Order 83(1), I have the honour to lay upon the Table a Notice of Ways and Means motion concerning certain measures announced in the February 1995 budget. I ask that you designate an Order of the Day for the consideration of the said motion.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed consideration of the motion that this House approves in general the budgetary policy of the government and the amendment.

Ms. Paddy Torsney (Burlington, Lib.): Madam Speaker, certainly the impact of my words have lost some of their oomph, as the hon. colleague says, given the delay.

I did want to say to the member opposite who is no longer in the Chamber that paranoia will destroy you, and I am not paranoid.

Mr. Hermanson: Madam Speaker, on a point of order, I believe it is not proper procedure to note members that are not in the House.

The Acting Speaker (Mrs. Maheu): I am sure the hon. member will apologize for having done that.

Ms. Torsney: Madam Speaker, I do apologize for that.

(1505)

As I was saying earlier it is important that we set clear targets. As anybody or any business that has been in a debt situation knows you have to set clear targets and meet those targets. That is certainly what the government is doing.

You do not cut off your nose to spite your face. We still have to make investments in the future. We still have to get out from underneath the debt and deficit situation. We will do so by making strategic investments, by setting clear targets and by continuing to meet those targets as we have in the last year and actually exceeding them. That is the conclusion of my remarks.

The Acting Speaker (Mrs. Maheu): The hon. member's time has expired.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am speaking in this debate in order to point out a number of contradictions in the budget, in the way cuts are made, cuts I would describe as bad.

The first thing I would like to draw to the attention of this House is the cuts in research and development, particularly in the agricultural sector. In this period of worldwide change, this time of market globalization, it is very surprising for a government to be cutting out all research in such a draconian and definitive fashion in the area of ovine production—production for the development of sheep farming. This type of production is both ecological and a source of diversification for a number of regions in Canada.

The decision was made in the budget to close the experimental farm at La Pocatière. This is a federal experimental farm, the oldest one in Quebec, which, only two years ago, was given the exclusive mandate for research in sheep farming for all of eastern Canada and in fact for Canada as a whole. A few years ago, a new sheep barn was built there at a cost of \$10 million—money simply forgotten today. We are told that this farm will be closed, despite the fact that the sheep industry should get the most out of investment in research and development.

This situation is in blatant contradiction with the Liberal Party program and the guidelines of the present government on support to the agriculture industry. It is a contradiction, and I believe the government should reverse its decision and continue to pay the cost of research and development in sheep production

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so that this industry can receive the support it needs to take its rightful place in the Quebec and Canadian market.

Another example of bad cuts in the budget is the substantial increase in port tariffs planned for the various harbours that come under Ports Canada and which are along the St. Lawrence River, among other places. They decided to raise port tariffs by 25 per cent and the ultimate result of this increase will be that a certain number of boats which would otherwise have docked in these ports will refuse to do so. For example, in Cacouna harbour, in my riding, the increase in port tariffs will achieve the opposite effect to that intended, which is to increase government revenues.

The result of the increase in port tariffs will be that fewer boats will dock there. This may cause an overall decrease. This is the kind of misjudgment of the situation which will have a negative impact on all ports, especially on the St. Lawrence, where 13 ports can be considered profitable when it comes to efficiency. This across-the-board increase in port tariffs will make some hitherto profitable ports stop being profitable and will make them a drain on the federal budget. I think that it is important that the federal government reconsider its decision to increase port tariffs by 25 per cent, because all users know that it will have an impact.

(1510)

People who make calls for tenders, shipowners who entertain the idea of docking ships in Cacouna harbour or another could very well end up going to the east coast of the United States. We are going to eventually end up with even more harbour facilities which are not used as they should be and which will be increasingly in the red.

I think that these are examples where the government sets out in good faith to cut spending, but cuts in the wrong places and implements cuts which have negative repercussions for the economy of certain regions, like the one I represent, the riding of Kamouraska—Rivière-du-Loup.

Another example is transportation subsidies. Everyone agrees that these subsidies, which perhaps created an artificial market, must be abolished. The Minister of Transport was favourably disposed to recommendations that these subsidies be eliminated gradually, so that the impact on the regional economy could be evaluated. The Minister of Finance, however, has decided to cut them drastically starting July 1, 1995.

It is not possible at this time to predict the effect this will have on eastern Quebec and the Atlantic provinces. It is not known if it will be beneficial or disastrous, or if some businesses will not

be forced to close their doors during the summer of 1995 because of this decision.

Why did the government not follow the recommendations of the industrial commissioners of eastern Quebec, of the Atlantic Canada Opportunities Agency, of all the stakeholders in this sector ultimately, and reduce these subsidies gradually over four or five years? That would have allowed the various industries, whether in the forestry sector, dairy production, furniture manufacturing, or processing, to adapt, to explore new markets and to meet the new challenges of competition.

I think that a decision such as this one will lead on the short term to an increase in unemployment. I need not tell you that our economy does not adapt very quickly to change. Some people will lose their jobs and will not find others right away because the first step will be to rebuild the regional economy, to create an industrial fabric corresponding to the new market conditions resulting from the abolition of transportation subsidies.

This is another example of how, in the budget, the federal government has ignored the complex nature of markets and is making decisions that will have a major negative impact on the short term. This impact could have been reduced by taking into account the recommendations made by the various stakeholders in the local economy.

I would like to give one last example, which I think is even more meaningful, namely the Federal Office of Regional Development's withdrawal from capital assistance programs for small business. Under the pretext of saving, we will kill a very lucrative small business start-up market.

For example, a small winery like the one in my riding obtained a subsidy to build a warehouse, which allowed it to expand its market and secure a significant market share. This type of assistance will disappear. Consultants will help businesses find their way around the bureaucratic maze, but this type of assistance will not help launch small businesses. In this regard, I think that the federal government made the wrong decision.

I gave several examples of less than effective cuts which will be counter-productive on the long term, so that we will end up with an even larger deficit and regions will become even more dependent on transfers. The results will be the opposite of what the government is trying to achieve.

Of course, the government argues that it has to do this in order to cut spending. But we have not looked at the other side of the coin. For example, why did they decide to give family trusts until 1999 before eliminating the tax deferral and preferred beneficiary provisions?

The Budget

(1515)

It is a little like coming home one night to find a burglar and telling him: "It is now 11 at night; I will come back tomorrow morning around five o'clock, but in the meantime, keep quiet and do not steal anything".

We are telling Canada's wealthy families that have taken advantage of family trusts that they have five years to empty these trusts. At the end of the day, they will still be able to make the most of this unacceptable tax dodge.

Another way we could have saved money is by eliminating duplication in the area of manpower where, in Quebec alone, \$250 million is wasted every year. I wanted to give these two examples to show that, if the government had taken action in the right places, it would not have been obliged to resort to such senseless measures as cutting Canada's only experimental sheep production research farm, which is located in La Pocatière.

Mr. Osvaldo Nunez (Bourassa, BQ): Madam Speaker, I rise today to take part in this debate on the 1995-96 budget.

First of all, I must say that this budget is very disappointing. It is hard on the workers, the disadvantaged and Quebec. It does not contain any job creation measures. There is nothing in this budget for the 800,000 Quebecers on UI and welfare who want to work. In this budget like in his last budget, the Minister of Finance is announcing further cuts in unemployment insurance. Quebec however will get back less than it will contribute in 1995. It is clear that federalism does not profit Quebec.

This year, Quebec workers and employers will contribute \$4.8 billion to the UI fund, but Quebec claimants will receive about \$4.7 billion in benefits and various employment-related services. This will mean a shortfall of approximately \$118 million for Quebec. Just to restore the pre-recession level of employment, more than 800,000 jobs would have to be created in Canada.

In that sense, the budget offers no hope to the 1,200,000 jobless Canadians, based on Statistics Canada's figures.

Instead, the government sets itself a target of 45,000 job cuts in the federal public service, the most extensive one-time workforce reduction ever made in the public sector. Ottawa, Hull, Montreal, Toronto and many smaller cities and local economies will be hard hit by such a massive layoff of civil servants. I want to show solidarity with the Public Service Alliance of Canada and all government employees who will be laid off.

In addition, seniors' income is threatened by the government's announcement of an impending review of old age pensions scheduled for 1997 and designed to reduce program benefits.

In these times of drastic cuts in social programs, the government can almost certainly be expected to try and raise premiums, reduce benefits and tie pension income to family income. Thousands of seniors, UI and welfare recipients are very unhappy with this budget, particularly in my riding of Bourassa, where they are in great numbers.

The federal contribution to social programs, i.e. welfare, health and education, will be reduced from \$17.3 billion in 1994-95 to \$10.3 billion in 1997-98. This 40 per cent cut over three years will force the provinces to make further cuts with nothing offsetting these cuts.

On the other hand, costly duplication will be allowed to continue at the expense of the taxpayers, and so will squandering.

(1520)

Also, the government does not go after the thousands of businesses which do not pay taxes, nor does it do anything about the tax havens accessible by virtue of tax treaties signed with other countries. This budget looks like it was drafted by Wall Street financiers. Tax on bank capital is increased, but only for a certain period. Consequently, banks will temporarily contribute about \$100 million, while the Royal Bank alone made profits in excess of \$1.2 billion in 1994.

As for family trusts, which Bloc Quebecois members denounced on many occasions, the minister maintains existing privileges for another five years. Over the next three years, the minister will cut \$307 million from CMHC's budget, which is responsible for social housing, a very important issue in my riding of Bourassa, in Montréal-Nord. This unfair budget also reduces by \$32 million the amount of subsidies to Quebec dairy producers.

The government also intends to reduce by \$1.3 billion, over a three-year period, the budget for international assistance. That decision is in full contradiction with the white paper on Canada's foreign policy, which was tabled in February. I come from a developing country and I care a lot about this issue. It is a shame for our country, which will only allocate 0.29 per cent of its GNP to international co-operation, while the objective set by the UN is 0.7 per cent. This is the lowest level since the sixties. Meanwhile, at the recent world summit on social development, in Copenhagen, industrial nations, including Canada, just pledged to increase official development assistance. How hypocritical!

I also want to discuss the cuts affecting the Department of Citizenship and Immigration. Because of drastic increases in immigration fees, family reunification will become increasingly difficult. The most blatant example is the tax on immigration. From now on, all adults who want to immigrate to Canada will have to pay \$975, in addition to a \$500 processing fee, which

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means they will have to pay \$1,475 just for the right to settle in Canada.

In many countries, this amount is the equivalent of a year's wages or even more. A family of four will have to pay about \$4,000. Many people whose refugee status has been recognized cannot afford to pay \$500 to obtain permanent residence. Some people arrive here without any money at all. How can they deal with this increase? It is unacceptable that future immigrants who never lived in Canada or visited this country will have to pay for the Canadian government's deficit.

The government overlooks the fact that the country of origin has already invested a lot of money in educating these immigrants who are a formidable asset to Canadian and Quebec society. Furthermore, people will have to pay \$200 instead of \$80 to obtain citizenship certificates. This is unacceptable. The government expects to collect more than \$100 million per year as a result. This discriminates against workers and poor people from developing countries, like the head tax on Chinese immigrants in the 19th century, which was intended to discourage the Chinese from coming to Canada.

The government has shown no compassion at all for people who seek the protection of Canada under the Geneva Convention. The budget cuts will have a severe impact on the IRB. The number of commissioners who deal with refugees will drop from 175 to 112. The board's budget will be reduced from \$82 million to \$77 million. On the whole, the budget of the Department of Citizenship and Immigration is shrinking, despite the fact that fees for services rendered have gone up, sometimes by 200 or 300 per cent.

Because of office closures, staff cuts, the creation of two huge processing centres in Vegreville and Mississauga and other operating problems, the department is no longer capable of carrying out its mandate.

(1525)

On top of that, we had the appointment a few days ago of Jean-Guy Fleury as executive director of IRB. Mr. Fleury formerly held a position with the Canadian Security Intelligence Service, a fact that was omitted from his biographical notes.

Why does the Liberal government want to establish this kind of association between immigration and intelligence and national security matters?

[English]

Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Madam Speaker, this is by way of a comment because I really cannot let some of hon. member's comments go unanswered.

With the greatest of respect to the hon. member and his background in immigration, his lack of comprehension of the

policies of the finance minister and the minister of immigration and our policy initiatives which have taken place during the last several weeks is tragic.

The idea that the department of immigration would not reduce its moneys is simply ludicrous. Of course it will. We all have to. Every single person in this country has to make a sacrifice to ensure that the country will continue and that the institutions of this country will continue to serve all Canadians.

Some hon. members: Oh, oh.

Ms. Clancy: Madam Speaker, I wonder if we could call a meteorologist. There appears to be some heavy weather on the other side.

At any rate, over the sounds of the empty barrels, for the edification of the hon. member for Bourassa, for the 3,000th time since the announcement was made I want to explain the situation with regard to the fee. Very briefly, the \$975 will be charged to adults on landing. No one will be turned away. Government loans will be available. Immigrants and refugees have paid back their loans from this country at the rate of 95 per cent. To say anything less is insulting to immigrants and refugees.

[Translation]

Mr. Nunez: Madam Speaker, I notice a great difference in the position taken by the Parliamentary Secretary to the Minister of Citizenship and Immigration when she was in opposition, on this side of the room, and her speech today, now that her side is in power. Why is she not giving the same pro-immigration and pro-refugee speech she gave before? Why has she changed so much? Today she is defending policies criticized by all of the organizations that assist refugees and immigrants. Everybody is against this immigration tax. Everyone opposes the \$975 fee.

She tells us that no one will be denied entry over this fee, but she does not tell us that, to qualify for a loan, an individual must show that he or she meets the loan repayment conditions. In poor countries, few people earn \$975 a month; sometimes they do not even earn that in a year.

[English]

Mr. David Iftody (Provencher, Lib.): Madam Speaker, I wanted to respond to a couple of points the hon. member from the Bloc raised.

With respect to the reductions of the dairy subsidies in the budget, I believe the member may have erroneously left the House with the impression that Quebecers and Quebec dairy farmers were the only ones who received these kinds of cuts. That is not true at all. In fact, I have just received information in my office of a Canadian analysis. Each one of the dairy farmers across Canada contributed equally to the reductions, in terms of those subsidies, to the tune of about \$1,000 per farm unit. I can

The Budget

report to the hon. member that the reductions in Quebec are the same type that were received in my constituency of Provencher.

With respect to unemployment rates, at the outset of his speech the member raised concerns about the inequities in terms of contributions in Quebec to the unemployment insurance fund and those collecting unemployment insurance.

(1530)

Perhaps the reason there are not as many people collecting unemployment in Quebec as there were last year is the federal government's small business initiatives and the federal infrastructure program.

[*Translation*]

Mr. Nunez: Madam Speaker, I would like to point out, for the benefit of the hon. member for Halifax, that several members of her own party do not agree with the immigration fees.

Ms. Clancy: That is not true.

Mr. Nunez: Yes it is.

The Acting Speaker (Mrs. Maheu): Are you going to reply to the hon. member for Provencher?

Mr. Nunez: I would like to give the hon. member an answer. Once again, Quebec is hit harder than the rest of the provinces. In the dairy sector alone, cuts of \$32 million, and dairy producers are concentrated in Quebec. For the first time ever, this year Quebecers will contribute more to the unemployment insurance system than they will receive in benefits. The shortfall in unemployment insurance is \$118 million. And there is nothing in the budget to help job creation. What about the promises? What about the Liberals' promise to create jobs?

Hon. Sheila Finestone (Secretary of State (Multiculturalism) (Status of Women), Lib.): Madam Speaker, it is a pleasure to rise today to participate in the budget debate. During all my years in opposition, I heard many finance ministers deliver their budget speeches. From one year to the next, the same scenario repeated itself. The minister would make great forecasts and great promises only to tell us later that he had been completely mistaken.

[*English*]

Now the approach is different. This is a new era. For the first time Canadians can trust their government's economic assumptions.

The Minister of Finance has restored the confidence of the financial markets. He has also done something else of equal importance. He is restoring the confidence of Canadians and for that I salute him.

Today I want to talk about the implications of the budget for Canadian women. However let us be very clear. I am not only speaking to women; I am also speaking to men. Women's issues are everyone's issues. They are societal issues. They touch every citizen in the country.

Women are our mothers, our spouses and care givers. They are also taxpayers, consumers, workers and entrepreneurs. They balance the family budget. They manage businesses. They take jobs and they create jobs. They educate the next generation.

Women are very realistic. They know that as a nation we cannot spend more money than we make for a very long time. The time to pay back quickly catches up. Women understand that our country cannot continue to accumulate huge deficits year after year after year.

Now the time has come to face reality. The 1995 budget is the first step and only the first step. Our goal is to create good jobs and maintain our social safety net. We refuse to have decisions of prime importance for the nation taken by the bond sellers in New York, Tokyo or for that matter on Bay Street.

What lies ahead of us is a long journey, too long delayed. At the end of the journey we will emerge triumphant with our finances in order, a stronger economy, an ensured social safety net, and with renewed confidence in our abilities.

Before we reach that goal many sacrifices will have to be made by all Canadians. We will all have to tighten our belts. Everyone shall be called on to do his or her fair share to help eliminate the deficit.

Women really understand the need for fiscal restraint. They are ready to do their fair share but only their fair share, for fiscal restraint must never be used as an excuse to roll back the advances women have made in the past 20 years. Nor can it be given as a reason for delaying or postponing the further progress of women's equality.

(1535)

[*Translation*]

The first piece of good news for women in this budget is that there is no tax increase.

We sincerely believe that the tax issue is not only a matter of tax rates; it is also a matter of fairness. By eliminating tax loopholes, the budget makes our tax system more equitable.

Second, the Canadian government wants to give the provinces more flexibility in managing programs like health care, post-secondary education and social insurance. We will achieve this goal through the Canada Social Transfer.

[*English*]

The minister stated that flexibility does not mean a free-for-all. There are national goals that still must be applied. We will combine flexibility with continued fidelity to our principles.

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The government is absolutely committed to providing a fair and sustainable system of protection for Canadian seniors. This is also very important for women as they live longer and are often among the poorest in society. In order to ensure the sustainability of our pension programs, we will consult with seniors and Canadians in general on the nature of the needed changes later this year. That is part of open government.

Women's groups have a great interest in these consultations and I encourage them to make their views known. I have asked my department to specifically focus on this issue in the coming year because we all have to contribute to the fullest degree possible to the design of the program.

Women have a major stake in the budget measures, seeking to replace dependence with independence. An important element of that effort is the new human resource investment fund. We have to ensure that women's particular employment situations, their training and employment patterns, their incomes, family responsibility and life experiences are fully taken into account, both in the design of the new fund and the planned changes to unemployment insurance.

[Translation]

I am also delighted that the Minister of Finance has announced several measures to encourage small business.

Close to 40 per cent of small businesses in Canada are headed by women and their success rate after five years of operation is double that for men. That is the truth.

We can be proud of this success, which, however, did not come easily and without pitfalls. Businesswomen have to face what we call financial sexism. This does not come from me but from a new study released a few days ago by the Canadian Federation of Independent Business.

This study shows that women applying for business loans at financial institutions are turned down 20 per cent more often than men. It is a disgrace. And if they are approved, 95 per cent of the time, they have to pay higher interest rates on their loans. Do you find that fair? We certainly do not. All this, I remind you, in spite of the fact that women are very responsible and successful in business.

No wonder that, according to Pierre Cl  roux, Vice-President of CFIB, these figures prove beyond any doubt that financial institutions are discriminating against women entrepreneurs.

Hats off to the Minister of Finance for stating in his budget speech, and I quote: "This government is determined that small businesses will have access to the financing they need to continue being our number one creator of jobs".

On behalf of all women entrepreneurs, I might say the sooner the better.

[English]

Let me turn to the principle of good government. There is no doubt in my mind that we have to redesign the role of government in the economy to fit the size of our pocketbook and the priorities of our people.

(1540)

[Translation]

Last year, soon after being elected, our government undertook an extensive review of all programs and agencies it is responsible for. As part of this program review, the role of three organizations dedicated to women's equality, namely Status of Women Canada, HRD's Women's Program and the Canadian Advisory Council on the Status of Women.

[English]

The review process found that all three promote women's equality and in various degrees they all conduct research, consultation and undertake communications. All three also work closely with women's organizations.

The government concluded that the best way to increase both effectiveness and efficiency would be to consolidate its actions for women's equality at Status of Women Canada. In this regard effective April 1, 1995 the women's program of human resource development will be transferred to Status of Women Canada. The presence and the role of their local, regional and national staff, those offices and their services, will be maintained.

As well, effective April 1, 1995 the mandate of the Canadian Advisory Council on the Status of Women will end. This will result in a streamlining of resources and costs, removing duplication and eliminating all order in council appointments.

The CACSW's research, consultation and public information functions will be consolidated within the overall operations of Status of Women Canada.

The CACSW will be given the time and support it needs to wind up its operations. Once we move the functions to Status of Women Canada we hope we will be able to absorb some of the advisory council's staff to fulfil these functions.

[Translation]

The Canadian government is firmly committed to women's equality. As a matter of fact, this commitment has motivated all our decisions. This consolidation will enable this government to further the cause of women's equality in partnership with women's groups, the provinces and territories, the private sector and volunteer organizations.

[English]

The Canadian Advisory Council on the Status of Women played a major role in the formative years of Canada's modern women's movement. At its inception in 1973 following the Bird report, the report of the royal commission, it filled an important

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void. The modern Canadian women's movement was in its infancy. Women lacked a strong voice in the public arena. They also lacked vehicles through which they could advance equality.

Since then Canadian women have made progress in government, in education, in business and in the academic world. More important, women have formed hundreds of small, medium and large organizations throughout the country to ensure that their needs and concerns are heard and met.

These local, regional and national organizations work in many fields like violence against women, child care, the treatment of women in the health, justice and immigration systems, and the needs of women entrepreneurs among others.

As our society evolved the need for some of the functions of the council changed. Over the years its role as an interpreter of the voices of women has been overtaken by many strong, established national, regional and local women's organization.

We owe a great deal to the pioneers who worked within the advisory council. I salute the years of hard work and dedication of the committed women and men who have served the advancement of women through the advisory council.

I wish good luck to its outgoing president. She has been very helpful in my thinking the whole approach through and looking at new avenues for creativity and new dimensions of the work we are about to undertake.

(1545)

The vitality and the strength of today's women's organizations and the dedication of their members will ensure that the important work done by the advisory council will continue. Its independent research capacity and its ability to consult and communicate information to women and the general public and its documentation centre as well are important supports to public policy making.

Therefore, these functions and the associated financial resources will be maintained. Its initiatives will enhance our ability to understand and respond to women's equality issues that take shape at the grassroots level and create a new synergy between research, policy development and the government's programs.

The consolidation of these three organizations will, I outline and summarize, create a single window operation; eliminate confusion and improve access to government; provide the government with a critical mass of expertise on women's issues; improve research, communications and public information services; strengthen links with local, regional and national organizations, NGOs and universities; ensure that funding for research that is independent of government continues to be available; and allow the government to focus its efforts toward promoting equality for Canadian women.

Since the day the Prime Minister appointed me as Secretary of State for the Status of Women, I have been meeting with women's organizations across this land. I have been having round table discussions with them and with many of the groups here in Ottawa. I have listened to their concerns with a great deal of interest.

In the new structure we will work to reinforce our collaborative partnerships and our abilities to network on a broad spectrum of issues by ensuring the involvement of these many women's organizations with their differing perspectives and the voluntary sectors and the universities works well.

I also want to explore how we can use the new communications technology in this new era of information. I would like to see us build an ongoing dialogue with our constituency using Internet and E-mail or both, or library net. These are all fabulous ways to keep in touch and keep informed and we want to do just exactly that.

[Translation]

We want to make sure that women become full-fledged partners in our society. As the Prime Minister rightly said recently: "In Canada, women continue to further the cause of economic equality. Relying on their own means and abilities, women help shape the future of this country. As for the Canadian government, it is meeting the challenge. Women's equality is not a matter of special interests or rights, but rather a matter of social and economic justice, a matter of good government".

[English]

We will work together and work toward equality in partnership with women, men, and the public and private sectors to overcome the obstacles that are still blocking our way. It is by involving the talents and dedication of every Canadian, all of us, that we continue to enhance our prosperity and make this country still a better place in which to live. When we involve all of its people we are in the best position possible to make things work.

[Translation]

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Madam Speaker, I want to congratulate the hon. member for her convincing speech on the continuous struggle of women towards equality. I have two daughters and I do hope that they will live in a society where equality will be even more of a reality.

My question concerns some measures which seem in contradiction with the objectives and arguments stated by the hon. member.

First, one of the recommendations made by the Liberal majority on the human resources development committee provides that future UI beneficiaries, that is those who never received UI benefits before—this means a majority of young people and women—will have to work a greater number of weeks than other beneficiaries to be eligible for UI benefits and these benefits will be less than those that will be paid to people who have already been in the system for years. This seems to be

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in contradiction with the principle governing the UI system and with your concept of equality.

(1550)

Second, the same committee recommended that, in the future, students will have to run up higher debts, something which will affect women even more than men since, in the course of their careers, there are times when they are not gainfully employed, for example when they decide to stay at home to raise their children. Consequently, these women will be burdened with larger debts and for a longer period of time. That also seems to be a contradictory measure.

Finally, there is the plight of women who do not receive any welfare or UI cheques and who are not eligible for programs such as the assistance program for independent workers, which helps people start businesses.

Does the hon. member not agree that the government could have made an extra effort regarding these three areas, or should at least, through the social program reform, ensure that women in Canada and Quebec are not adversely affected by recommendations which are neither appropriate nor adequate in terms of helping them get where they should get in the future?

Mrs. Finestone: Madam Speaker, I thank my colleague for his questions. As a father of two daughters, his interest is clear to me. We are certainly on the same wave length in that both our sons and daughters should enjoy equal opportunities and wage parity. I certainly agree, and I commend him on his position.

I want to say to the hon. member that he should not be too worried about unemployment insurance. So far, no decision has been made. It is still hypothetical. The report drafted by the people who worked so hard to listen to what the public had to say has been tabled, and the final decisions will be made at the appropriate time.

As for female students, if I am not mistaken, in the last two budgets the situation improved, and it is easier for women to get bursaries when they want to do a doctorate. There are certain situations, and I do not remember the exact circumstances, but I will certainly make enquiries and send you the rest of the details, but I know that women have been privileged in this respect, and if we want equality, I hope that the time will come when we no longer have to take this kind of action to ensure that women have the opportunities to which they are entitled.

On the subject of small business, I dare say that for the first time we have, if not threatened, or at least strongly suggested or

advised, the banks that if they did not give small businesses the kind of protection they need and did not give them loans on request, we would apply sanctions that would be a little more severe than was previously the case. And when we see that 40 per cent of all businesses started by women have a better success rate than those started by men, I think it is because women tend to take a more thorough approach. They do not take as many risks, that is true, but in the end they have a better success rate.

A study has found that 50.1 per cent of businesses that have been in existence for 25 years are run by women, and these are incredibly successful businesses with sales that are absolutely amazing. I hope that this more or less answers your questions, but I can assure you that we have not yet won on all fronts. We must take action through partnerships with people like the hon. member, and I am counting on the co-operation of everyone, especially here in this House.

(1555)

[English]

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Madam Speaker, I listened to the hon. minister's presentation. I appreciate a lot of things she had to say, particularly in the opening part of her statement where she said that women have a very good understanding of fiscal restraint and what it takes to run a business or a household.

My wife is a person who does understand. It is a shame my wife is not here to hear the comments of the hon. member for Halifax. I am sure she would take issue with that. Perhaps she is watching this on television. My wife does understand as the minister rightly said the need for fiscal restraint. My wife also is 100 per cent supportive of my opting out of the gold plated MPs pension plan. Why? Because like millions of other Canadian women who understand the need for belt tightening in these times of financial crisis in order to get our country's finances on the road she believes that leadership should start right at the top, here in the House of Commons.

If the women Liberal government members do support leadership by example, then why do they still cling so fervently to this still gilded MPs pension plan?

Mrs. Finestone: Madam Speaker. Women know how to handle money. They know how to turn a nickel into a dollar. They have been very cautious and careful. They have had to be, because men have not always been very sharing or very open with their wives or their children.

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With respect to the pension, my husband thinks the pension is just right, just fair and he has no objection. Quite frankly we all work very hard. I am sorry if the hon. member thinks it is not worth being paid or recognized for working many hours a day. We do not agree with him. I think our pension system with the changes we have brought in is more than fair, more than equitable. My husband is not upset and neither am I.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Madam Speaker, I want to ask the minister about her commitment to child care. The budget eliminated a subsidy that allowed for a great deal of transportation funds to be available to farmers in western Canada. In the past, rural women have found themselves having to find child care when child care was not available. With the elimination of the Crow benefit the pressures on the financial aspects of farming will be increased. Rural women who have in the past called for child care I am sure will be asking the minister for her support in the future to see a federal commitment to child care in rural areas.

Can the minister tell us if she continues to be committed to child care, especially in rural Canada?

Mrs. Finestone: Madam Speaker, I want to assure my hon. colleague that I have not changed my mind or my view of society. I have met with the Rural Women's Childcare Coalition. I have met with the farm women of Canada. I am very much in support of measures that will give them the kind of child care they want. A universal system is not always what they want.

The Minister of Human Resources Development has been working with the provinces. There are propositions out there. I can assure the hon. member that our commitment to the increase in child support and child care is a well founded commitment. It will be met within the term of our red book time. I can also assure him we will not change our minds on gun control either.

(1600)

Ms. Margaret Bridgman (Surrey North, Ref.): Madam Speaker, I am pleased to participate in the debate in the House, although today's topic does leave a lot to be desired.

Canadians have a debt of over \$550 billion. We have continuously overspent our budget, creating annual deficits which we add to our debt. In turn, this increases the amount of interest we must pay, already over \$40 billion.

On February 27 the finance minister told us that he, his department and the government had balancing the budget in mind. He said it was a priority of this administration, but the finance minister does not tell us when it will achieve the actual balancing of the budget. Instead, each year we have been told of one more step in the budget balancing stroll that he and this government are leading us on, and that strolling in this manner for three years will achieve 3 per cent of GDP, assuming present conditions affecting this forecast remain constant and that those conditions or situations anticipated actually come to pass.

A plan that takes three years to reduce an annual deficit of more than \$35 billion by \$10 billion does seem like a stroll down some indeterminate path. It is not suggestive of a plan that would be considered a high priority by the people who implement it when there is no end in sight.

The longer we maintain the need to borrow large sums of money from foreign lenders the longer we will continue to add to our debt, increasing the amount of interest we will pay. The interest money we pay to foreign lenders could be utilized very effectively for services or benefits for Canadians at home.

It reminds me of the situation with credit cards. When a person uses a lot of credit cards to buy certain things and then sit them all in front of them and add up the amount of interest they are paying, it is taking a huge chunk of their salary. The person wonders why they thought buying on credit was a good idea.

By the time the government reaches its target of 3 per cent of GDP in 1996-97 it is estimated the interest payments on our debt will have reached \$50 billion. To say it is rather easy for us these days, but it is really hard to identify with the reality of a billion dollars.

I have heard some examples, such as circling the globe at the equator with \$2 bills, but it is hard to visualize how big the equator is as well. One example very easy for me to identify with is that if a person made a dollar every second they would be a millionaire in 11 days. To get a billion dollars it would take them 33 years. That puts it into reality for me.

Canadians have expressed concerns about most of the services provided under the social program umbrella, for example, health care, pensions, unemployment insurance, et cetera. We know these programs will be cut in the near future. However, we will not know until the autumn or maybe even later how these cuts will affect our lifestyles.

We also know that federal funding for health, post-secondary education and welfare will be lumped together and cut by \$2.5 billion in 1996-97, and a further \$4.5 billion in 1997-98. These cuts will have an effect on us, but it will depend on how the provinces allocate the moneys they receive to implement and maintain the services. Again, we do not know at this time the effect the budget will have on our lifestyles.

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Even though it is a step toward decentralizing or transferring the management of these programs to the provinces and territories, it is unfavourably implemented when the cash cutbacks are not coupled with compensation in the tax credit area by increasing it.

(1605)

With this budget plan, it is inevitable that health services will be cut, if not directly this year certainly next or the year following that.

This year health services will probably feel some effect from the cuts as applied to the medical research council, a 10 per cent cut, and the patent medicine prices review board, 15 per cent cut and another 15 per cent cut to the hazardous material information review commission.

Some aspects of the mandates of these departments or services certainly contribute toward the quality of our overall health program. Reduction in the services from some of these sources is bound to influence health care services.

I have identified some areas where cuts are to be implemented. These plus other cuts in the budget are apparently insufficient to prevent the need to continue borrowing possibly large sums of money in order to operate within the budget.

A possible contributing factor is that this government's budget does not apply cuts equitably and fairly across the board, but singles out some services to cut while allowing others to actually increase. Even though the growth rate is restricted there is still an increase taking place. An example of this is the Indian health care service program in which the growth rate will be restricted to 6 per cent for 1995–96 and 3 per cent for 1996–97 and again 3 per cent in 1997–98.

We need to balance our budget as soon as possible. We need to relearn how to live within our means and not continuously borrow horrendous amounts of dollars. Once we have achieved a balanced budget we can implement a plan systematically and consistently to apply funds to our debt and reduce it.

The Canadian people are aware that we have a deficit problem as well as a debt problem. They are aware we must resolve our deficit problem before we can adequately address our debt problem.

Canadians are looking for leadership, for a plan that will not only provide guidance and direction necessary for all Canadians to participate in resolving our deficit problem as soon as possible, but would also identify what it would mean to our lifestyle during the whole process of achieving this.

Two plans have been presented. The government's budget plan reduces our deficit problem by less than half over a three

year period, of which one year has already passed, and involves cuts in services to some Canadians and not others.

The Reform Party taxpayer's budget calls upon all Canadians to accept a decrease in services across the board and to participate in a nationwide plan to eliminate the deficit in a three year period.

The Reform Party's taxpayer budget not only achieves the position of living within our means in three years, it also achieves implementing the decentralizing of some services such as health care to their rightful administrative positions, the provinces. It also removes the cash payment whip, increasing the tax credits in such a manner to allow the provinces to acquire the income necessary to meet the standards of the Canadian health care program as dictated by the Canada Health Act.

There is no need to stroll through the years toward the balanced budget target—we do not know when that is—and borrow horrendous sums of money along the way, as we are being directed by the Liberal government. We do have an alternative plan, an action plan complete in three years, not some indeterminate time period.

We have this in the form of the Reform Party's taxpayer budget. We have Reform members in Parliament who, given the opportunity, are willing and committed to provide the leadership necessary to lead the people of Canada to a balanced budget in three years and to eliminate the need to borrow horrendous amounts of money from foreigners in order to live the lifestyles we wish to enjoy.

(1610)

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Madam Speaker, with the taxpayer budget, as the Reform Party presented it, how would the member provide assistance to those old age people who are receiving OAS at the present time with the tremendous cuts they were prescribing for their budget?

Ms. Bridgman: Madam Speaker, to precede addressing specific issues, the Reform's taxpayer budget illustrates all the cuts that would occur over three years. We also look at pensions. The government has not actually identified and will not until autumn what exactly is going to happen there.

We are not suggesting that service will not be there. We are looking at a 15 per cent cut in OAS as an across the board of cut.

The other thing we are looking at is the RPSP concept. We have to look into this and work it out in the business community and see how this is going to work. However, that concept is quite reasonable and feasible to maybe replace our existing system and come up with something that is better in the long run, has a little more control from the individual's point of view as to how they wish to live their lives and also provide them with a sense of responsibility and a sense of security.

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[Translation]

Mr. Jean Landry (Lotbinière, BQ): Madam Speaker, I paid careful attention to the speech by the hon. member. I have one small question. I heard her say she wanted to make the cuts in the federal budget over three years. I would like her to tell me how they see unemployment insurance in three years' time, what will become of unemployment insurance?

[English]

Ms. Bridgman: Madam Speaker, I thank the hon. member for his questions.

When the idea for unemployment insurance was originally conceived it was seen as an insurance program for people temporarily out of work. That concept was very valid at the time. However, over the years there seems to have been a turn around in attitudes.

Let us get back to the original concept and make it the insurance program it was originally intended to be, directed at the people who need it.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Madam Speaker, I compliment my colleague on her presentation. The Liberal member opposite asked about the Reform Party's cutting OAS payments to seniors.

The Liberal members have not read the taxpayers' budget. If they had listened to the responses to the question they have asked over and over again in this House about how we are going to treat OAS, they would have heard us clearly say time and time again that seniors who have household incomes over \$50,000 a year would be the only ones affected by the Reform Party budget. It would not be the seniors on lower income, as this Liberal member well knows.

Ms. Bridgman: Madam Speaker, I may have been a little weak in my comment to the hon. member. I thank my colleague for clarifying that.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Madam Speaker, I am pleased to have the opportunity to speak today on this budget. I certainly spoke on it a number of times in my riding. The many hundreds of constituents who turned out to the town hall meetings concerning this budget certainly support the Reform position that this budget is as weak kneed as a Liberal Party can possibly get.

(1615)

The budget will ensure that before the next election the Liberal government will add another \$100 billion to our national debt. The budget by the Liberal government will ensure our interest payments on the national debt will rise to \$50 billion—plus. All of this will occur before the next election. The Liberal

budget attempts to put a happy face on a deficit target of \$25 billion in 1997.

In examining all of these factors it is difficult to see how any fiscally conscious Canadian could consider this a tough budget as the Liberal Party purports it be or a budget that will, as the Minister of Finance has said, break the back of the deficit. We have heard this break the back of the deficit statement from finance ministers for over two decades. Yet somehow the government remains committed to a position of spending more money than it takes in in a year.

Finance ministers have consistently projected deficits which in reality turned out to be far higher than their forecasts. I would never go so far as to accuse the government and the finance minister of creative bookkeeping or even fudging the numbers. My confidence in the veracity of the numbers in this 1995 budget is about the same as my confidence in the Liberals reforming social programs before there is a referendum in Quebec.

Speaking of numbers, this necessarily brings me to this notion of targets that the finance minister has been so free with. We have listened day in and day out to the Minister of Finance emphatically declare: "We have hit our targets and we will continue to hit our targets in the future".

I guess when your target is the ocean and you are standing on the end of a pier and jump in, it is easy to say that you hit your target. What is meant by that is the target is so broad and so easy to hit. You cannot miss when you put your target so low.

Simply put, the target is low. This 3 per cent deficit to GDP the Liberal government has been so proud of is insufficient. It was labelled so by the IMF, the OECD and the entire Canadian business community. The Liberals know this. The Canadian Chamber of Commerce was arguing for a zero deficit budget by 1997–98 but the Liberals did not have the political guts to commit to a target like that.

Therefore it was up to Reformers to address the real concerns of the Canadian people. That is exactly what we did in our taxpayers budget. That budget was conceived out of input from the Canadian people that was listened to. It was a budget committed to eliminating the deficit in three years and thereby a budget committed to protecting the viability and the core of our social programs.

The Minister of Finance, despite stating before the finance committee that a balanced budget is the ultimate goal, has refused to lay out any plan that details when Canadians can expect a balanced budget. There are no plans and yet he said it. Could it be that like his predecessors, the minister is really not sure of what the actual deficits will be in the future?

(1620)

We have heard of targets before and we have continually seen them missed before. So let us hear no more pontification from

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the government benches about hitting targets. A deficit target of \$25 billion and a debt target of \$650 billion are certainly nothing to be proud of.

To demonstrate the effectiveness of prebudget consultations held by the Liberal Party, we saw witness after witness in committee. Individuals, associations, business groups and the like appeared before the committee and testified repeatedly day after day, hour after hour against any further tax increases by this government.

After all this consultation process, which the Minister of Finance still is very proud of, which the Liberals also find time to pontificate about, what do we discover in this budget? New taxation measures.

Despite the absence of pro-taxation testimony in the hearings, the Liberal majority on the committee concocted a dozen more possible tax options. They were obviously very good at reading between the lines and listening to what these anti-tax people really meant. They said: "We do not want any new taxes," but what they really meant was: "Yes, please hit us with another tax". So much for consultation. So much for listening to the views of Canadians.

It is shameful that the Minister of Finance, knowing full well that much more substantive cuts must come in the future, allowed this key budget—and it was a key budget. There was a window of opportunity to really break the back of the deficit, but the Liberal government and the finance minister missed that window of opportunity by a mile. They allowed this key budget to be watered down by the soft pedalling socialists in the Liberal Party.

In all, this budget will snatch \$3.7 billion out of the economy through taxation in the next three years despite the fact that an OECD job study, a C.D. Howe report and a survey by the Canadian Chamber of Commerce demonstrated clearly that high taxes destroy job creation. The Liberals raised taxes despite the fact that the Prime Minister in June 1991 when in opposition stated, and this is interesting, that taxes on individuals were higher in Canada than in any G-7 country. Although he said that in 1991, the Liberal government raised taxes.

The Deputy Prime Minister when in opposition in 1991 demonstrated a rare concern for the Canadian taxpayer and revealed a suspect sensitive side when it came to their plight. She stated that Canadians are paying too much tax. Despite that, the Liberal government raised taxes in this budget.

That \$3.7 billion should have been left alone to create growth in the economy, to create jobs, not rip it out of the economy in taxation. Now the government will say that these new taxes were fair taxation measures. What is fair about a 1.5 cent per litre tax increase on gasoline? This is simply a \$500 million tax grab to offset the revenue the government lost when it lowered the cigarette taxes. If the government had the guts to enforce the law when all that cigarette smuggling was going on, it would not

have to rip another \$500 million out of the economy in a gasoline tax.

I want to wind up by quoting a Liberal. This is really something and members will recognize this: "Once a nation parts with the control over its currency and credit, it matters not who makes the nation's laws. Usury, once in control will wreck any nation. Until the control over currency and credit is restored to Parliament and recognized as its most conspicuous and sacred responsibility, all talk of democracy or freedom is idle and futile".

The Liberal government has ensured the control over our currency and credit is in the hands of our lenders, not in the hands of Parliament and the government where it should be.

(1625)

[Translation]

Mr. Jean Landry (Lotbinière, BQ): Madam Speaker, I listened very carefully to the speech by the hon. member, which contained figures, figures and more figures.

A year ago, when the members of the Reform Party arrived in the House of Commons, I remember their comments in an initial newspaper article in which they talked about a club sandwich costing less in the parliamentary cafeteria. We in the Bloc Québécois were talking about tax reform. They then went on to talk about the shoeshine people; we were talking about tax shelters. We were therefore not quite on the same wavelength for savings to really be made.

The government talks about reducing the deficit to 3 per cent of the GDP. Could the hon. member tell us what percentage of the GDP he would like the deficit to be at, himself, so the debt could be paid back as quickly as possible, but without ever losing sight of the most disadvantaged, the unemployed and seniors?

I am not prepared, politically, to say that we are going to go after the most vulnerable in our society, who are unable to defend themselves, and that we will leave the rich alone. As I have said in the past and will continue to say, the good Lord and good common sense must go hand in hand. Therefore there has to be a balance between the rich and the poor classes. I do not want the poor to get poorer. I want a balance to exist.

I would like the hon. member to give me an idea of the rate he would bring his percentage to without affecting the most disadvantaged.

[English]

Mr. Harris: Madam Speaker, for the umpteenth hundredth time in the House, it is amazing that so many members have not been listening to what we are saying. We have said over and over it is not fiscally conscious members of Parliament who are the big threat to our social problems in this country. It is not fiscally responsible MPs who are the threat to the unemployed, the seniors and the needy, as the hon. member said. The biggest

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threat is our \$500 billion debt and our some \$50 billion interest payment on that debt.

Imagine if we did not have this huge half a billion dollar debt created by the Liberals and the Tories before them. Imagine if we did not have this \$45 billion or \$47 billion interest payment what that interest payment could represent in the way of providing services and programs for people and Canadians who are in need.

That is the threat to the social programs in this country, not fiscally conscious MPs like the Reform Party. That has to be understood.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Madam Speaker, I have also listened to the Canadian people throughout much of my term as a member of Parliament. The last six years have been very tumultuous times, coming through the Mulroney era of putting a lot of pain on the backs of Canadians, and now sitting through this Parliament and the development of this budget, with taxpayers from coast to coast saying they have been taxed enough.

The finance minister claims this budget did not raise income tax for ordinary Canadians. That is not quite correct. A large number of Canadians were receiving and will receive to the end of this year the northern tax allowance. This tax allowance provides those who live further away from government services a benefit which other taxpayers do not enjoy.

The hon. member shares a part of the country with me, that is, people who currently receive northern tax allowances. Does he not believe it is unfair for those taxpayers in the phase out of the program this year to have to pay additional taxes?

(1630)

Mr. Harris: Madam Speaker, in answer to my hon. friend from The Battlefords—Meadow Lake, this is a time when the country is in a financial crisis. It is a time that can be compared to a financial crisis in the family home. The time comes when the family does not have enough money to live the lifestyle which it had grown to like. It is the time to separate the wants from the needs.

There are so many different areas in which we spend money which clearly could be described as needs. There is also a tremendous amount of ways in which we spend money that clearly could be described as wants. If we are ever going to get our financial house in order we have to make a clear distinction between our needs and our wants.

The Acting Speaker (Mrs. Maheu): 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 Burnaby—Kingsway—Human rights; the hon. member for St. Albert—The Treasury Board; the hon. member for Wetaskiwin—Labour.

Hon. Warren Allmand (Notre-Dame-de-Grâce, Lib.): Madam Speaker, I am pleased to have the opportunity to speak in the budget debate, but it is with no joy I say what I feel I have to say. I doubt, with the short time available to me, that I will be able to properly develop the case I would like to make. I doubt whether I will have the time to put on the record the many points which I think are essential.

There are some positive measures in the budget which I fully support. I have in mind the measures for tax fairness, those measures which deal with tax deferrals, with family trusts and with RRSPs. I also fully support the measures to put additional tax on large corporations and the new special tax for banks and bank-like institutions.

I regret that with respect to the balance of the budget I feel there is much that is wrong. Specifically I am opposed to those measures which attack our social programs. In the budget it is proposed that we cut transfers to the provinces for post-secondary education, health care and the Canada assistance plan by \$7 billion over the next two years. It is also proposed that we cut from unemployment insurance a minimum of 10 per cent, a program which has already been cut by the last budget and cut savagely many times under the previous Conservative government.

For those Canadians who are not aware of what is covered by the Canada assistance plan let me refer to a few items. By agreement with the provinces it covers payments for food, shelter, clothing, fuel and utilities for disabled people and people who are not able to work. It covers rehabilitation for needy persons. It covers day care centres. It covers hostels for battered women. It covers nursing homes for old people. It covers the cost of children in foster homes. It covers homemaking and home support services. It covers adoption services. That is only a partial list.

These cuts are not only wrong in principle, they are contrary to the campaign promises which we Liberals made in the red book and throughout the last election campaign. They are, first of all, wrong in principle because social programs are not the cause of the deficit. In answer to a question in the House only a few weeks ago the Minister of Finance admitted that the cost of social programs as a percentage of gross domestic product was exactly the same today as it was 20 years ago in the mid-seventies. He admitted that they were not the cause of the deficit. If they are not the cause of the deficit why attack them and why propose such extreme cuts to them in the budget?

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(1635)

These cuts are wrong in principle because they will cause considerable harm and pain to a segment of the population that has already been hit very hard before. I have in mind the unemployed, single mothers, older workers, the disabled, the mentally ill and others. These provisions will widen the gap between the rich and poor, will cause further social unrest and will hurt the economy by causing unemployment and reducing purchasing power.

The cuts are not only wrong in principle but contrary to what we said in the red book, contrary to what we said during nine years in opposition and contrary to what we did during twenty years in government under Mike Pearson and Pierre Elliot Trudeau.

I have the red book here. I do not have much time so I will just read one or two quotes. I could read many. I refer to page 74 of the red book. It reads:

Since 1984, the Tories have systematically weakened the social support network that took generations to build. Not only have they taken billions of dollars from health care and from programs that support children, seniors, and people who have lost their jobs, but they have set us on the path to becoming a polarized society, divided into rich and poor, educated and uneducated, with a shrinking middle class. This is not the kind of country most Canadians want to live in. In a polarized society, crime, violence, intolerance and group hatred flourish.

That is just one quote from the red book but there are many others that are similar.

I also have here the complete list of the opposition motions that we tabled during the nine years we were in opposition. Motion after motion proposes solutions which are contrary to what is being put forward in the budget.

Again, I do not have time to read them all but I refer to one put forward by the member for Hamilton East on an opposition day:

That this House regrets that almost one million Canadian children are living in poverty, that 1.4 million Canadians each year must rely on food banks and that the current recession the proposed goods and services tax will make this situation worse; and that the House, desiring the elimination of poverty in Canada by the year 2000, demands immediate programs to ameliorate the plight of the working poor, including a review of the minimum wage, discriminatory employment practices, current available children's benefits and other income support programs.

I also have the amendments that we tabled to the Tory budgets during the nine years in opposition and they state similar sorts of things.

Some people say that times were better then and we could do things when we were in government that we cannot do today. That is not completely true. The government was in better

economic shape then but the country, as the Minister of Finance said the other day, is better off today. The gross national product is higher today than it was 30 years ago. Canada is producing more goods and services. Unfortunately they are not being distributed as fairly as they should.

Some members have said, in trying to justify the budget, that being a Liberal means being flexible. One should be flexible but one should be flexible within a framework of principles. To be flexible does not mean that one completely junks all the principles that one has stood for and it certainly does not mean that one throws out the promises that one made in an election only a year and a half ago.

Yes, the red book and the election were only one and a half years ago. As far as I know there has been no significant change in Canada or in the world since that time. If the red book policy had to be changed due to changed circumstances then the case has not been made by the Minister of Finance.

(1640)

Those are my specific concerns about the budget but I am also troubled by the longer term implications of the budget. There are several measures that continue to strip away in my view the federal government, to strip away the federal authority, to strip away the federal presence in this land, the presence and visibility of Canada as a nation.

I have in mind cuts to transportation, to communications, to the CBC and to social programs. These have always been the national glue, the national infrastructure which has bound this country together for many years. My concern is that the federal authority will be left as a hollow shell once these cuts are made.

I support the deficit reduction goal of 3 per cent of gross domestic product that we put forward in the red book. I support deficit reduction but I support it in the way that we proposed to do so in the red book: by cutting waste, by cutting unproductive expenditure, by encouraging and promoting economic growth, more jobs, more profits for business to bring about more revenue for the government and by filling in and closing down the unfair tax provisions in the Income Tax Act, not by cutting social programs. I support the goal of deficit reduction but not in the way in which we are doing it in the budget.

Yes, the fiscal deficit is important and I agree that it must be addressed. But it must not be addressed at the expense of a social deficit where we have more crime, more social unrest, more family violence, suicide, alcohol and drug abuse.

I saw a very good button the other day on a person. The button said: "If you think education is expensive, try ignorance".

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[Translation]

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Madam Speaker, I would certainly like to thank the hon. member for Notre-Dame-de-Grâce for his speech, but at the same time remind him that we have one thing in common: we both represent ridings in the Montreal region. And someone who represents a Montreal riding is automatically sensitive, like the hon. member for Notre-Dame-de-Grâce, to the issue of poverty and to the hardship that the past two recessions, the last one being the 1982 recession, imposed on a good many of our constituents.

I find the hon. member very courageous, because he belongs to the government majority and it is to his honour that he is able to rise above the prevailing opinion. However, I told myself that he is asking us to remain keepers of the social conscience. He is asking us to make sure that we have an interventionist government and that we maintain one of the government's reasons for being, namely redistribution.

However, we have diverging views on the causes of the deficit. What I found surprising and very pleasing about the hon. member's speech, and I say this without any ulterior motive, was that he states that his government has no other choice but to cut transfer payments. By doing this, his government could destabilize provincial governments and force them to cut services which are basic necessities and financed through the Canada assistance plan.

I would like to hear the hon. member's opinion on the causes of the deficit. As far as we on this side of the House are concerned, the deficit is caused by the fact that it is impossible to maintain a continental country like Canada: Canada is the first and last example of a federation with a narrow ecumene stretched out between two oceans. We say that one of the causes of the deficit—when we analyze how we got into debt—is that we have had a strong central government which meddled in jurisdictions in which it had no right to. The hon. member will recall that he was a member of Parliament when Ottawa created, for example, a department for urban affairs and for recreation, which, under the constitution, were in no way related to the powers granted to the central government.

I would like to know if the hon. member will agree with me that it would be much simpler for Canada and for its financial situation to reorganize the country to give Quebec more power and for Quebec to create its own national government and for us to begin dialogue on the basis of our status as associated states.

(1645)

[English]

Mr. Allmand: Madam Speaker, The principal causes of the deficit are speculation in currencies which cause changes in the

interest rates and globalization of economies which allows large multinational corporations to manipulate and speculate on products, derivatives and currencies. For example, I was told yesterday by a prominent member of government that each time interest rates go up by 1 per cent it costs us \$1.7 billion per year in additional payments on our debt. If it goes up by two points it is twice that amount. Those are the types of things that cause the deficit.

In addition, many people are getting away without paying the taxes they should be paying. The tax system is not fair. There was some movement in the budget to correct it. I applaud that and I support that but it did not go far enough.

With respect to the other question the member asked regarding a new way of arranging Canada, I supported in the House and voted for both the Meech Lake accord and the Charlottetown accord. Both were eventually defeated. Those accords would have rearranged the structures in Canada.

I believe in maintaining and even increasing the payments to the provinces for social programs, but I also believe that national standards should be set by the federal government. The federal government can equalize opportunity and care throughout the country. That is the humane thing to do.

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Madam Speaker, it is pleasure to rise in the House to take the opportunity to address the second budget of the government as presented by the Minister of Finance on February 27.

I expect in the final analysis the budget of February 1995 will go down in history. It will be the budget that made a significant difference in Canada at a time when Canada was at a crossroads.

The budget will be viewed by future historians as a watershed budget, a turning point in which the government of the day had the courage to make the tough decisions and to make the necessary cuts in spending in accordance with responsible financial management.

While the budget makes drastic and unheard of changes to the face of government through spending cuts, it does so with fairness and compassion. Programs that are efficient and effective in serving Canadians will remain, but programs that are obsolete, redundant and dysfunctional will be eliminated. The budget prepares us for the inevitable trend of the 21st century, which is less involvement by government in the lives of people.

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To do this we have implemented a transition process that encourages the individual to more self-reliant, more entrepreneurial, stronger as a community and less dependent on government programs and subsidies.

When the constituents of Cumberland—Colchester elected me to represent them I knew I would be coming to Ottawa at a very crucial time in our history, that I would be part of a government with a fiscal policy that would either make or break Canada, and that the Liberal Party would be the one to ultimately bear the responsibility of piloting the country out of deficit financing.

Canadians from coast to coast told the House that reducing the deficit and debt must be the number one priority of the government. They know how the deficit is like an albatross around the neck of each and every one of us and of future generations to come.

The government accepted the challenge, not only with the budget but with several budgets to come in the future, to work toward a balanced budget. It is not politically expedient but it is the right thing to do.

The measures taken in the budget will ensure that Canadians can face the economic challenge of international competition and that we will be able to do so with growth and confidence. The budget is about restoring confidence in government and confidence in the Canadian economy.

Measures that were taken last year in the first budget of the government showed positive results in our economy. Economic growth is at 4.5 per cent, the strongest of the G-7 nations. The most impressive year ever in Canadian exports was 1994. We showed a massive trade surplus with the United States. Inflation was at its lowest in three decades. There were more improved business profits than ever. Some 433,000 full time jobs were created last year.

(1650)

The same implementation that saw the economy grow resulted in the annual deficit being reduced by \$4.4 billion, lower than was budgeted for the fiscal year ending in a couple of weeks. That is the reality. That is progress in deficit reduction.

If we are to compare ourselves with the G-7 countries on how well our economy is doing, it seems only reasonable to compare ourselves and our debt situation to those of the G-7 countries.

It is sad to say that our net government debt as a nation is over 84 per cent of GDP second only to Italy of the G-7 countries. In comparison the United States has a net public debt of 32 per cent of GDP, while Japan's is around 10 per cent. It was therefore mandatory that the finance minister demonstrate in the budget not only to the nations of the world but to the financial lenders

that Canada was serious about reducing its deficit and the high per cent ratio of debt to GDP.

Investors have been satisfied with the budget as have Canadians, but I must remind the House that it is only the beginning of a series of tough budgets until we have won the war on debt.

Cuts in government spending mean pain. The budget is about pain. However the pain was spread fairly to all regions. In the west grain transportation subsidies were eliminated while in the east the Atlantic region freight assistance program was abolished. However both the west and the east including Quebec will receive transitional funding, helping alleviate shipper hardship and upgrade transportation infrastructure.

Last week when I was in my riding I met with public servants whose jobs are being cut because they are classified as surplus or because long established forestry agreements were not renewed. These people are feeling the pain of the budget. However, after looking at options in the transition, one forester said to me: "Even though we are losing our jobs this had to be done and I would still vote for your government".

The people of Nova Scotia did not want me to come here to whine about the cuts. They wanted me to congratulate the finance minister for having the courage to do what he did. The people of Nova Scotia have a tradition of self-reliance and a grassroots fighting spirit. They have an entrepreneurial spirit that goes back to shipbuilding and merchant fleets of the 19th century.

The people of Nova Scotia know that the backbone of the economy is small business and that jobs will come not from government but from the private sector. The economy of Atlantic Canada is the fastest growing in the country. Atlantic Canada ended 1994 with the highest rate of growth per capita. It was 2.7 per cent, the highest of all the regions, followed by the prairie region with a rate of growth per capita of 2.5 per cent.

Dairy farmers in my riding are like dairy farmers across the country. They will see their subsidies cut by 30 per cent over two years. Public utilities will see the energy subsidy eliminated through the Public Utilities Income Tax Transfer Act. Alberta and Nova Scotia are affected by the change. The Nova Scotia Power Corporation has already indicated that higher rates are to be expected, which in turn hinders small business development. There is pain with the budget, but as the old saying goes no pain, no gain. The people of Canada have accepted the pain knowing there will be real gain in the months ahead.

The women of Canada have a greater appreciation for the budget than anyone. Many women have spent their lives living within the household budget and living within their means. I would bet there is not a woman in the country who has not at one time or another in her life watered down the stew and thrown in another handful of barley simply to stretch the pot of stew for another meal. The money she would save would go to buy a dress or a pair of shoes for a child who has a very special

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concert. I have done it many times. Thousands of women across the country managing Canadian households are the financial experts, and they too have done so.

(1655)

Under the previous government the 1980s were a time of greed, surplus and waste. The 1990s under the present government are a time of basic need, not greed, a time of high efficiency and productivity, and a time of sustainability, not waste. It is a time to sustain our finances as well as our environment, our resources and our fish stocks.

We made a commitment to the women and the men of Canada to reduce the deficit while restructuring social policy. We take that commitment very seriously. The budget of February 1995 is more than a bunch of numbers. It is one part of a very large social plan, an economic plan as well as a financial plan that maps a prudent, courageous and credible path not only for our generation but, more important, for the next generation of young Canadians.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Madam Speaker, I listened carefully and was quite taken with the enthusiasm the member opposite showed for the budget. She talked about the budget being fair and talked in terms of understanding and knowing how the fairness is applied across the country. She talked about the policies of the government that were obsolete, dysfunctional or redundant being eliminated.

Those two matters have to be applied to the communities that I represent in Saskatchewan with the loss of the Western Grain Transportation Act subsidy, the Crow benefit, which the member mentioned in her remarks. The Crow benefit currently represents \$560 million. Two years ago it was worth \$720 million, \$400 million of which applied to Saskatchewan.

How is it that the member can indicate that the Western Grain Transportation Act is obsolete, dysfunctional and redundant when it is anything but?

The loss of the Crow benefit to our communities at the delivery points in my riding represents approximately \$1 million to each delivery point. The community of Glaslyn just north of where I live has two elevators and is quite similar to most communities in my constituency. We calculate that in the crop year beginning August 1, 1986 farmers at that delivery point will pay \$1 million more for grain transportation in the coming year than they did in this year.

In terms of fairness, what other community in the country has been asked to give up \$1 million in revenue? Absolutely none. Communities that service the world with grain from Saskatchewan have to pay extra. I ask the member for the evidence she has

that these programs are obsolete, dysfunctional and redundant and that the budget is fair.

Mrs. Brushett: Madam Speaker, to the hon. member on his question as to what community has suffered pain, most of the communities across the country are suffering pain because we had to take the prudent steps in frugal fiscal management that we took. Canadians asked for it. The communities of Nova Scotia, the communities of Quebec and rural communities all have the same needs. The diversification and the competitiveness by which our farmers must meet the 21st century are parts of the budget.

Farmers in my riding, whether they are dairy farmers, feed producers or cattle producers, have told us to get rid of the subsidies. They said they could compete and would compete. Furthermore the government has allowed funding for transitional development through this period.

[*Translation*]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Madam Speaker, I will try to be brief in my comments. We have just heard our hon. colleague tell us that she feels this budget is very tough on ordinary people but that it is a necessary evil. She used the phrase "no pain, no gain". That is what Canadians expect, according to her.

(1700)

Yet, if we look at all the other members of her own government, we see that the hon. member for Notre-Dame-de-Grâce, for one, feels that social programs are not really the main cause of the debt. Not too long ago, the hon. member for York South—Weston said that what the Liberals were about to do was what they had denounced when the Tories were in office. Our hon. colleague has just read some documents reminding us of the comments made by the hon. member for Hamilton West, who said the exact same thing.

I will close with this: Given that the cuts they are about to inflict on ordinary people are due to Canada's debt and that, despite these cuts, the debt will continue to grow, does my hon. colleague not feel that, in the current situation, there will be much pain and no gain at all?

[*English*]

Mrs. Brushett: Madam Speaker, no pain no gain is the watchword of today. Not only this government, but businesses have had to cut back. They have had to make the transition to be competitive and now the onus is on government. We have accepted the challenge. This is a watershed in budget. This is a turning point in financing for the government. That is because the people of Canada have asked us to deal with this. It is mandatory.

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We are moving into the 21st century. We know we will create the jobs not through government, not through subsidization, but through the private sector. Small business is the backbone.

Nova Scotia is not unlike Quebec. We have so much similarity. Historically, we can go back to a time when Quebec was known as Nouvelle-Écosse. This is so important to us because it is the very backbone. In Nova Scotia with a population of 900,000 we have some 90,000 small businesses. That is one in ten. That is growing in Atlantic Canada, the highest in the country. That is because we are taking the prudent steps to deal with the deficit. We will go through the pain but there will be gain in the end.

[Translation]

Mr. Benoît Tremblay (Rosemont, BQ): Madam Speaker, I will be sharing my time with the hon. member for Lévis. The show put on these past few weeks reflects how completely outdated our parliamentary institutions are when it comes to public financial management and economic policy.

After the session reopened, when questioned by the official opposition, the Minister of Finance systematically refused to answer any question dealing with public finance, arguing that we would have to wait for the budget to be tabled, a budget prepared in the strictest secrecy as budgets are. Yet, once tabled, the budget speech has nothing short of force of law, since the government majority is forced to support it without debating it in detail.

In our system, the vote on the budget amounts to a confidence vote, as a negative vote would immediately result in the government stepping down and general elections being called. It follows that any member of the government majority who dares to vote against this budget would face immediate expulsion from the caucus and would have to sit as an independent member thereafter.

That is why every Liberal minister and member will stand by each and every page, line and word of this budget, although many of them would call for major changes were they given the choice. The budget preparation and adoption process is getting us nowhere fast. It has to change. We will come back to this in the coming weeks. That being said, because I have very little time, I will get right down to the subject of today's debate.

We have talked at great length, these past few days, about the impact the budget will have on the various population segments that will bear the brunt of the proposed cuts and tax hikes. We too, in the official opposition, have seen through the media campaign designed to make this budget out to be the beginning of a new federalism, when in fact the federal government is passing the buck to the provinces, while maintaining decision-making power in its own hands.

(1705)

After spending shamelessly in fields of provincial jurisdiction, the federal government still displays the same arrogance by announcing that it will keep on levying taxes, that it will no longer pay the bills, and that it will force the provinces to make the necessary cuts to put the fiscal house in order. Although it may look innovative, this budget uses old recipes which are typical of the federal government's approach.

The financial markets were quick to figure out the government's ploy. After an initial positive reaction which lasted about 22 minutes, the value of the dollar started going down again, while interest rates resumed their upward trend. The financial markets realized that the federal government's consolidation was minimal and that true leadership will have to come from the provinces.

The fact that Ontario's credit rating was put under review the day after the tabling of the federal budget is a direct consequence of that budget. Its impact on Quebec's public finances will also be considerable. However, since this is the referendum year, the real consequences will only be felt next year.

The government's ploy was not any more successful from a political point of view. That the Leader of the Quebec Liberal Party, who was desperately counting on this budget to prove federalism's flexibility, prefers not to comment at all at this point is quite revealing. Maybe he realized that although the federal government has pulled out financially, the same duplication persists, generating the same problems and the same inefficiencies.

This budget has yet to be fleshed out by a thorough restructuring of the federal government. As a society, we have not improved our ability to respond to people's needs and to meet the challenges of economic growth and job creation.

During the last election campaign, the Minister of Finance was an ardent supporter of reducing the deficit through economic growth and job creation. In a matter of months, he has become, at best, a poor accountant. What happened? The present Minister of Finance is largely responsible for the mess we are in today. After an election campaign full of promises that were close to being misleading, he was incapable of doing anything at all, starting with his first budget.

Remember that during the election campaign, the Leader of the Bloc Québécois proposed a credible plan for reducing federal spending by \$10 billion, while the Liberals promised to deal with the deficit through economic growth.

Remember that after the election, the Leader of the Opposition urged the government to act quickly by setting up a special committee of the House of Commons that would determine what

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cuts were necessary and make them part of the government's first budget. The government refused.

I may recall that after this government's first budget was brought down, the Prime Minister was telling people everywhere in Canada that no new cuts would be necessary to meet his objectives for reducing the deficit. And now that we know what is in the second budget, we cannot really say that the Prime Minister was lying but there is no doubt that he misled Canadians about the real challenges they could expect.

Today we are paying a very high price for this government's refusal to act decisively in its first year. The loss of credibility on financial markets is reflected today in the astronomical level of real interest rates we have to pay. According to the Minister of Finance, in 1995 we can expect interest rates to be 4 per cent higher for the short term and 3.6 per cent higher for the long term than was forecast in the 1994 budget.

If we only consider the cost of servicing the federal debt, higher interest rates will add an additional \$7.5 billion, although the deficit is not as high as forecasted in 1994. Unfortunately, there are other consequences as well. The level of real interest rates forecast in this budget cannot be sustained when we consider that the Canadian economy is functioning well below its capacity.

(1710)

Allow me to quote a short sentence from page 21 of the government's budget plan, but which the Minister of Finance took great care not to quote in his budget speech:

The good economic performance in 1994 and 1995 will substantially reduce, but not eliminate, the amount of spare capacity in the economy. Spare capacity will persist through 1996 as real growth slows—

This is what the Minister of Finance hides in his fine speeches. He who promised to resolve the deficit problem through economic growth and job creation, today predicts that Canada will still experience an amount of spare capacity in the economy in two years' time. This is the real drama of the Canadian economy.

By refusing to act in the first year of its mandate, the government has clearly complicated the essential job of ensuring sustained economic growth. If we want to get out of the rut in which we find ourselves, the provinces must not be content with shouldering the cuts imposed on them by the federal government, they must insist on a complete reorganization of the way the Canadian economy is managed.

Keeping policies on economic innovation and adjustment centralized flies in the face of the very different needs of Canada's regional economies. What is the federal government doing in manpower training, in the area of fishing, for example? The complete fiasco in this regard should prompt the federal government to hand over responsibility to the coastal provinces as quickly as possible.

Clearly the systematic review of the roles of the federal government must no longer be conducted only in secret by federal mandarins. In the case of Quebec, I know we will soon have a favourable referendum. I hope the other provinces in Canada will take the opportunity to develop a framework that suits their needs and those of their people.

[English]

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Madam Speaker, I appreciate the words of the hon. member who just spoke.

I recall back in the early 1980s when the debate around the Crow rate, at that time the western grain transportation subsidy, was conducted in the House. The farm organizations and the people of Quebec were very supportive of the western farmers and the desire to maintain a strong transportation link for the export of prairie grown grain. That support carried over and a good number of changes were prevented from being made because of the alliance between western farmers and farmers in Quebec.

I wonder if the hon. member has given any thought to the current debate brought on by the budget over the Western Grain Transportation Act. Can western farmers count on the Bloc Québécois and the farmers of Quebec for support in maintaining this transportation subsidy?

[Translation]

Mr. Tremblay: Madam Speaker, the issue is Quebec's support for western grain transportation subsidies. We must realize that agricultural organizations in Quebec never opposed the measure, as you said, and, on the contrary, supported it for years.

It is far from certain that the federal government has the means to continue subsidizing this area to the same extent. To me, one thing is clear: when the federal government implemented measures concerning energy, western Canada reacted very strongly and demanded changes which eventually were made. In my opinion, it is very clear that Canadian regions, with each totally different economies, now must work things out among themselves and stop waiting for the federal government to do it.

(1715)

The longer we waited for the federal government, the more and more centralized the decisions became, even though the economies of each of the regions have grown increasingly differentiated. The economic space in which we sell our products is becoming more and more differentiated. Therefore, each region needs its own strategy, and that is what the rest of Canada urgently needs to understand. Do not expect the federal government to do it.

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The mandarins in Ottawa, who like to delude themselves that they know the truth, will continue to set the game plan and will continue to think that they know what is best for Canada. It is time for the regions to wake up: they need to create their own transportation policies. They should no longer wait for the federal Minister of Transportation to do it. In any case, this is Quebec's firm belief, and I think that, after analyzing the situation, each region will also see the urgent need to take their affairs in hand.

I think that the vote planned on the sovereignty of Quebec this year, which I predict will be for sovereignty, presents a golden opportunity to reorganize economic relations. For example, a few years ago, Canada's economy exported 20 per cent of its output to the United States. Now, we have far surpassed 30 per cent and are even nearing 40 per cent. Therefore, a reorganization is urgently needed, but the federal government will not initiate it. Regions will have to take their affairs into their own hands.

Mr. Antoine Dubé (Lévis, BQ): Madam Speaker, it is as the official opposition critic on training and youth that I rise today to speak about the impact of the last federal budget on young people.

Like most of my official opposition colleagues, my initial reaction to this budget is that the federal government wants to transfer the blame for its cuts to the provinces.

On February 27, the Minister of Finance announced that, starting in 1996-97, he would reduce by \$2.5 billion transfer payments to the provinces for health care, social assistance and post-secondary education.

By combining these three payments into a single consolidated block transfer called the Canada Social Transfer starting in 1996-97, the minister claims that "provinces will now be able to design more innovative social programs—programs that respond to the needs of people today rather than to inflexible rules. However, flexibility does not mean a free-for-all. There are national goals and principles we—meaning the Minister of Finance, of course—believe must still apply, and which the vast majority of Canadians support".

Such is the finance minister's flexibility. It involves national standards that Quebec does not want and never wanted in the first place. In this context, I think it would be a good idea to remind you of Bill C-28 respecting financial assistance to students, which was passed on June 23. This bill provides among other things that, from now on, the Canadian Minister of Human Resources Development, instead of the provincial governments as was the case before, will designate the appropriate authority in each province responsible for choosing educational institutions eligible for federal financial assistance.

Second, the provincial education ministers wanting the right to opt out with full financial compensation must convince the Minister of Human Resources Development that their provincial programs produce the same results as the federal programs in each of the areas targeted by the federal legislation.

Great freedom, is it not? You can develop programs, as long as they are absolutely identical to those decided on by the Minister of Human Resources Development, in an area of jurisdiction assigned to the provinces in the Constitution Act, 1867, an area of exclusive jurisdiction, not shared jurisdiction. Over the years, the federal government has encroached upon this exclusive provincial jurisdiction, pleading the right to spend the money of Canadians and of Quebecers.

(1720)

Coming back to the cuts in transfer payments, it should be noted that the \$2.5 billion figure quoted for all three categories combined in the Canadian social transfer is within \$100 million of the cuts announced in the green paper with respect to post-secondary education. This leads to the conclusion that, give or take \$100 million, the primary target of government cuts is post-secondary education.

By giving the provinces the choice while maintaining national standards, as it claims to do, the federal government will prompt the target groups benefiting from the three elements of the Canadian social transfer to turn against their provincial governments or fight among themselves to avoid cuts.

The federal government will create a situation where students will be competing with UI and welfare recipients. Our young people are the ones mainly concerned by these three programs.

In January 1995, there were 363,000 unemployed youth between the ages of 15 and 24 in Canada, over 100,000 of whom are in Quebec. If you add to that youth on relief—over 74,000 young people are on welfare in Quebec alone, but I do not have the total number for Canada—it makes for a terrible situation. It goes to show how little compassion this government has had for young people.

In light of a \$2.5 billion cut in transfer payments to the provinces, combined with an additional 10 per cent cut in the UI program, the Minister of Finances was able to save enough last year to meet his targets. To meet his deficit reduction target for this year, the minister had to use the unemployment insurance fund, which now shows a surplus.

So to compensate for his improvidence, the Minister of Finance made cuts in unemployment insurance. The neediest in our society have to compensate for the incompetence of the Minister of Finance. This is appalling.

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So what does the minister do to make his budget look good? He announces a temporary tax, for two years, that will raise \$100 million from large deposit-taking institutions. But meanwhile, the government also makes cuts totalling \$2.5 billion at the expense of the unemployed.

I see members of the Human Resources Development Committee who toured Canada with me. Like me, they were met by demonstrations in all major cities. Like me, they listened to the complaints of young people and the unemployed, especially in the Maritimes, about the cuts that will affect them. We will not be able to last until spring, was what we heard from the victims of seasonal unemployment. We heard them all, especially young people.

Today, as a result of a reduction in benefit periods, many are starting to feel the impact of cuts that were introduced last year. However, the \$2.5 billion saved were, I repeat, used by the Minister of Finance to meet his budget target.

This is shocking, especially when we realize that last year, the banks made a record profit of \$4.1 billion, and some banks managed to avoid paying any taxes at all. I am about to finish, Madam Speaker.

(1725)

There are also the tax shelters. What did the minister do? Yes, indeed, the response to the official opposition's call for this for the past year and a half, was the announcement that implementation would take effect in 1999. That is impressive. They make the announcement four years ahead of time to the people who enjoy the benefit of family trusts, so that they can consult experts and find other ways to avoid paying tax. Four years ahead of time.

When could a Minister of Finance provide a better example, when does he tell interested parties four years ahead of time? We are not talking about the disadvantaged here. He did not warn the disadvantaged last year. He cut \$2.5 billion dollars and, again this year, he is waiting for his budget speech to take effect and another 10 per cent cut is announced. We are supposed to find this funny? I do not find this funny at all, because I come from a riding where MIL Davie shipyards, among others, is located and where 2,000 jobs were lost. These people, who lost their jobs, are affected by the cuts to unemployment insurance and are now on social assistance. They are not finding this funny.

In the proposed reform, 90 per cent of associations, in addition to demonstrations, said no to Axworthy's reform and said no to the so-called improvements to the system. We know that increasing educational costs increases the debt load of students, at a time when there have already been 1,000 student bankruptcies in Quebec. Over 10 per cent of personal bankruptcies in Canada involve students or young people.

We ask them to give thought to the future. A fine message. A fine message, indeed. As the hon. member for Rosemont said, more and more Quebecers are realizing that, with no measures to enable people who want to return to the labour market, no active measures, a choice will soon have to be made. More and more Quebecers are realizing that the choice they have to make in the Quebec referendum in order to get out of this system that offers them little for the future is to vote "yes" in the referendum on sovereignty.

[English]

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Madam Speaker, I very much appreciated the words of the hon. member whose concern for youth I also share.

I was quite taken by the debate which began with the paper on social policy and particularly the section that applied to young people and tuition fees. The proposal would see additional money made available to young people, but the result would be a massive increase in tuition fees across the country.

Coming from a rural riding I am concerned for a number of reasons. The ability of farm families to meet some of the costs for post-secondary education are becoming more and more difficult with each passing year. I was quite taken with the words of the hon. member, especially when he quoted some of the figures from the corporations that do not pay any income tax.

I will be very brief. At a time when rural Canadian people, particularly those on the prairies, are being asked by the government to pay, because of the elimination of the Crow benefit, perhaps an additional \$14,000 to \$15,000 a year to ship their product to market, how can the government allow companies like Canadian Pacific to earn more than \$422 million in pre-tax profits without paying a single cent in income tax?

I ask that question of the government. However, in doing so I ask the member who just spoke if he would agree with me that it is certainly not fair for corporations to be allowed off the hook when ordinary, individual, rural families are being asked to pay so much more, thereby compromising the education of their children.

[Translation]

Mr. Dubé: Madam Speaker, my reply will be extremely simple. Why are they not changing the system? Because, for the most part, and here I must admit that the Reform Party may be an exception, Canadian political parties have traditionally been financed by big business.

(1730)

Six of the 10 largest corporations which financed parties in power—the Liberal Party now and the Conservative Party in the past—were banks. And we should be surprised that banks have a

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lot of influence on governments, interest rates, etc.? This obviously affects people earning low wages and farmers who need to borrow large amounts and it will affect students more and more because in the future they will have to borrow at least twice the amount that they currently need to pursue graduate studies.

Mrs. Pierrette Ringuette—Maltais (Madawaska—Victoria, Lib.): Madam Speaker, I listened with great interest to the speech made by the hon. member for Lévis. First of all, I found it most interesting that he was defending the status quo, and Canadian federalism, when he indicated that he hoped that there would be no social program reforms, that he was a member of the parliamentary team which toured Canada, and that he had heard various comments regarding the reforms proposed by the Minister of Human Resources Development.

The member defended ardently and with great enthusiasm Canadian federalism and the status quo while the Liberal government has realized that, at the international level, things are evolving, and quite naturally so. As Liberals, we want to make sure that the future of Canadians, including Quebecers, will be much more promising than now.

I would also like to mention that Quebecers understand perfectly that the changes brought upon by this government are necessary to the future well-being of their children. I refer our colleague, the member for Lévis to a documentary, a survey conducted in Quebec, on the quality of instruction in the CEGEPs, which, after all, are the responsibility of the Quebec government. The results are not too encouraging for young people. I believe, therefore, that we should start putting our own house in order.

Mr. Dubé: Madam Speaker, I want to thank the hon. member for Madawaska—Victoria, especially for her easy victory over the former minister of unemployment insurance cuts. We will not mention his name, but I want to congratulate her for that. However, she does not get so much praise for her inconsistency last year, when the first budget of her government was handed down and she supported cuts similar to those proposed by the member she helped to defeat.

However, as far as the status quo goes, we do not want any part of it. She misunderstood what I said at the end of my speech. We said that the federal government should mind its own business in the area of post-secondary education, respect areas of jurisdiction and transfer tax points because it is making expenditures in other sectors of education in Quebec. It should do what all the members of the National Assembly of Quebec are asking, even the Liberals.

[*English*]

Mr. John Richardson (Perth—Wellington—Waterloo, Lib.): Madam Speaker, it is a pleasure for me to join in the budget debate. The budget was the defining moment in Canada

to develop a new direction in its financial dealings and also a new direction in the way the government does business with its people.

The budget was coherent. It had integrity and a sense of purpose. Every feature presented to us met all three of those features, coherence, integrity and purpose.

The overriding goal of this government since the day it took power has been jobs and growth. We believe good economics and good social policy are one and the same thing. In the most fundamental way good social policy begins with a good job.

(1735)

We believe a country that continues to care for its citizens must be a country that can pay its bills. We must respond to the challenges of our time. We must adapt to the new economy, the new infrastructure based on ideas and innovation. The very nature of government must change. We must develop a new notion of responsibility. The time has long passed when governments can or should do everything.

Several major things have happened. The world economy has become truly integrated. We must think globally. Trade barriers have been brought down. Communications are instant and transportation is swift. Markets never sleep. There are no longer any islands. Like it or not, there is no place to hide.

Since 1984 our debts have risen by three times. Compound interest is gobbling us up a second at a time. The government has a two track approach, sustained and sustainable economic growth. Growing economies produce jobs. Economies that are not growing produce no jobs. The key to growth is productivity. Productivity is about how well ideas, workers, resources and investment are brought together in a country's economy. Productivity is about ingenuity, better management and paying attention to the common sense of our workers.

High productivity growth increases income. How do we do it? We must improve our skills. We must have better innovation. We must provide a welcoming climate for investment. We must remove disincentives that we have created for people and for businesses. We must get our fiscal house in order.

This budget's plan for action introduces far reaching action to restore the fiscal health essential for a strong, growing economy. The budget will fundamentally reform what government does and how. It will bring permanent change in the way government does business. The objective is to get government right so it can fill its social and economic mandates and be more effective and sustainable will include deep cuts in the level of federal program spending, not simply lower spending growth, but substantial reduction in actual dollars.

One of the things that gives this government integrity is that its plans have been prudent and it has met its targets. The budget actions have delivered on this government's commitment to

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meet its interim deficit targets and the ultimate goal is a balanced budget.

The interim deficit target is 3 per cent of the gross domestic product for 1996–97. We will be achieving the usual prudent economic exceptions, incorporating credible fiscal action. The deficit could be well below that if economic performance is in line with the average private sector estimates. Significant reforms will ensure that spending will be restrained beyond 1996–97 and the deficit will continue to fall.

What are the major elements of expenditure reform? This budget is the second in a two stage process that began with the February 1994 budget. It takes fundamental action certain areas. It implements results of the long overdue program review and a comprehensive examination of federal department spending. As a result the government will focus on what is essential and we will do it better.

It acts on a new vision of the federal government's role in the economy. It includes substantial reductions in business subsidies.

(1740)

It introduces major changes in transfers to the provinces that will renew and modernize the federal–provincial fiscal regime, making it more effective, flexible and affordable.

The major fiscal actions in the budget total \$29 billion over the next three years, by far the biggest actions of any Canadian budget since the second world war and demobilization. There will be about \$7 in expenditure reductions for every \$1 in new tax revenues. This is the most significant event since that era.

Three years from now federal spending in programs will be \$10.4 billion lower than it is today, approximately 8.8 per cent. The cumulative expenditure savings in that period will exceed \$25 billion.

A fairer tax system and sharing the burden of debt and deficit reduction is the goal of this government. The budget reflects the government's awareness and the heavy tax burden borne by Canadians and the cost this imposes on the economy. There are no increases in personal income taxes in the budget. Tax measures are largely directed at removing preferences and increasing fairness. To help meet deficit targets the budget announces increases in taxes on business and an excise tax on gasoline.

Significant features in the budget are jobs and growth. Economic growth is strong. The Canadian economy is stronger than it has been for many years. Real output was about 4.25 per cent in 1994, the fastest of the G–7 countries. There have been 433,000 new jobs created, all of them full time. The unemployment rate has fallen 1.7 per cent to 9.7 per cent this year. Manufacturing output is up a full 9 per cent. At 1.5 per cent,

excluding the effects of the tobacco tax, it is the lowest rate in three decades.

Labour costs have fallen by 1.3 per cent since mid–1993. We have a trade surplus. We have a dramatic improvement in the current account and the highest business confidence since 1979. We have been picked by the OECD to be the fastest growing economy in 1995.

The budget will meet the targets set out in it and will meet the red book projection for jobs and growth for Canadians.

[*Translation*]

Mr. Nic Leblanc (Longueuil, BQ): Madam Speaker, after listening to the hon. member for Perth—Wellington—Waterloo talk about this excellent budget in terms of job creation by the business sector, I think that he is probably mistaken. We will continue to have an enormous debt and enormous interest payments on this debt and we will have to keep borrowing from the countries to which we already owe this debt.

Some say that the deficit has been reduced, but it has merely been passed on to the provinces. For example, in the years to come, Quebec will receive \$1.5 billion to \$2 billion less each year. The federal government says that it may return \$1.5 billion less to the province of Quebec. We all agree with that and we would even have preferred that it not return anything to Quebec but that it not tax Quebecers any more.

Finally, what the federal government is doing is not only to continue taxing Quebecers as much as before, but to tax them even more. Moreover, the federal government is increasing the debt of Quebecers by \$7 to \$8 billion for next year alone. This means that Quebecers will again become poorer and poorer.

When the government says that it wants to transfer to the provinces the responsibilities that belong to them, it must also reduce their tax burden.

(1745)

But all the government is doing is transferring to the provinces, and especially to Quebec, the burden of the debt and the deficit as well as the horrible task to manage the deficit, a bigger chunk of which Quebecers will be asked to take upon themselves, since the federal government continues to increase taxes while reducing transfers to Quebec. This is unfair and seems to me like a very clever trick designed by the government. I hope Quebecers will see through all this and will understand what the federal government is doing to Quebec by reducing transfers and increasing taxes for Quebecers.

[*English*]

Mr. Richardson: Madam Speaker, the hon. member for Longueuil points out the tragic part of our fiscal problem. It will be difficult to get our fiscal house in order because of the nature of compound interest and the running up of deficits. The plan is

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a simple one and is the total purpose of this deficit oriented budget.

I mentioned it was two track. We will grow with it and out of the growth will come jobs and taxes paid back into the treasury. At the same time we will continue to reduce government operations by cuts and by making it more efficient. It will not be easy.

We have heard debate in the House over the past four or five days saying that we have done too much cutting. Others have said that we have not done enough. There is a fine balance and I think we have found that fine balance in this budget.

Mr. Leon E. Benoit (Vegreville, Ref.): Madam Speaker, the hon. member in his presentation said that he was quite proud that the government has met the deficit reduction target of 3 per cent of GDP in three years. The member stated that beyond 1996–97 the deficit will continue to fall under a Liberal government.

If this is the case why does the Liberal government not set a definite date for arriving at a balanced budget? Why does it not set a definite target? The positive results of setting a definite target will be that businesses will expand and new businesses will start up. That is what creates jobs. A positive effect would be lower interest rates and security for social programs which cannot be provided under this continual overspending.

Why will the government not commit to a definite date for eliminating the deficit?

Mr. Richardson: Mr. Speaker, the government has gained integrity. It has set targets. It is hitting the targets. The more we bring down the deficit the more the membership in the Reform Party goes down. I hope in the four years we keep bringing it down. When we get to zero I hope the membership in the Reform Party is zero.

Hon. Roger Simmons (Burin—St. George's, Lib.): Madam Speaker, first let me congratulate my friend and colleague from Perth—Wellington—Waterloo.

I want to say a few words on the motion of the hon. member for Saint-Hyacinthe—Bagot. It goes without saying that I do not agree with the sentiments in his amendment. If we read what he is saying about offloading on the provinces and doing nothing for the unemployed and so on, I do not believe even he believes that really. It is a nice motion, nicely worded and grammatically correct, but factually incorrect, very incorrect, almost to the point of being irresponsible.

Sure the budget is tough. Is it tough enough? It depends on whether we listen to the Bloc or the Reform. The Bloc says it is much too tough and the Reform says it is not tough enough. I guess that means, as I say to my friend from Lotbinière, that we are probably doing something right over here.

It is a tough budget but it is not tough for the sake of being tough. There are people in this world who get their jollies out of doing tough, rough and crude things. This is not a tough budget for the sake of being tough. This is tough of necessity. This is the way we had to go.

(1750)

Mr. Benoit: Oh, oh.

Mr. Simmons: That is one of the not tough enough people who just spoke. It is a good opportunity for the gentleman from Vegreville. Does he disown or want to be part of the so-called Reform budget? Is he part of that budget? If so, let his constituents know that he would slash old age pensions to start with. It is not that kind of tough.

Some hon. members: Oh, oh.

Ms. Clancy: You tell him Roger. Who are these people?

Mr. Simmons: I say to my friend from Halifax that it is all right. We have just demonstrated that sometimes these people sing in tune. From time to time they sing in tune.

Madam Speaker, despite the heckling and despite the shouting, the government and the Minister of Finance are on the right track. Is it a perfect budget? No. We are working at getting it right. There are some things in the budget that I do not like. There are some things that other people do not like. On balance, is it the right approach? Yes.

One of my constituents told me—

Mr. Speaker (Lethbridge): That's because you are listening to us.

Mr. Simmons: The gentleman from Lethbridge has had 30 years to get it right. I bow to his wisdom on many points.

One of my constituents phoned me—

Mr. Thompson: Why aren't you out there looking for ships?

Mr. Simmons: Is the gentleman from Wild Rose not interested in what one of my constituents said? Would he deny that constituent the right to be heard here through me?

One of my constituents called and said, "Simmons, did you really clap for that budget? Did you applaud that budget?" I proceeded to tell him why, indeed, I did clap for the budget. I started by saying: "Is it the best thing in the world? Is it what we would really have liked to have done if circumstances were absolutely right? No". Then I put it to him in terms of his family budget. I said: "What a great morning it would be if you could get up and say to your wife, 'This month I have a plan. We are going to buy that Cadillac we have always wanted, the yacht and the extra skidoo'". She would say: "How are you going to do that?" "We are just going to borrow more. Whatever we need we will borrow."

Contrary to Reform doctrine there is nothing particularly sinful about borrowing. If so, many millions of Canadians sin every day on that score. Borrowing is not to sin. Being unable to pay back the loan is a sin.

The credo that says that somehow it is a great crime to borrow is not the issue and that is not what I was saying to my constituent. I was saying that it is a sin if we borrow beyond our capacity to pay back. As I took him through the example I said: "Suppose you say to your wife that you are going to buy the Cadillac, the skidoo, et cetera, and she asks how you are going to get the money and you say, 'We will borrow more. If that is not enough we will borrow more after that'".

Eventually, of course, he put the question to me: "Do you have to pay it back?" I said: "Forget paying it back, just pay the interest on it". Then he said: "Does that not get to the point where you are using all of your income to pay interest?" I said: "Buddy, you have it. You have exactly the problem that the Minister of Finance had".

I told my constituent there was another approach. He could say to his wife in the morning: "Let us pay off all our bills right now. Do not buy any groceries. Tell the youngsters they will not eat for six months because we are paying off the debt". He said: "Come on, Simmons, what are you giving me?" I said: "Basically the Reform budget". "Do not eat now youngsters, just hold your breath. Do not get too thirsty or hungry for six months because we will be back when all the bills are paid."

We cannot do that. What the Minister of Finance had to do, and what I support him in doing, was to present this necessarily tough budget that goes down the middle. It tries its best to reduce the debt and at the same time tries its best to maintain essential programs.

(1755)

Some hon. members: Oh, oh.

Mr. Simmons: Madam Speaker, I understand that some of my friends in Reform do not agree with that. It pains me to stand here and say something they do not agree with. Sometimes we do not agree on every point. One of the things we do not agree on is that we need a slash and burn budget, that we have to have a budget that destroys essential programs. There is another way.

They shake their heads at me. I am just a bumpkin from Newfoundland. Let me read for them what some other people are saying. I will let them decide whether they are bumpkins and where they are from.

This is what somebody said: "Martin's '95 budget chewed heavily into spending reductions while taking a relatively light tax bite. The result is a budget the Canadian economy should be able to digest without an extreme amount of heartburn or acid indigestion". That person was not from Newfoundland.

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Another person said this.

Some hon. members: Oh, oh.

Mr. Simmons: Have respect. These are legitimate Canadian citizens who have a right to speak. A second one said this: "Ottawa treats deficit and debt as a serious problem to be dealt with prudently. There is no crisis mentality here. Indeed, there is ample time to plan orderly change rather than risk the chaos that swift and deep cuts can bring". That was another Canadian.

This is one other: "It's the budget—"

Mr. Morrison: What institution is he in?

Mr. Simmons: I am glad the member for Swift Current—Maple Creek—Assiniboia asked that question because he is going to get the answer in a moment.

A third Canadian said the following: "It's the budget that grassroots Canadians said long and loud they wanted from this Liberal government. It meets the crucial criteria of leaving money in the pockets of those ordinary Canadians. It heeds the message that there is simply not time to lose in getting this country's deficit and debt under real control in very short order".

Three great Canadians. One edits the *Calgary Herald*.

Some hon. members: No, no.

Mr. Simmons: One is a Toronto paper and they have written off that part of the country. Their views do not count. There goes Newfoundland. There goes Toronto. We are up to four million people that do not count so far. Let us keep going.

Let us let them show their cards on this one. The second person who said there is no crisis mentality here and it is a matter of orderly change is the editor of the *Edmonton Journal*.

Mr. Morrison: Another colonial paper.

Mr. Simmons: The Southam. Now we write off the Southams and we write off the colonials. The third great Canadian edits the *Calgary Sun*.

Some hon. members: Oh, oh.

Ms. Cohen: You are quiet now. No response.

Mr. Simmons: I see my time is up unfortunately. We are saying that there are viewpoints in western Canada other than those brought here by the Reform Party.

Mr. Myron Thompson (Wild Rose, Ref.): Madam Speaker, I rise on a point of order. Being a rookie in the House, I am not too sure if I am doing the right thing. You can help me if I am not.

I seek unanimous consent for a motion that I would like to move at this time. Under Standing Order 52 I move:

That this House do now adjourn for the purpose of discussing the rail strike.

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The strike now includes the longshoremen. In turn it is having a devastating effect on exporters and farmers throughout the nation. People are being laid off by the hundreds at this very moment. This is an emergency and I ask for unanimous consent to debate it at this time.

The Acting Speaker (Mrs. Maheu): The House has heard the motion. Do we have unanimous consent?

Some hon. members: No.

The Acting Speaker (Mrs. Maheu): Unfortunately the member does not have unanimous consent.

Mr. Thompson: Now we know how they feel about the country.

Mr. Benoit: Madam Speaker, on a point of order I would like to say that it disturbs me—

(1800)

[*Translation*]

Mr. Jean Landry (Lotbinière, BQ): Madam Speaker, I rise on a point of order. I believe this motion is out of order.

The Acting Speaker (Mrs. Maheu): I would like to remind the hon. member that the motion has not received the unanimous consent necessary in order to be debated.

[*English*]

The hon. member for Vegreville has the floor on questions or comments.

Mr. Leon E. Benoit (Vegreville, Ref.): Madam Speaker, I have a question for the hon. member who just spoke. He talked about how the Liberal budget will do a wonderful job and how it will solve the problem in terms of the present fiscal situation.

How will the hon. member explain to his constituents the loss of jobs, increased and continued high interest rates and eventually the lost social programs that will result from the inactivity of the government?

Let me refer to the interest costs on the debt that have increased from \$39 billion from the time the government took office. They will be \$51 billion, just the interest payments on the federal debt, by the end of the three-year budget period.

How will the hon. member explain this to the people in his riding who are looking for jobs, looking for relief from high interest rates on their mortgages, and looking for security in social programs?

Mr. Simmons: Madam Speaker, I thank my friend from Vegreville. On the matter of jobs he will know that independent statistics show that 433,000 new additional jobs have been created in the last year and a half.

On the matter of interest rates I would say to him kindly that he is less than honest if he gives the impression that a government of any stripe controls interest rates. As a government we can help create the climate but many elements outside the country determine interest rates.

Yes, the rates are high through no fault of the government. They came down a bit today because of forces outside of our control and his control. He mixes a number of items that are completely unrelated in my view.

If the members wants a yardstick he can look at the Statistics Canada figures which show that Canada's unemployment rate is the lowest in eight years. We must be doing something right.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Madam Speaker, I listened with a great deal of interest to the comments on the budget made by my colleague from Burin—St. George's. Of course, the hon. member found a very simple way of explaining the deficit Canada is now facing by using the vivid image of the discussions he had with his wife. I could tell him that I too had similar discussions at home, but I also went to my constituents to sound them out while Parliament was in recess.

My constituents often tell me that what they want to see most is the federal government setting an example of good management. I have a few examples, such as MPs' pensions. It is surprising that our old hand from Newfoundland made no mention of members' pensions and that his leader said "give me one day and I will solve the problem of MPs' pensions".

Unfortunately, I would like to tell you about the case of the windows in the building on the other side of the river. Madam Speaker, you are interrupting me. Unfortunately, good management is what this government is lacking. There is no vision of the future.

The Acting Speaker (Mrs. Maheu): I am not interrupting you, but unfortunately your time is up.

(1805)

[*English*]

Mr. Simmons: Madam Speaker, my friend from Frontenac demonstrates that I have difficulty communicating from time to time. He misheard me or I misstated it. It was not my wife; it was another man's wife.

On the matter of pensions there is a basic difference between him and me. He does not plan to be in the country long enough to draw a pension. I do.

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Madam Speaker, it is a great privilege to set the record straight on the budget.

Members across the way have spoken about hitting targets. All they are going to hit with the budget is a debt wall. They are

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talking about hitting the right track. All the track is going to lead to is a catastrophic economic crisis in Canada.

I will illustrate where we are, where we were and where we are going. We had a \$550 billion debt and a \$220 billion debt provincially which is increasing all the time and has been increasing for the last 20 years. We take in about \$120 billion every year and spend about \$160 billion.

Last year the government had to borrow \$40 billion to meet its obligations. In three years time another \$100 billion will be added to the debt, which will increase the amount of money we have to borrow and the interest payment to \$50 billion.

Furthermore it will decrease the amount of money we have to spend on government programs from \$120 billion to \$102 billion. It does not take a rocket scientist to figure out that we have a significant shortfall in the amount of available moneys to carry out government programs, in particular social programs that underprivileged individuals rely on for their well-being.

With the shortfall two things will happen. We will either have to make it up in an economic growth and/or increase taxes. There is no way the economy can possibly make up \$18 billion in economic growth. The government will be forced to increase taxes. Furthermore it will crush the life out of the economy and compromise our social programs by having more people obligated to use them. That is the reality.

I will look at a few specific problems in the country. The government disguised its cuts irresponsibly in many ways. First and foremost it said it made cuts. It has actually removed money from the provinces, over \$8.5 billion worth. Where does this fall? It will be on the shoulders of the taxpayer, the end point at every level. It is completely unfair and unconscionable.

We in the Reform Party gave the government a budget in two phases. One was in November last year and the other one was before its budget came down. We worked through the process and indicated the solutions to get our country back on track. The government ignored them.

We proposed cuts to the provinces but we proposed to give the provinces tax points to enable them to raise money to fund the programs they want. In effect it is a division of labour and a reduction in duplication. We also proposed a reduction in duplication at the federal level to effect a net savings to the taxpayer.

Let me speak about two specific areas that are close to my heart and close to the hearts of all Canadians. One is health care and the second is post-secondary education. Currently health care costs are rising dramatically, far greater than our gross domestic product, due to expensive technology and an aging population. The situation is not going to get better but is going to get worse.

Funding on the other hand has been stagnant. The government has taken \$8.5 billion from the envelope of funding to health care costs, further exacerbating a staggering problem. It has in effect penalized the provinces to get its own so-called funding under control. In the same vein it has said to the provinces that they cannot raise any funds because they will be shackled to the Canada Health Act.

(1810)

The government has said that it does not want cash register medicine. It does not want to compromise health care. Neither do we in the Reform Party. We are obligated to ensuring that everybody receives essential health care services in a timely fashion, which is not happening right now.

We have proposed that the Canada Health Act be amended to ensure that the provinces have the power to raise the funding and that the government takes it upon itself to ask Canadians to define essential health care services. Once we define the services we will ensure that everyone in the country regardless of income will have the services covered, which is not happening currently.

I will give a couple of examples. A lady in my riding has vertigo, a spinning sensation. She sees things. She probably has a brain tumour in the base of her skull. In Victoria she will have to wait two months just to get her CT scan and her MRI scan is booked on the 12th of never. I ask members to put themselves in her shoes and think about how they would feel. The reason this is the case is that there is not the money for her to have this essential health care service. I could go on and on about many other cases but there is not the time.

The government has also said that our proposal provides for a two-tier health care system. Yes, it does, but we have maintained that it is better to have a two-tier health care system that provides better services for all people than the same two-tier system we have now that is providing progressively poorer health care for all people.

The other aspects about health care are in the realm of the provinces. I do not have the time to discuss them here, but they have responsibility for managing them.

The most important factor in determining employability in the future is post-secondary education. The government has pillaged the amount of moneys available to post-secondary education, further compromising the ability of students to have the skills necessary to compete in the coming economies of the future. That is something we will collectively pay for and pay for in a large way.

We in this party have proposed the income contingent loan replacement scheme, ensuring that funding goes to the provinces. We would make a small cut but also give them the tax points to raise the funds necessary to provide for post-secondary education.

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I went to Francis Kelsey Secondary School in my riding last week that looked into an interesting initiative. It looked into the future to determine the economic needs of the country. It is telling its students where the jobs of the future will be. The government should take it upon itself to direct and advise provinces of the economic needs of the country in the future so that they will be able to direct their education programs in that direction.

I would like to make a few points. The budget has added \$100 billion to the debt and has severely compromised our social programs much more so than anything that has been done in the past five years. Rather than have a slash and burn policy economically, which is what the government has proposed, we have put forth the only effective solution to save health care, social programs and the other essential programs and to help those most in need. We are trying to preserve the framework of the social net of which we are so proud.

We would take the moneys from the upper third of the income brackets. We feel the moneys we are borrowing now to pay for the debt are in effect being borrowed from future generations.

In conclusion I would say that we in this party are more than happy to help the government out to have a balanced budget but we need to do it within the next three years. Otherwise those who will suffer most are those who can least take care of themselves.

The Acting Speaker (Mrs. Maheu): It being 6.15 p.m., pursuant to Standing Order 84(5), it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the amendment now before the House. The question is on the amendment.

Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Maheu): All those in favour of the amendment will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Maheu): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Maheu): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mrs. Maheu): Call in the members.

(The House divided on the amendment, which was negatived on the following division:)

(Division No. 166)

YEAS

Members

Asselin
Bellehumeur
Bernier (Gaspé)
Bouchard
Bélisle
Caron
Crête
de Jong
Deshaies
Duceppe
Fillion
Gauthier (Roberval)
Guay
Lalonde
Langlois
Lavigne (Beauharnois—Salaberry)
Leblanc (Longueuil)
Leroux (Shefford)
Ménard
Paré
Pomerleau
Robinson
Sauvageau
Taylor
Tremblay (Rosemont)

Axworthy (Saskatoon—Clark's Crossing)
Bergeron
Blaikie
Brien
Canuel
Chrétien (Frontenac)
Debien
de Savoye
Dubé
Dumas
Gagnon (Québec)
Godin
Jacob
Landry
Laurin
Lebel
Lefebvre
Loubier
Nunez
Plamondon
Riis
Rocheleau
St-Laurent
Tremblay (Rimouski—Témiscouata)
Venne—50

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Adams
Anawak
Arseneault
Assadourian
Axworthy (Winnipeg South Centre)
Bakopanos
Benoit
Bertrand
Bevilacqua
Bonin
Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast)
Brushett
Bélair
Calder
Cannis
Cauchon
Chatters
Clancy
Collenette
Crawford
Cummins
Dingwall
Dromisky
Dupuy
Eggleton
Epp
Finestone
Flis
Frazer
Gagliano
Gerrard
Godfrey
Graham
Grose
Guarnieri
Hanrahan
Harper (Calgary West)
Harper (Simcoe Centre)
Hart
Hermanson
Hill (Macleod)
Hoepfner

Ablonczy
Alcock
Anderson
Assad
Augustine
Baker
Bellemare
Bernier (Beauce)
Bethel
Bodnar
Boudria
Bridgman
Brown (Oakville—Milton)
Bryden
Bélanger
Campbell
Catterall
Chamberlain
Chrétien (Saint-Maurice)
Cohen
Collins
Culbert
DeVillers
Discepola
Duhamel
Easter
English
Fewchuk
Finlay
Fontana
Fry
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Gilmour
Goodale
Gray (Windsor West)
Grubel
Hanger
Harb
Harper (Churchill)
Harris
Hayes
Hickey
Hill (Prince George—Peace River)
Hopkins

Adjournment Debate

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

HUMAN RIGHTS

Mr. Svend J. Robinson (Burnaby—Kingsway, NDP): Madam Speaker, on March 4, 1986 then Minister of Justice, John Crosbie, stood in the House and promised to amend the Canadian Human Rights Act to prohibit discrimination based on sexual orientation.

Today, almost 10 years later, we are still waiting for that promise to be kept. The Prime Minister in 1993 made a firm commitment on the eve of a federal election. He stated the Liberal Party of Canada is firmly committed to banning discrimination on the basis of sexual orientation.

The Prime Minister went on to say in July 1993: "I will not lie. I will not be a Mulroney who made promises and never kept them. I am not that type of politician".

We are still waiting, not for any kind of special rights or privileges but for basic equality. I have here a letter written in November 1993 by the Minister of Justice: "The government remains committed to amending the Canadian Human Rights Act to add sexual orientation as a prohibited ground of discrimination. I will introduce this legislation before the House rises in December".

This is yet another in a long and sorry string of broken promises. What does the Prime Minister have to say now? He said in January that they have four more years in their mandate, and that it is important these amendments receive the full benefit of debate and consultation.

[Translation]

What I find incredible is that this amendment to the Canadian Human Rights Act to include sexual orientation has already been debated for over ten years.

In Quebec, it has been in place since 1977. Quebec was the first province to eliminate and to prohibit discrimination based on sexual orientation. Now, ten years later, there will be a referendum and, frankly, I think that Quebecers must be wondering when the government is going to keep its promises. Gay and lesbian Quebecers in particular must be wondering when the government will follow the example of leadership set by Quebec on this fundamental issue.

Ianno	Ifody
Irwin	Jackson
Jennings	Johnston
Jordan	Karygiannis
Kerpan	Kirkby
Knutson	Kraft Sloan
Lastewka	Lavigne (Verdun—Saint-Paul)
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lee
Lincoln	Loney
MacAulay	MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi	Maloney
Manley	Marchi
Marleau	Martin (Esquimalt—Juan de Fuca)
Martin (LaSalle—Émard)	Massé
Mayfield	McClelland (Edmonton Southwest)
McCormick	McGuire
McKinnon	McTeague
Meredith	Mifflin
Milliken	Mills (Broadview—Greenwood)
Minna	Mitchell
Morrison	Murphy
Murray	Nault
Nunziata	O'Brien
O'Reilly	Ouellet
Paradis	Parrish
Payne	Penson
Peric	Peters
Peterson	Phinney
Pickard (Essex—Kent)	Proud
Ramsay	Reed
Regan	Richardson
Ringma	Ringuette—Maltais
Robillard	Rompkey
Schmidt	Scott (Fredericton—York—Sunbury)
Shepherd	Silye
Simmons	Skoke
Solberg	Speaker
St. Denis	Steckle
Stewart (Brant)	Stewart (Northumberland)
Stinson	Szabo
Telegdi	Thalheimer
Thompson	Torsney
Ur	Valeri
Volpe	Walker
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White (Fraser Valley West)	Williams
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PAIRED MEMBERS

Members

Bachand	Bernier (Mégantic—Compton—Stanstead)
Comuzzi	Dalphond—Guiral
Daviault	Guimond
Hubbard	Keyes
Leroux (Richmond—Wolfe)	MacDonald
MacLaren	Mercier
Patry	Picard (Drummond)
Robichaud	Terrana
Wayne	Wood

(1840)

The Acting Speaker (Mrs. Maheu): I declare the amendment lost.

Adjournment Debate

(1850)

[English]

It is essential this amendment be brought into force partly because there is still widespread discrimination at the workplace, discrimination in extending benefits, the benefits in recognition of gay and lesbian relationships, and discrimination in recognizing families of gay and lesbian people.

I hope the Parliamentary Secretary to the Minister of Justice will take this opportunity not to tell us, as the Minister of Justice does, that we remain committed to the principle of this commitment, but that at last this government will move forward on the question of basic justice and equal rights.

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): Madam Speaker, the hon. member for Burnaby—Kingsway asked a question of the Minister of Justice about the amendments to the Canadian Human Rights Act in the House on December 9, 1994.

In reply, the Minister of Justice reiterated the commitment of the government to amending the Canadian Human Rights Act to prohibit discrimination on the grounds of sexual orientation. He also said the main point is this principle is undiminished and the issue of timing should not be the central concern.

On August 6, 1992 in a case brought under the equality guarantees of the Canadian Charter of Rights and Freedoms, *Haig and Birch v. Canada*, the Court of Appeal for Ontario ordered that the Canadian Human Rights Act must be read to include that ground as of that date and be administered accordingly. The Attorney General did not appeal the order to the Supreme Court of Canada.

The government views this as the current and correct state of the law. Thus, gay and lesbian Canadians can already file complaints with the Canadian Human Rights Commission should they find themselves refused a job or a service because of their sexual orientation. Complaints can be filed and the act's protection sought on this ground.

What is left is the very important symbolic act of making the Canadian Human Rights Act reflect the current state of the law. The amendment to which the government is committed would give Parliament the opportunity of bringing the act up to date. It will also bring the federal government into the ranks of the eight provinces and territories, Quebec, Ontario, Manitoba, Yukon, Nova Scotia, New Brunswick, British Columbia and Saskatchewan, which have already amended their human rights legislation to add the grounds of sexual orientation.

This government wants to add the federal laws against discrimination to the list of governments that have joined in this fight against discrimination and thereby assure Canadians of the same high standard of protection at the federal level.

THE TREASURY BOARD

Mr. John Williams (St. Albert, Ref.): Madam Speaker, a week or so ago I asked the President of the Treasury Board to explain the increase in the estimates where the budget for the Treasury Board was being increased to accommodate 10 additional executives at a cost of \$3.5 million.

The reply we received from the President of the Treasury Board, from *Hansard* of March 2, 1995, page 10272, was totally inadequate:

Let me tell you, Mr. Speaker, that overall the executive ranks in the public service have been reduced over the last four years by some 26 per cent.

When I asked a supplementary question because it seemed to me he did not have the grasp of the question, he responded:

Mr. Speaker, I do not know from where the hon. member gets those figures. There is no increase in the staff at Treasury Board.

I beg to differ. The estimates, part III, page 2-43 under activity resource summary quotes management for the Treasury Board, 1994-95 forecast, at 75 full time equivalents at a cost of \$6,294,000. The estimates for 1995-96 are for 85 full time equivalents, an increase of 10, at \$9,811,000, an increase of \$3,517,000.

(1855)

These quotations are from the estimates prepared by the President of the Treasury Board and tabled in this House by the President of the Treasury Board. Yet, when we ask him a question about his own department, he unfortunately does not know the answer.

The President of the Treasury Board is going to be laying off 45,000 civil servants. These are real people who have families and careers. Their futures are being dashed. At the same time, while these people who perhaps are at the lower end of the civil service scale are being turfed out on the streets, albeit with pension plans and severance packages, we now find out that the Treasury Board is hiring 10 more people at an average cost of \$350,000 each.

I do not know what the President of the Treasury Board has in mind with 10 executives at that price. However, if he has anything else in mind other than hiring executives, then there is a total distortion of the facts in the way they are presented here. If he intends to hire 10 more executives, surely he owes this House some justification as to why he intends to pay each of them \$350,000.

It is disgraceful that these figures are being presented to us at the same time as the government is downsizing the civil service. We as Reformers have said that you start at the top. You cut at the top. You have no moral authority to cut at the bottom until such time as you have cut at the top.

Therefore, I think the President of the Treasury Board should cut that out of the estimates now so that there is no increase in the executive ranks of the Treasury Board.

Adjournment Debate

[Translation]

Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.): Madam Speaker, frankly I am very disappointed to hear such an irresponsible analysis. The President of the Treasury Board indicated clearly to the member for St. Albert that there had been no increase.

The president undertook, on March 2, to look into the specifics of the matter and to provide him with additional information. And that is what I am doing this evening. I would like to provide a more detailed answer.

[English]

I hope there is no attempt on the part of Reform Party members to suggest their analysis is accurate. The problem may be confusion with the terms executive and management. In the context of part III of the estimates the term executive is a classification term referring to a specific occupational group. The term management is used to refer to an activity, a function or planning element which is used for the purposes of resource planning.

More specifically, reference was made to figure 6 on page 2-43 of the part III for Treasury Board where there is mention of 85 FTEs, full-time equivalents. These FTEs are made up of 19 for the president's office, 16 for the secretary's office, 5 for the office of the chief informatics officer, 22 for the planning and communications directorate, 10 for legal services support and 13 for a special reserve. This total only includes four positions that are executive or the equivalent. Therefore, it was erroneous on the part of the hon. member to draw the conclusion that the secretariat was increasing its executives.

[Translation]

There was no increase.

[English]

I want to finish off very quickly by saying there has been a decrease over four years of about 30 per cent. We expect this decrease will continue.

Surely the hon. member knows that nobody gets paid \$350,000 a year.

LABOUR

Mr. Dale Johnston (Wetaskiwin, Ref.): Madam Speaker, on March 3 I asked a question of the Minister of Labour concerning what was then an impending strike at CP Rail. I asked what action the minister planned to take to ensure a continuation of negotiations, thereby avoiding a potentially bitter, long labour-management dispute.

In his response, the parliamentary secretary to the minister stated that his government would simply leave matters to the collective bargaining process. However, in the time that has passed since I first raised my question, strikes and lockouts have

occurred throughout Canada escalating to the point yesterday of a complete withdrawal of services by the 3,200 member Brotherhood of Maintenance of Way Employees.

(1900)

So far the work disruptions involve only the members of that union. However, the other key player, the 4,000 member Canadian Auto Workers union, is prepared to take strike action anytime after March 15, which of course is tomorrow.

The potential consequences of the ongoing labour dispute between the railways and the unions are enormous. To complicate the situation, 405 members of the International Longshoremen's and Warehousemen's Union in the British Columbia ports have walked off the job, paralysing the movement of goods in western Canada.

It is imperative the government take quick and decisive action to halt the further disruption of our transportation routes. The fragile Canadian economy simply cannot withstand a blow like this. The uninterrupted operation of our transportation system is an essential element of our economic recovery. No one can dispute that.

More important, when examining the economic implications of a strike, we have to consider the bottom line. Here nobody wins. Too many people are harmed by needless strikes and lockouts. It is simply reprehensible to expose Canadians to more of this kind of nonsense.

Negotiations between CP Rail and the two unions in question have been ongoing for some 15 months. It would appear that neither side is truly serious about arriving at a new contract. If the resolve were there, surely the differences would have been settled peacefully and promptly by now.

Simply suggesting that the two sides continue the collective bargaining process is unsatisfactory. In the meantime, while they continue talks for who knows how long, countless numbers of people will be hurt by a dispute for which they are not responsible.

For this reason, the federal government must now step into this dispute with back to work legislation. This legislation should include a 30-day cooling off period during which meaningful negotiations could take place.

As the work disruption drags on it appears obvious that the government is stalling for time while it drafts anti-scab legislation. A cop-out like that is unacceptable.

Canada's railways account for close to 40 per cent of all freight tonnage moved in the country. Whether they be shippers of newsprint, coal or potash, the auto industry or western grain farmers, importers, exporters and manufacturers they must be assured that they have a reliable method of getting their products to market. Otherwise those markets will dry up.

Adjournment Debate

Foreign buyers need suppliers they can count on. If they cannot rely on the Canadian market they will simply go elsewhere.

Aside from the direct impact of rail stoppages there is immeasurable harm resulting from what is known as the domino effect. Industries which cannot obtain parts or ship their goods will have to shut down production and lay off employees. The longer the government allows this situation to go on, the more far reaching the impact will be on Canadians from coast to coast. This means less revenue for the cash starved federal treasury.

The Acting Speaker (Mrs. Maheu): I am sorry. Your time has expired.

Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Madam Speaker, I would like to thank the hon. member for raising a very important issue.

As the Minister of Labour reported to this House yesterday, CP Rail and three of its unions representing 2,900 workers reached a tentative settlement on March 12, 1995 with the assistance of the Federal Mediation and Conciliation Service. The agreements provide for wage increases, modified employment security and a variety of benefit improvements. The settlements are subject to ratification by the union memberships.

I understand that CP Rail is meeting with the BMWG today and I would encourage them to make every effort to settle their collective bargaining differences.

I am advised that the impact of the work stoppage at CP Rail has been limited and that the railway is continuing to operate its core lines.

Collective bargaining is continuing in a number of railway negotiations. The parties must be given every opportunity to settle their disputes in collective bargaining as provided for under the terms of the Canada Labour Code. However, the parties must accept their responsibility to resume bargaining and conclude an agreement not only in the interests of their members and shareholders but also for the Canadian public.

The railways and the unions have the necessary insight and experience to resolve the complex issues in dispute.

Any discussion of legislative intervention at this time would be premature. The federal mediation and conciliation service remains in contact with the parties, available to assist them in their negotiations.

The Acting Speaker (Mrs. Maheu): Pursuant to Standing Order 38(5), the motion to adjourn the House is now deemed to have been adopted.

Accordingly, the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.05 p.m.)

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