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OFFICIAL REPORT
(HANSARD)

Wednesday, February 18, 1998

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Wednesday, February 18, 1998

The House met at 2 p.m.

Prayers

• (1400)

[*English*]

The Speaker: As is our practice on Wednesday we will now sing *O Canada*, and we will be led by the hon. member for Mississauga South.

[*Editor's Note: Members sang the national anthem*]

STATEMENTS BY MEMBERS

[*English*]

FINANCE

Mr. John Williams (St. Albert, Ref.): Mr. Speaker,

Have you heard that the Pied Piper is back?
But this time he has a new tack,
No pipes or sweet tunes,
Instead tales of great boons,
Yet where is the relief from tax?

Zero deficit is his sweet call,
But he is still not divulging all,
For while the call is to play,
Canadians must still pay,
And hope in vain for their windfall.

While he sings of finance reborn,
St. Albert is still so forlorn,
“No new toys” are their cries,
“Tax relief, not new buys,
Mr. Piper, won't you listen to Reform?”

And so, I bid you beware,
Of the piper of finance, if you dare,
His song is so nice,
But you had better look twice,
Or you may end up in tax despair.

* * *

DAVID SHANNON

Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.): Mr. Speaker, it was a moment of great pride for me and the citizens of

Thunder Bay when David Shannon, a quadriplegic lawyer from Thunder Bay was bestowed with the King Clancy award by the hon. Hillary Weston, Lieutenant Governor of Ontario, on behalf of the Canadian Foundation for Physically Disabled Persons.

In Toronto approximately 1,500 guests donated \$650,000 to the foundation, a record amount added to the \$7.5 million raised in the past 13 years.

David Shannon was recognized for his courageous 9,000 kilometre journey from coast to coast on his electrically powered wheelchair and for raising over half a million dollars to establish an endowment fund for disabled persons.

King Clancy awards were also given to Joan Mactavish, for her development and delivery of specialized services for deaf-blind people, and Amy Doofenbaker, a dedicated veterinarian and international wheelchair athlete.

Ford Motor Company of Canada and Bell—

The Speaker: The hon. member for St. Paul's.

* * *

MARION POWELL AWARD

Ms. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, tomorrow evening I will be attending the tribute to the late Dr. Marion Powell and will present the Marion Powell award at the launch of the screening of the film *Passing the Flame: The Legacy of Women's College Hospital* at Roy Thompson Hall.

During her illustrious career Dr. Powell established the Bay Centre for Birth Control at Women's College and advocated contraceptive choice for women.

The famous five worked to get women the vote. Dr. Powell worked to get women control of their own bodies. She is considered a pioneer among her peers and was a beloved member of the Women's College Hospital family.

Tomorrow I will have the honour of presenting the Marion Powell award to Dr. Penny Ballem of the Children's and Women's Health Science Centre of British Columbia. Dr. Ballem has devoted her career to establishing innovative state of the art programs and women centred services. She represents the passion, commitment and vision that Dr. Powell would have applauded.

I applaud Women's College Hospital and Organon Canada for the creation of this award. I hope the recognition of Dr. Ballem's work encourages her and others like her to continue to spearhead innovation in women's health.

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HAROLD GODFREY

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, it is with sadness that I rise today to inform the House of the passing of a truly great Canadian.

On February 11, 1998 Harold Godfrey of Cornwall, P.E.I. passed away. Mr. Godfrey was a leader within the farming community and Canada as a whole.

Harold started farming at the early age of 14. He and his son Donald have a beef and potato farming operation with a cow-calf operation specializing in purebred Simmental cattle.

Harold Godfrey was a strong and active supporter of farm organizations. He served as president of the P.E.I. Federation of Agriculture, a director of the CFA and many other maritime organizations, including the P.E.I. Potato Marketing Board.

In addition to these roles, Mr. Godfrey served as a member of the Atlantic Veterinary College Advisory Board. In 1989 his lifelong contribution to agriculture was recognized when he was appointed to the Atlantic Agricultural Hall of Fame.

Harold was an active member of his community and his church. We thank Harold for his life's work.

* * *

ALCOHOL AND DRUG ABUSE

Mr. Brent St. Denis (Algoma—Manitoulin, Lib.): Mr. Speaker, on February 25, 1998 former Canadian heavyweight boxing champion George Chuvalo will bring his crusade against alcohol and drug abuse to the town of Blind River in my riding of Algoma—Manitoulin.

Mr. Chuvalo will speak with students of W.C. Eaket and Jeunesse Nord high schools to impress upon them the dangers associated with substance abuse and addiction.

Mr. Chuvalo is an impassioned advocate who has lost three children and a wife to drug abuse. His emotional presentations on this subject have been successful in changing many lives and have led to a greater understanding of the importance of speaking frankly about the dangers posed by drugs and alcohol, especially for our youth.

I wish to congratulate Tim and Joanne Caddel, constituents of mine from Algoma Mills who have been instrumental in building the community support necessary to welcome George Chuvalo to Blind River.

While in Blind River, Mr. Chuvalo will be presented with special recognition for his efforts in raising awareness of the national problem of drug and alcohol abuse.

I ask all hon. members to join me in saluting the efforts of George Chuvalo and those of Tim and Joanne Caddel of Blind River.

* * *

THE SENATE

Mr. Bill Gilmour (Nanaimo—Alberni, Ref.): Mr. Speaker, yesterday I was in Toronto for the unveiling of an Ontario senatorial selection act at Queen's Park. Both Alberta and British Columbia already have senatorial selection acts that allow the people to choose their senators. Now Ontario has joined the movement for democracy in government.

The message is clear. Over half of this country has indicated its willingness to modernize the upper house. Government by appointment is clearly outdated, undemocratic and unacceptable. Canadians want effective, elected and accountable representation.

The Prime Minister has told Canadians on many occasions that he supports an elected senate. Now Canadians are calling on the Prime Minister to respect the will of the people and allow the provinces to choose their representatives through democratic elections.

• (1405)

Senator Thompson's second hearing is tonight. It is time for the Senate to say adios Senor Thompson, and for this Prime Minister to say Senate election.

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[Translation]

REFERENCE TO SUPREME COURT

Ms. Caroline St-Hilaire (Longueuil, BQ): Mr. Speaker, in connection with the reference to the supreme court, the ad hoc committee of Canadian women on the Constitution will be coming to tell the justices that Quebec is not entitled to unilateral secession.

This marginal group, some of whose members are Liberal MPs, does not speak on behalf of women's groups in Quebec or in Canada. It is not, therefore, surprising that their proposal is more in line with the government's position than with the women's position, particularly when we see that one of their representatives, Mary Eberts, was also the Treasury Board chief negotiator in the wage equity issue, which is still not settled, moreover.

All of the women's groups in Quebec believe that only the people of Quebec are entitled to decide their future. In solidarity with Quebec, these women believe in freedom and democracy. They know that Quebec's right to be the only one to decide its future does not in any way encroach on their own rights.

Quebec sovereignty will not be achieved at the expense of women, but rather along with women.

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[English]

GORDON TAPP

Ms. Paddy Torsney (Burlington, Lib.): Mr. Speaker, on behalf of Burlington residents it is my pleasure to rise today to congratulate Order of Canada recipient Gordon Tapp.

For more than five decades Mr. Tapp has entertained us as a comedian, musician and scriptwriter on radio, television and on the stage. His unique down-home charm has tickled the funny bones of people of all ages.

Mr. Tapp gives generously of his time and talent by raising funds for volunteer organizations such as the Muscular Dystrophy Association, the Easter Seal Society and local Burlington organizations.

He has thrilled world leaders and brought cheer to our troops overseas.

Colleagues, please join me in congratulating Gordie Tapp. A great Canadian and a fine citizen, he brings honour to our community and our country.

* * *

NAGANO WINTER OLYMPICS

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, it is with tremendous admiration, pride and respect that I rise to congratulate all of our Canadian athletes participating in the Nagano Winter Olympics.

There is no doubt these athletes in Nagano are there not only because of their personal achievements but thanks to the training provided by dedicated coaches and the support of their families. However news coverage also shows coaches and parents holding fundraising events. Why? In an attempt to raise dollars to join their athletes in Nagano.

Now some Canadian politicians are attempting to justify their own participation in a \$75,000 all expense taxpayer funded VIP junket to Nagano. The heritage minister is accompanied by Conservative, Bloc and Liberal members of Parliament. These politicians say they are going to Nagano to show solidarity and support for our Canadian athletes.

It seems to me that Canadian athletes would garner far more solidarity and support from their coaches, parents and teammates than from politicians acting as VIP cheerleaders.

* * *

[Translation]

NAGANO OLYMPIC GAMES

Mr. Nick Discepolo (Vaudreuil—Soulanges, Lib.): Mr. Speaker, I would like to take a few minutes away from the usual business of the House, if I may, to speak of Canada's athletes, who continue

to aim for their best ever performances in the atmosphere of intense pressure of the Olympic Games.

In recent days, we have seen such athletes as Jean-Luc Brassard, Stéphane Rochon, Ann-Marie Pelchat, Ryan Johnson, Tami Bradley, Mélanie Turgeon, Kristy Sargeant, Kris Wirtz, Marie-Claude Savard-Gagnon and Luc Bradet staunchly defending the Canadian colours in competition. For them, effort and perseverance were more than mere words. Are they not champions merely by making it to the Olympics?

Of course we wish victory to all our athletes, since that is what all of their efforts are focussed on, but we owe them particular thanks for putting us in touch with the most human aspects of ourselves: love for one another, pleasure in one another's achievements, and solidarity in effort.

We wish each and every one of our athletes good luck in the pursuit of their Olympic goals. They are the pride of our country.

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[English]

HUMAN DEFICIT

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, the Minister of Finance has the gall to talk about dealing with the human deficit. What chutzpah.

This is the government that created the deficit with \$7 billion in cuts to health, education and social service. It created it with cuts to employment insurance, training, pensions, the environment, child care and housing.

The results of this inhumane Liberal agenda is a crisis in health care, education, family incomes and communities everywhere.

● (1410)

In Winnipeg today nurses are saying emergency rooms are unsafe with IV bags going dry, vital signs not being checked, health aides working 24-hour shifts and patients waiting long painful hours for treatment.

In the face of these bleeding cuts to the provinces, the health minister is playing politics on hepatitis C compensation instead of showing leadership.

Canadians are sick to death of the human deficit created by this government and some have even given their lives for it. That is too high a price to pay.

* * *

[Translation]

ICE STORM

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, the Government of Canada announced yesterday in

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Saint-Hyacinthe an additional \$40 million for farmers particularly hard hit during the ice storm.

The sovereignists can say what they like. Our government did not act unilaterally, but only after consulting the Government of Quebec, which did not deign to respond to the invitations of the federal government.

The fact of the matter was that farmers and the heads of small and medium size businesses could not wait any longer for a quick and positive response from political leaders.

The fact of the matter is that the Government of Quebec decided to play petty politics with all these issues, blaming Ottawa for all the problems.

While Quebec might not appreciate the goodwill, and particularly the quick action and positive response of the Government of Canada in this matter, the people, SMBs and farmers will remember that the Canadian government did not drag its feet. It took action throughout the storm, from start to finish.

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[English]

CANADIAN WOMEN'S OLYMPIC HOCKEY TEAM

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, earlier this week at the Nagano games the Canadian Women's Olympic Hockey Team won silver after completing an action packed final game against the United States.

Shortly after the emotional medal presentations had concluded, one of our players remarked that she and her teammates regretted that they had let Canada down by not claiming gold.

Canada boasts a very long and distinguished hockey heritage. From the first Stanley Cup game to the Canada-Soviet summit series, this truly Canadian sport has provided us with countless positive and uplifting memories. Indeed Canadians have come to expect nothing less than the best from our hockey heroes.

I had the opportunity to view portions of this gold medal game. What I saw was our girls fiercely competing against the U.S. amid a swell of national pride, waving Canadian flags, and cheers. Even when the last whistle had sounded, the pride felt by spectators in their homes and in the stands was not in any way diminished.

The effort put forth by our Olympic women's hockey team more than exceeds the high expectations held by Canadians. This team has made us all proud.

[Translation]

ÉRIC BÉDARD

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, yesterday, Tuesday, February 17, Éric Bédard, a speed skater from Sainte-Thècle in the riding of Champlain, won the bronze medal in Nagano in the men's short track 1,000 metre.

I am very proud to pay tribute to the courage and determination of our first Quebecker to win a medal at the Nagano Olympic Games.

My congratulations to Éric Bédard for an exceptional performance. I also offer my congratulations to his parents Gaétan and Claire Bédard and to his family and to the people of Sainte-Thècle.

This is the first time an Olympic medal has been awarded to an athlete from the Mauricie. Éric Bédard's success brings honour to his region and to all of Quebec.

Congratulations, Éric, and good luck in the relay.

* * *

[English]

EMPLOYMENT

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, as I have indicated many times in the House, unemployment is Newfoundland's biggest problem. Therefore I believe government should not be shocked if I say I was outraged when I learned that Newfoundland has taken the biggest percentage hit in federal job losses.

On March 31, 1995 Newfoundland had 6,440 federal employees. As of June past we have 4,836 federal employees, for a loss of 24.9%. That compares with the 18.4% loss in Atlantic Canada and the 14.6% loss nationwide. I am told that Newfoundland will have lost nearly 30% of its federal employees by the end of March 1998. By the end of the fiscal year the province with double the national unemployment rate will have taken double the national rate of federal job losses.

The government came to power on a promise of jobs, jobs, jobs. What has that cost Newfoundland? Jobs, jobs, jobs.

* * *

• (1415)

CANADIAN SOCIETY

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the United Nations has honoured Canada for several years by acknowledging that our country is the best country in the world. That honour has been sustained because of our commitments in a number of areas.

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In the area of justice and security we commit to promote a peaceful, just, tolerant and civil society governed by respect for the rule of law and for our fellow human beings.

We commit to a universal, accessible, portable, comprehensive and publicly funded health care system.

We commit to the provision of a compassionate social safety net for the benefit of the unemployed, the disabled, the aged and those who live in poverty.

We commit to the protection and promotion of the health and beauty of our natural and manmade environments.

Finally, we commit through our example and our initiatives to always promote international peace and co-operation.

These are the kinds of commitments that make Canada great, not only in the eyes of Canada but also in the eyes of the world.

ORAL QUESTION PERIOD

[English]

THE ECONOMY

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, on page 29 of the Prime Minister's 1997 red book it says this: "We will allocate every billion dollars of fiscal dividend so that one-half will go to a combination of reducing taxes and reducing the national debt". It was a clear-cut debt reduction and tax reduction promise for every billion dollars of surplus.

Yesterday the finance minister told the CBC he is not going to apply that formula to the 1998 budget.

The finance minister is breaking the Prime Minister's promise. What is the Prime Minister going to do about it?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Prime Minister will read from the red book. We will allocate our budget so that over the course of our mandate one-half will be spent to improve programs—and a lot of people agree with that—and one-half will go to tax cuts and reduction of the debt. That is the Liberal program which we ran on during the last election.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the Leader of the Official Opposition will read from the red book: "We will allocate every billion dollars of fiscal dividend so that one-half will go to a combination of reducing taxes and reducing the national debt".

Now the finance minister is breaking that promise and the Prime Minister is agreeing with him. It is just like the GST promise.

Will the Prime Minister tell us how this broken promise differs from the broken GST promise?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I could read from the Speech from the Throne where it was said that one-half of the surplus would be used to address the social and economic needs of Canadians. That is something the Reform Party does not want to do. The other half will go toward a combination of reducing taxes and the national debt. It is very clear, very simple and very Liberal.

Mr. Preston Manning (Leader of the Opposition, Ref.): Mr. Speaker, the Leader of the Opposition will read from the sermon on the mount. "We will allocate every billion dollars of fiscal dividend so that one-half will go to a combination of reducing taxes and reducing the national debt".

Liberal candidates went door to door making that promise and less than a year later it is being broken by the Minister of Finance.

If the Prime Minister will not keep his debt reduction and tax reduction promise this year, why should Canadians ever again trust him on anything he says about debt reduction and tax relief?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, Canadians watch members of the Reform Party. One day they are for debt reduction. The next day they are for tax reduction. They change all the time. They do not know.

For us it is very clear. Over the term of our mandate, because we have provided Canadians with good government, because there will be a surplus, we will do it the Canadian way, the reasonable way. Half will be used for solving economic and social problems and the other half for reducing taxes and the debt. It is very simple.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, it is amazing what can sneak up on you in a mandate.

The Prime Minister told the country in 1993 that he would scrap the GST, but he was just crying wolf. Last year he said that 50% of any surplus would be split between tax relief and debt reduction. Now he has just admitted that he is crying wolf again. The finance minister also says "No problem. We don't really need to keep our word".

• (1420)

Let me ask the Prime Minister what happened between the promise and the present.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I invite the hon. member to look at the Speech from the Throne where it was very clear, and in the red book it was very clear.

We will do the right thing for Canada. It is not to be able to put our heads in the sand and not recognize that we have social problems and economic problems which need some government

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intervention. At the same time we will do something that has not been done for 50 years: a series of balanced budgets.

Miss Deborah Grey (Edmonton North, Ref.): Mr. Speaker, the Prime Minister talks about social programs. It is because he has racked up such a horrendous amount of debt over the last 30 years.

The Prime Minister broke a GST promise. Now he has broken this promise for 50% of tax relief and debt reduction. The finance minister said on CBC radio "Oh, well, I am not under any real constraint to keep that promise".

Was this latest tax promise reneged on just recently, or was it just another GST hoax right from the beginning?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, maybe I have to read again very slowly so that they understand.

We will allocate our budgets so that over the course of our mandate one half, 50% in English, will be spent to improve programs and one half, 50 p. 100 en français, will go to tax cuts and reduction of the debt.

It was exactly the same thing that was in the Speech from the Throne that was presented and voted on by the House of Commons.

* * *

[Translation]

REFERENCE TO SUPREME COURT

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, there is a great deal of confusion about the government's position with respect to the supreme court reference. There is the position of the Minister of Justice, the position of the Minister of Intergovernmental Affairs, and the position of the lawyer, Yves Fortier.

I would ask the Prime Minister to tell us what the government's position is. Is it the position of the Minister of Justice, who says that Quebec's sovereignty would create such an exceptional situation that the Constitution would be of no help, or is it that of Yves Fortier, who argued the exact opposite before the supreme court?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the government's position is very well known. We are saying clearly that the case is before the supreme court right now, that the lawyers are making their arguments, that we are going to let them do so, and that the supreme court will be able to make its decision.

The important thing for us is to ensure that all Canadian citizens comply with the law of Canada.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, I see that the Prime Minister is avoiding the issue, while his Minister of Justice is talking about it to the newspapers and his

Minister of Intergovernmental Affairs is talking about it just about everywhere.

The Minister of Justice tells us that the court must rule on native rights, while Yves Fortier is arguing quite the opposite.

I therefore ask the Prime Minister from whom exactly in this government is Yves Fortier taking his orders?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, for people who said they were going to ignore the supreme court, that it had no say in the matter, they are taking quite an interest in the court's goings on.

The government's lawyers are explaining the position of the Government of Canada and the other intervenors representing particular groups are explaining their points of view. It will be up to the supreme court to decide. If they want to go and present an argument, let them apply to the supreme court and send a lawyer. They did not even have the courage to go and defend their case before the supreme court.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, the government is getting more and more mired in its contractions every day.

Yesterday, the Minister of Justice said the opposite of what her lawyer was saying in court on Monday. The Minister of Intergovernmental Affairs then said the opposite of what the Minister of Justice was saying in the newspaper, and today what the Prime Minister is saying does nothing to clarify the government position.

With this reference to the supreme court, does the Prime Minister admit that he has loaded all of us onto a ship over which even he is beginning to lose control?

[English]

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I want to take this opportunity to clarify yet again, as I did yesterday, the position of the federal government in relation to the ongoing reference before the supreme court.

I want to quote from a statement of clarification that I issued yesterday in case anyone was under any misunderstanding as to where the government stands.

● (1425)

I will quote "The federal government's position is set out in our factum and our reply and was repeated in court on Monday. The federal position is that the constitution applies, and I fully support this position".

[Translation]

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, on the reference, Quebec federalists are repudiating the government. The Conservatives and the NDP are repudiating the

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government. The Canadian Labour Congress is repudiating the government. The *Globe and Mail* is repudiating the government. Even the Premier of Ontario is gradually moving in that direction.

Is the Prime Minister not beginning to realize that he no longer has anybody on his side in this reference business, and that even his traditional allies are starting to dump him.

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, after the sound and fury of the Bloc has died down, the arguments will still be there, and Quebeckers will hear them.

* * *

[English]

MINISTER OF FINANCE

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, my question is for the Prime Minister.

I would like to inquire today about the health of the finance minister. Yesterday we saw worrisome signs of amnesia when the finance minister expressed concern about the human deficit. He has forgotten that he is the one who hacked \$3.5 billion from health care. He has forgotten that he is the one who slashed \$1.5 billion from education.

My question for the Prime Minister is straightforward. Is the finance minister well?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, he is in extremely good shape just like the finances of the nation.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the Prime Minister and the finance minister can try to put a positive spin on the human deficit but the facts speak for themselves.

How could they be proud of their record when 200,000 more kids are living in poverty than when the Liberals took office, when 48,000 fewer young people are employed than just two years ago, and when tuition fees have risen 41% in the past five years?

How could the Prime Minister be proud of the growing gap between the privileged and everyone else, the prosperity gap that he and his policies have helped to widen?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, every responsible government, including the Saskatchewan and British Columbia NDP governments, are working to balance their books.

We have had to make these very difficult decisions because of the \$42 billion debt that we took over in 1993-94. Despite all this, the Canadian economy managed to create a million new jobs in the last four years.

[Translation]

STUDENT DEBT

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, my question is for the Prime Minister.

Yesterday, he appeared to finally acknowledge that there was a connection between education and job opportunity. In Canada, students graduate with a very heavy debt load. This country is also faced at this time with a brain drain caused by excessive taxation.

If there must be a millennium fund, I would like the Prime Minister's commitment today to making the solution to two questions his priority: student debt, and the brain drain, by cutting taxes so that our young people remain—

The Speaker: The hon. the Prime Minister.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, student debt is a problem of enormous concern to the government. When we met with the provincial premiers in December, an agreement was reached between all the provincial premiers and the federal government, that the two levels of government would work together to solve this problem.

As for education, we of course believe—and I said so yesterday in my speech—that for young people with a good education, there is 5% unemployment. Those who unfortunately have less education have a 15% unemployment rate.

This means that—

[English]

The Speaker: The hon. leader of the Conservative Party.

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, I want to help the Prime Minister today. He is recognizing that the student debt problem is an extremely important problem. It has been assessed at FMC.

If that is the case and there is to be a millennium fund, will the Prime Minister make a commitment today that the number one priority of his government for students will be student debt and the reduction of student debt?

• (1430)

Will he also commit to stopping the brain drain that we have in Canada today by reducing taxes so we can keep young Canadians at home to work in our country?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are preoccupied. I invite the leader of the Conservative Party to wait for the budget which will answer many of his questions.

Yes, we will be in a position to do that because after four years we have managed to reduce the \$42 billion deficit the Conservative government left us in 1993-94.

*Oral Questions***TAXATION**

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, yesterday the Prime Minister announced for about the 15th time his \$3 billion monument called the millennium scholarship fund. While he was blowing hot air about his commitment to education, his tax collectors were cracking down on employees who dared to upgrade their education at work.

Yesterday a scientist with Ipsco was hit by Revenue Canada for \$30,000 in back taxes because his company paid for specialized training.

How could the Prime Minister brag about his commitment to education when his tax collectors are punishing employees for investing in their own education?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, as usual Reform members do not have their facts right. The record of the government is one of commitment to lifelong learning. We have announced a number of measures this time.

With regard to employers providing training, we actually encourage employers to provide training. Assessments on whether it is an expense have to be done on a case by case basis.

The hon. member is wrong when he says that companies cannot expense training. They can and they do. He should get his facts right.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, once again the minister demonstrates that he has no capacity in his file. It has nothing to do with writing off the expense. It has to do with Revenue Canada retroactively assessing these training courses as taxable benefits. Yesterday somebody was hit with \$30,000 for taking a university course.

The Business Council on National Issues says that millions of Canadians may be hit with high retroactive taxes for their companies having invested in their training.

How could the government square this penalization, this punishment of people investing in their futures, while at the same time brag rhetorically about investing in training and education?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, I have been an employer. I have been there. Employers right across the country send their employees on courses.

When it can be shown that it directly benefits the company and not solely the individual, or that it benefits the individual to be more productive and efficient, it is not taxable.

The hon. member should get his facts right and do his research. It is business as usual for the Reform Party: no facts and just trying to make cheap political points.

* * *

[Translation]

EDUCATION

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Mr. Speaker, my question is for the Prime Minister.

The Prime Minister is putting more and more energy into promoting his millennium scholarship fund, which he wants to turn into the symbol of Canada's entry into the 21st century.

The Prime Minister claims to be ensuring compliance with Canada's Constitution in his reference to the Supreme Court, so why he is incapable of complying with another clear provision of the Constitution, which is that education is exclusively a provincial matter?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, education is a matter of exclusive provincial jurisdiction, and the Government of Canada is not meddling in education, because we are the federal government.

However, financial aid to students has always been a shared responsibility, and I know of no federal government in the world in a developed country that is not involved in helping its people have access to educational institutions. Canadians are entitled to receive aid from their federal government.

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Mr. Speaker, so they are breaking up the best system of loans and grants in Canada to create another through duplication.

Does the minister realize that his project simply ensures political visibility but does not resolve the problem of student debt? This is why people in both Quebec and Canada are criticizing the government so vigorously.

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, that is another question. Clearly in this federation, which we have considerably improved in recent years, there is no question of creating overlap. We will always work together with the provinces, especially in areas where Canadians have to count on help from both governments.

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• (1435)

[English]

NATIONAL DEFENCE

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, in 1996 this Liberal defence minister announced a \$500 million emergency campaign to clothe our soldiers.

Yet recently an advertisement appeared in the *Plainsman* newspaper requesting forces personnel to return all combat shirts and pants which are not being used to the clothing stores so that they could be redistributed to the second rotation of soldiers going to Bosnia.

Will the Minister of National Defence explain to the men and women in our forces why \$500 million cannot even buy them proper pants? Why is the government turning the Canadian army into the Salvation Army?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the Reform Party is always looking at information that is quite old.

The clothe the soldier program, which is what he is referring to, is in fact moving on. Funds are being provided all the time to increase the amount of new clothing and new equipment, the latest up to date equipment and clothing for our soldiers.

Mr. Leon E. Benoit (Lakeland, Ref.): Mr. Speaker, in fact this recent ad appeared in the *Plainsman* and it reads:

Request and appeal to all military personnel at 15 Wing who presently hold combat shirts and trousers that are not being used for Operational reasons to please return to Clothing Stores so that these items may go back into the system to properly kit Roto 2 of OP Palladium.

Does the minister think it is good for morale to turn the Canadian army into the Salvation Army?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): It sounds like the same question again, Mr. Speaker.

In the process of providing for this new clothing there has been a period of time when there has been a shortage. That shortage is coming to an end and all our troops will get the proper clothing and will not have to go through that kind of procedure.

* * *

[Translation]

BILL C-28

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, yesterday the government's ethics counsellor said and put in writing that, because of Bill C-28, the Minister of Finance had placed himself in an apparent conflict of interest situation.

My question is for the Prime Minister. Is the Prime Minister again prepared to stand in his place and say that there is no problem and that his shipowner minister has broken none of the rules in the June 1994 code of conduct?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, one thing is clear: the allegations are completely unfounded. Yesterday, Howard Wilson said: "Mr. Martin is not in a conflict of interest situation".

It is absolutely clear that he is not in conflict of interest and I stand by what I have always said, which is that the minister behaved with complete propriety and that he took all the necessary steps so as not to be in any real or apparent conflict of interest.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the following appears in the code of conduct, and I quote: "On appointment to office, and thereafter, public office holders shall arrange their private affairs in a manner that will prevent real, potential or apparent conflicts of interest from arising".

Is it not clear to the Prime Minister that the Minister of Finance placed himself in an apparent conflict of interest situation that is completely unacceptable and at odds with the spirit and the letter of his own code of conduct?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, absolutely not. Everyone in Canada knows that our Minister of Finance and his family are owners of a very large shipping company. Everyone knows this.

Immediately on becoming Minister of Finance, he took the necessary steps to ensure that he was not in a conflict of interest situation or in an apparent conflict of interest situation. That is why he asked the Secretary of State for Financial Institutions to look after this particular problem, rather than doing so himself.

[English]

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the finance minister is the owner of Canada Steamship Lines, one of the country's largest shipping companies.

It just so happens the same finance minister sponsored tax legislation that could potentially save millions of dollars in taxes for companies such as his own.

Why is the finance minister allowed to bring in legislation that could potentially profit him personally to the tune of millions of dollars? Why is he allowed to do that?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have replied to this question time and time again.

This piece of legislation was handled by the Secretary of State for Finance. According to the arrangement made by the Minister of Finance when he became Minister of Finance—everybody knew that he was in that business—he made a disposition to make sure

Oral Questions

that he was not to be in a conflict of interest. And so said Mr. Howard Wilson yesterday in front of the committee.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, the Prime Minister is absolutely wrong. This bill was sponsored by the finance minister himself. He himself stands to profit from this legislation.

• (1440)

The ethics counsellor did not even know about this until he read about it in the newspaper. Then this farce of an investigation was to call up the minister's company, which said oh no, Mr. ethics counsellor, there has not been any wrongdoing. You can trust us. That was his investigation.

My question is for the Prime Minister. What is the use of an ethics counsellor if he approves unethical behaviour?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I say again that out of about 350 clauses of the bill, there was this clause that related to an industry that is very important in Canada, and this was handled by the secretary of state for finance. For me it is very clear.

I have no doubt that the people of Canada agree with me that the Minister of Finance is a man of integrity and honesty, and he has shown it to the Canadian people.

[Translation]

Mr. Odina Desrochers (Lotbinière, BQ): Mr. Speaker, yesterday the government's ethics commissioner acknowledged that the measures intended to eliminate any whisper of conflict of interest in the story of the ship-owning minister's sponsorship of Bill C-28 were not implemented.

My question is for the Prime Minister. Since the ethics commissioner's statement proves that there is an apparent conflict of interest and the 1994 code of ethics states that ministers must not find themselves in such situations, what does the Prime Minister intend to do about his minister-cum-shipowner-cum-legislator?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have been answering that question for two weeks now. The Minister of Finance has taken all of the necessary steps—

Some hon. members: Oh, oh.

Right Hon. Jean Chrétien: —to ensure that he was not in a conflict of interest, either real or apparent. That is why he handed the matter over to the Secretary of State for Financial Institutions. It is clear cut.

Since the Minister's very first day in this House as an MP, everyone has known he was a highly successful businessman in that industry. He has always been able to play his role as an MP and

as a minister without any conflict whatsoever with his family's interests.

* * *

[English]

ICE STORM

Mr. Joe Jordan (Leeds—Grenville, Lib.): Mr. Speaker, the Minister of Agriculture and Agri-Food and the President of the Treasury Board announced a compensation program yesterday for part time farmers in Quebec who suffered losses in the ice storm.

My riding also suffered losses and we appreciated the Salvation Army, unlike the Reform.

Can the minister of agriculture give this House his assurance that part time farmers in Ontario will receive similar consideration?

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Yes, Mr. Speaker, we can give that assurance. We were in Saint-Hyacinthe yesterday and announced the ice storm recovery program for part time farmers in Quebec, a \$50 million program.

The minister of defence, the House leader and I will be in Kemptonville in eastern Ontario tonight to have similar consultations with the farmers in eastern Ontario on the same issue.

* * *

BILL C-28

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Mr. Speaker, the finance minister's department has clearly broken ethical standards by having, first, the minister himself sponsoring a tax bill, potentially saving his company millions of dollars, then hiding this clear violation from the ethics commissioner.

How does this minister expect Canadians to believe his next piece of legislation will not have another sweetheart deal?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Minister of Finance will stand up in the House next Tuesday and will prove again that he is an excellent Minister of Finance who works diligently for the interests of all Canadians, that he is very honest and that he is a man whom we shall all respect because he deserves it.

Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.): Mr. Speaker, the facts are clear. The finance minister sponsored a bill through which his company made profit. The ethics watchdog was called in a day late and a dollar short to cover up this clear violation. His entire investigation was kept in house.

Given these facts, why does the Prime Minister put the finance minister's personal gain ahead of government ethics?

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Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have been in this House for quite a long time. The people of Canada elected me here 11 times.

• (1445)

I know that when you cannot attack somebody above the belt and you are gutless, you hit below the belt. That is what we see today.

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, my question is for the Prime Minister. The record will clearly show that the Minister of Finance introduced Bill C-28. We assume the Minister of Finance knows what is in the bill before he sponsors it. The bill provided for clear benefits that could accrue to his own company.

When the ethics commissioner appeared before the finance committee yesterday, he said that when legislation is being drafted in the Department of Finance that could benefit the Minister of Finance, he or his office is always informed ahead of time so he can check out conflict of interest possibilities.

The Speaker: The hon. member for Vancouver East.

* * *

EDUCATION

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, yesterday the Prime Minister, in speaking to the Canadian Club, admitted too many Canadians are unable to attend college or university today because they cannot afford it.

The Prime Minister says that he cannot hide his enthusiasm for the millennium scholarship fund but students cannot hide their horror at having to wait another two years for help.

Will the Prime Minister rename the fund the 1998 fund so that students can get help today when they need it, not some time in the future?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I would like to congratulate the member for supporting the program. We cannot do it this year because we have to negotiate with the provinces to make sure that the system functions well, that there is no duplication. We have done it before.

When we had the infrastructure program, it was a successful program because we managed to have three levels of government working together for the benefit of Canadians and we intend to do the same thing for the benefit of students.

I am happy to see that this member will be supporting us on that.

Mr. Charlie Power (St. John's West, PC): Mr. Speaker, my question is for the Prime Minister. Yesterday the Prime Minister said that the government promises to put in a spring in the steps of

students, to let them leap forward and see the dream in the new millennium fund.

The millennium fund is for future students. At a current undergraduate degree cost of over \$25,000 our current students are drowning in debt. Will the Prime Minister throw today's students a lifeline or just another line?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have been working. There was some provision last year to help students. I cannot say what will be in the budget, but wait patiently. Now it is only six days.

Of course we will do the right thing and I hope they will be applauding.

Mr. Charlie Power (St. John's West, PC): Mr. Speaker, the Prime Minister believes that this millennium fund will be his government's legacy. I say that his education legacy is one of shame.

Today's students have paid for this future fund by shouldering massive cuts to education. Today's students do not need a legacy fund, they need an education fund.

Instead of repackaging his cuts of the past, he is trying to create a personal legacy. What is the Prime Minister prepared to do for today's students?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we would have been able to act much faster if we did not have to deal with the legacy of the Conservative Party, the \$42 billion deficit in our first year.

That was the first priority, to put order in the finances of the nation. We have done it in our dealings with the problems of the nation.

It is too bad I had, as Prime Minister, the legacy of the Conservative Party. It was no fun.

* * *

NATIONAL DEFENCE

Mrs. Judi Longfield (Whitby—Ajax, Lib.): Mr. Speaker, my question is for the Minister of National Defence. As the minister knows, there is substantial concern about the treatment of civilian employees at Canadian forces bases where certain operations are being privatized.

Is the minister prepared to take action so that employees at our bases are treated fairly?

• (1450)

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, I think we have an obligation in our department to meet our budget reduction targets. We have an obligation to

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perform our services in an efficient and effective fashion. If we can do so and save the taxpayers money, we should do that. That is what we can do with the alternative service delivery program.

However, at the same time, this government and our party have an obligation and a desire to make sure that our employees are treated humanely. We have demonstrated that with the way we have gone about downsizing the public service. We will demonstrate it again in terms of how we treat employees in the alternative service delivery program.

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NATIONAL REVENUE

Mr. Howard Hilstrom (Selkirk—Interlake, Ref.): Mr. Speaker, on Monday when I asked the national revenue minister about the leaked income tax return he denied it. On Tuesday he referred to clearing up ambiguities. What about a clear and honest answer today? How many more ambiguities are there, 100, 1,000, or 10,000?

Hon. Harbance Singh Dhaliwal (Minister of National Revenue, Lib.): Mr. Speaker, I responded yesterday to the matter the hon. member has brought forward. I want to be clear again to make sure I put the facts on the line.

In the case the member was referring to, there was a consent form provided to Revenue Canada, the basis on which information was provided. The issue at hand is whether the consent form should be clearer and more precise. I say yes. That is why as of January 15 we have asked the Manitoba Public Insurance Corporation to make its consent form clearer so there are no misunderstandings as to the information to be provided.

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[Translation]

MEDICAL RESEARCH COUNCIL

Ms. Hélène Alarie (Louis-Hébert, BQ): Mr. Speaker, my question is for the Minister of Industry.

In September 1997, the Medical Research Council distributed \$49 million in grants to universities. We now learn that there is a considerable imbalance between the number of grants awarded to English language universities and the number awarded to French language universities.

Can the Minister of Industry explain to us, for instance, why McGill University received twice as many grants from the council as did the Université de Montréal?

Hon. Martin Cauchon (Secretary of State (Federal Office of Regional Development—Quebec), Lib.): Mr. Speaker, last week I had the honour, on behalf of the government and the Medical Research Council, of announcing grants to the Université de Montréal and to McGill University.

I am also honoured today to tell you that, of the money awarded by the Medical Research Council over the last five years, 33% went to the Province of Quebec, and that the Medical Research Council thus made it possible for research that will create lasting and quality jobs to continue.

That is what this government has been committed to doing since 1993.

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[English]

THE SENATE

Hon. Lorne Nystrom (Qu'Appelle, NDP): Mr. Speaker, my question is for the Right Hon. Prime Minister, of which I gave him notice a couple of hours ago.

Senator Thompson is only the last straw that broke the camel's back in terms of the public's intolerance with our Senate. Our Senate is undemocratic, unelected and unaccountable. It is a house of hacks, flacks and bagmen. Enough is enough.

Is the Prime Minister ready now to take the initiative to break the log-jam and introduce into the House a motion to abolish the existing unelected Senate? If he does that I assure him of our support.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we have always been in favour of reforming the Senate. We voted in this House on the Charlottetown agreement. We wanted to have an elected Senate, one that represented all the regions. Unfortunately the people of Canada did not accept that proposition. In particular, the Reform Party voted against it.

If there is occasion to reform the Senate, this party has always been in favour of a reformed Senate. However, we need to do it by amending the Constitution. In order to amend the Constitution in Canada we need the consent and advice of the provinces.

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BILL C-28

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, it is with great regret, but important to remember, what the ethics commissioner said yesterday. We cannot ignore his testimony. He stated that he was called in to investigate the apparent conflict of interest between the finance minister who did sponsor Bill C-28. He also said that he contacted CSL executives to determine the impact on CSL.

● (1455)

Why did the ethics commissioner contact CSL to find out what the impact would be on CSL? Why did he not contact a tax expert?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I presume the ethics commissioner contacted everyone who had

facts and asked them to make a contribution so that he could render the opinion he gave yesterday which was very clear.

[*Translation*]

“One thing is clear”, he said, “the allegations are completely unfounded. Mr. Martin—the Minister of Finance—is not in a conflict of interest situation”. In order to arrive at that opinion, he obtained all the information required to be able to give a clear opinion on the matter.

* * *

[*English*]

SIERRA LEONE

Mr. David Pratt (Nepean—Carleton, Lib.): Mr. Speaker, my question is for the Secretary of State for Latin America and Africa and it concerns the continuing crisis in Sierra Leone, west Africa.

The last 10 days of fighting have produced hundreds of thousands of refugees and a serious food shortage. Just yesterday a Canadian, Dr. Milton Tectonidis with *Medicins Sans Frontieres*, was seized by rebels.

Can the minister tell the House what plan our government has to provide aid to Sierra Leone and to help Dr. Tectonidis return to safety?

Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.): Mr. Speaker, I thank my colleague from Nepean—Carleton for his question.

On the humanitarian aid I am very pleased to announce that Canada is going to send \$600,000 to the international committee of the Red Cross to alleviate the horrible suffering in Sierra Leone.

With respect to Dr. Tectonidis, our high commissioner to Sierra Leone indicates that an Ecomog force has now been sent to Bo and Kenema to try to rescue the two men the hon. member just referred to. We wish them well in that voyage.

* * *

THE SENATE

Mr. John Nunziata (York South—Weston, Ind.): Mr. Speaker, my question is for the Prime Minister.

It is quite clear that the overwhelming majority of Canadians do not support the Senate in its present form. It is nothing more than a posh country club for political hacks.

The Prime Minister in his previous answer suggested that the people of Canada rejected Senate reform when they voted against the Charlottetown accord. That is simply not the case.

Will the Prime Minister recognize that most Canadians do not support the Senate and will he undertake—

The Speaker: The Right Hon. Prime Minister.

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Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I explained to the House that we wish to be able to reform the Senate, but under the Constitution of Canada the Parliament of Canada cannot reform the Senate alone. The powers and the numbers are subject to constitutional changes. We are willing to do that when the provinces are ready.

At this time some people are proposing an equal Senate, with the provinces having equal representation. In order to change the Senate we need the consent of the provinces and at this moment the provinces are not pushing—

The Speaker: The hon. member for Skeena.

* * *

ABORIGINAL AFFAIRS

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, my question is for the minister of Indian affairs.

Grassroots aboriginals are angry and upset that the minister's office leaks confidential letters and yet withholds information which might embarrass the department.

We have an internal departmental memo which directs a senior bureaucrat to withhold information requested by a band member under access to information because it might make the department of Indian affairs look bad.

Did the minister direct her bureaucrats to withhold this information? If not, did this directive come from her? Where did it come from?

Hon. Jane Stewart (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, following the question from the hon. member yesterday I looked into the circumstances surrounding this letter.

First of all, it is two years old. Second, the contents of the memo are not considered to be protected. Third, the name of the requester is not in the letter.

The letter in question is, in fact, context and only context about the information request.

The letter should not and did not affect the decision to release the information the requester was entitled to.

Finally, the truth is that the bottom line of all this is that the requester got the information he asked for.

* * *

● (1500)

[*Translation*]

SPONSORSHIP OF SPORTS AND CULTURAL EVENTS

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, the Quebec minister of finance recently announced that \$12 million in tobacco tax revenues would be used to subsidize sports and cultural events in Quebec.

Points of Order

In order to avoid having sports and cultural events suffer because of the fight against smoking, when will the Minister of Health finally introduce the long promised amendments?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, we are working on them and we are getting there. We will act when we are ready.

* * *

POINTS OF ORDER

STANDING COMMITTEE ON FINANCE

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, I appeal to you as the defender of parliamentary rights and protector of the right of everyone in this parliament to speak, not only in this House, but wherever our work as members takes us.

The members of the opposition were prevented from doing their work properly by various decisions taken by the chair of the Standing Committee on Finance. This is the subject of my remarks to you.

The chair of the Standing Committee on Finance categorically and systematically rejected a request by my colleague the member for Saint-Hyacinthe—Bagot, who wanted to hear from witnesses in committee in order to better understand the entire scope of clause 241 of Bill C-28. The chair refused any witnesses.

The member for Saint-Hyacinthe—Bagot also asked to have the ethics commissioner testify. The committee chair, contrary to all expectations and plans, shortened the appearance of the ethics counsellor, on his own initiative.

The third point I would like to raise with you, and which I consider quite extraordinary, is the fact that the chair of the Standing Committee on Finance rejected the request of my colleague from Saint-Hyacinthe—Bagot for a special committee, a sub-committee, at least, to hear witnesses and clarify the matter of the apparent conflict of interest involving the Minister of Finance.

It is extraordinary, in our opinion, for a committee chair to use his powers, which should serve to enable parliamentarians to do their work, to systematically prevent the opposition from obtaining any information on this matter.

For the good of the Minister of Finance, if the opposition can query a number of specialists in order to clarify this important and complex situation, it seems to me the committee should be allowed to do its job.

I therefore appeal to you as the Speaker of the House and ultimate chair of all committees so that parliamentarians may be heard.

• (1505)

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have had the opportunity to read a portion of the proceedings of the committee sitting in question, or at least a summary of that sitting. There are two points that should be brought to the attention of the Chair.

First of all, the fact that a decision by the chair of a committee may be appealed. An appeal can be made to the committee as a whole. Parliamentarians are free to do so, of course, but ultimately at that level whom a committee will or will not hear is under the committee's jurisdiction.

As for procedure, I would remind you of what it says in Beauchesne's sixth edition:

[English]

Article 760(3) states:

The Speaker has ruled on many occasions that it is not competent for the Speaker to exercise procedural control over the committees. Committees are and must remain masters of their own procedures.

This is from the *Journals* of December 4, 1973.

I recall having the occasion when I was in opposition of rising in the House to plead a similar case in the late 1980s which I lost.

I also want to remind you, Mr. Speaker, of article 760(4) which states:

On one occasion, after a grievance was raised in the House concerning procedure in a committee—

Again, we are talking about procedure here, not the matter of whether or not someone likes the quality of the decision, which is entirely different. It continues:

—the Speaker then undertook to write to all committee chairmen pointing out that when a grievance is not resolved satisfactorily in committee it often results in the time of the House being taken—

And so on. Then again there is not an instance where the Speaker personally intervened in that.

The two points I want to summarize are: First, this is not an issue of procedure per se; in other words whether someone has been aggrieved because he or she was not allowed to speak in committee, whether the chair went beyond the usual control the chair has over committee and so on. One is making a qualitative judgment here in terms of how the chair of the committee ruled.

Second, even if it had been a matter of procedure, His Honour has been constant in the past by saying that he—and your predecessors, Sir—has not seen fit to undertake to overrule such decisions before.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I rise on the same point of order. It is a very serious issue.

I will simply say that the government House leader pointed out that when he was in opposition he understood the necessity of

Points of Order

having the Speaker at that time intervening in a situation. He subsequently lost his case but I think he appreciates the point. He has taken it to heart.

I simply want to make the same point. In this case the allegations that are being made are extraordinarily serious. If they are not dealt with in an appropriate way, it will darken the reputation of the House. I believe the Speaker is charged with the responsibility of upholding the reputation of the House of Commons.

In this case I believe the seriousness of the allegations warrant the intervention of the Speaker.

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I rise on the same point of order. I listened to the government House leader. I think there has been some slight error in interpretation.

The reason that members of the opposition parties in the finance committee jointly introduced a motion asking for the opportunity to delve into the issue further was in an effort to clear any hint of wrongdoing by the Minister of Finance.

We recognize that for us to do our work in the House of Commons and in the finance committee the reputation of the Minister of Finance is paramount. Allegations have been made. Interpretations of various comments have been made, the fact that there may be a conflict of interest with the Minister of Finance on the eve of the budget.

This is an effort not to question necessarily the procedure in the finance committee but simply to find a way to clear the air once and for all so that there is no hint that a possible conflict of interest may occur with the Minister of Finance.

• (1510)

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, I rise on the same point of order. We support this point of order. We feel this process requires transparency, not just for the opposition but for the government and the minister.

One of the Liberal promises was that the ethics counsellor would be reporting to parliament as opposed to simply the prime minister. In lieu of that, the committee needs to have the ability to investigate the matter.

For instance, the commissioner talked to CSL to find what the tax implications would be. Perhaps the committee would be able to call tax experts to find out what the implications would be.

The point is that all Canadians will be best served by a transparent process in the hands of parliamentarians at the subcommittee level.

The Speaker: This point has come up a number of times since I have been in the House. My predecessors in this chair have consistently ruled that the committees are masters of their own work.

I would point out with respect that members of the committee can bring this forth in the committee proper and the committee will decide what it wants to do with it. If a report is brought back to the House then I believe we could entertain the motions or objections such as those that are brought forth.

Unless and until I get direction from the House of Commons that the policies in this regard are to be changed, I would rule at this time that the committee is master of its own destiny and that if a report comes back to the House, at that time I will have a look at it.

QUESTION PERIOD

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, I rise on a point of order in regard to a document that was quoted from by the minister of fisheries.

I first raised this matter yesterday after question period. I based my point of order on Beauchesne's sixth edition, citation 495, which reads:

A Minister is not at liberty to read or quote from a despatch or other state paper not before the House without being prepared to lay it on the Table.

The government House leader argued that the minister did not actually quote from the document and therefore did not have to table the document. I have reviewed the videotape and it clearly shows the minister quoting from the document. I have reviewed *Hansard* which indicates the exact statement in question in quotation marks.

As you are aware, Mr. Speaker, the authority of the House stems from the powers granted it by the Constitution, our standing orders and our longstanding practices. I would point out that any attempt to deliberately omit information from the House by disobeying the practice as outlined in citation 495 of Beauchesne's sixth edition would be considered a contempt of parliament.

The reason why the minister may be reluctant to table the document containing the accusation against me is because that document is a lie.

The Speaker: I believe the member mentioned the hon. minister of fisheries. Is that correct?

Mr. Monte Solberg: Mr. Speaker, I owe the minister of fisheries an apology. I intended to say the Minister of Veterans Affairs.

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, if the member is going to get up in the House and declare that people happen to be lying, at least he should understand who he is talking about. I feel offended by this hon. member and I find his apology totally inadequate.

• (1515)

The Speaker: Colleagues, with regard to the use of the word "lie", of course the word "lie" in itself is not unparliamentary. I did not hear the hon. member for Medicine Hat say a minister lied. If I understand correctly, although I do not have the precise words,

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the member stated that the document was a lie. That is a lot different from a member lying.

I want to put that particular part to one side. With regard to the hon. member misnaming a minister, that is regrettable. I could understand the minister of fisheries reacting to it. However, the hon. member has clarified that he was talking specifically about the Minister of Veterans Affairs. Is that correct?

Mr. Monte Solberg: Absolutely, Mr. Speaker.

The Speaker: That being the case, yesterday I do not know that the minister quoted from a letter. I do not know that he quoted necessarily from a document. I believe that the hon. leader of the government in the House did make a statement on this yesterday. At that time the hon. government House leader said that if this was a letter or a document it would be tabled in the House. I might have misunderstood. However, he also said that if this was a briefing note, which is different from a document as I see it, then that would not be brought into the House.

How do we get to the bottom of this? Evidently the Minister of Veterans Affairs is not here so he cannot tell us whether he quoted from a document or not.

Some hon. members: Oh, oh.

The Speaker: Colleagues, it is rather difficult for me to give a decision and to bring us through this situation if I am being interrupted. I would ask you to please hold your comments until at least we get the situation as clarified as we can.

I was saying that the minister is not here. I put this question to the government House leader. Does he have direct and specific information about this document?

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I indicated yesterday that I would undertake to look into the request made by the hon. member and of course I will. I do not expect to delay this at all. Had he contacted me informally before, I would have done my best to have it for him today. To the extent that it can be available for the next sitting of the House it will with the same conditions that I stipulated yesterday.

Mr. Speaker, if you will allow me, I would like to raise something else in relation to what the member said. It is the reference to citation 485 of Beauchesne's regarding unparliamentary language.

It states quite clearly that language, whenever it is conditional or hypothetical, does not make unparliamentary language acceptable. For someone to suggest in any way that the minister may have been not telling the truth in terms of quoting from a document or that he did not have a document and that in itself was not true, and so on, is the same as saying the minister himself was making statements which were untrue. To make it conditional like that does not make it any more acceptable.

I invite Mr. Speaker to check the parliamentary records, the blues as we refer to them, later to see whether that language is appropriate even with the conditionality that was placed on it today.

• (1520)

The Speaker: I am going to deal with the first point and then I will come back to the second point the hon. government House leader brings up.

I have *Hansard* from yesterday. I am looking at page 4020 and I do not see in this any quotation marks. That could be an error on the part of *Hansard*. I wonder if the hon. member could wait until we have the Minister of Veterans Affairs here. We will question him. If indeed he did quote from a document, I am sure he will tell us. Then we will proceed from there.

I want to go to the other point of order brought up by the hon. government House leader. I did not hear, either in the tone or the words that were said, the allegations that the hon. government House leader said were uttered to him in this House.

However, I will take it upon myself to review specifically what was said. I will review the tapes, the television tapes also, to satisfy myself that such was not the case. It is not parliamentary for us to accuse each other of telling untruths. My understanding is that there was no accusation made of an individual. However, I will review it and I will come back to the House.

Does the hon. member have more information to give us?

Mr. Monte Solberg: Mr. Speaker, I am informed that the quotation marks were on the original blues that were sent out. They have subsequently been removed. I simply point that out.

Mr. Chuck Strahl (Fraser Valley, Ref.): Mr. Speaker, I would like to request that when you review *Hansard* and the movie rights to this saga, perhaps you could also look at what the minister for ACOA said in the House with the tapes. That is a telling tale in itself.

The Speaker: The hon. member is right, this is becoming a saga. I have given an undertaking to this House. I will fulfill that undertaking and I will get back to the House.

ROUTINE PROCEEDINGS

[Translation]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in

Routine Proceedings

both official languages, the government's response to four petitions.

[*English*]

The Deputy Speaker: Statements by Ministers.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I have a point of order under the item Statements by Ministers. It relates to points of order raised earlier about the ability of members in this House to do their jobs responsibly.

It is hard for us to do our job on a critical issue like compensation for hepatitis C victims when the Minister of Health is out there bashing the provinces instead of in here making a statement to this House.

Would it not be in order, Mr. Speaker, for ministers of the crown to bring to this House full details of such critical issues so that we can carry out our duties responsibly?

The Deputy Speaker: I think the hon. member knows that the practice of the House is that a minister may make a statement under Statements by Ministers when the minister considers it appropriate.

Over many years I am sure the hon. member has followed the proceedings of this place.

• (1525)

Complaints along the lines of that raised by the hon. member have been raised by other hon. members. They have suggested that somehow a minister in making statements outside the House is not fulfilling his or her functions in the House.

The Chair has consistently ruled that it is not a matter for the Chair to intervene in, nor is it a matter affecting the privileges of hon. members should ministers choose to make statements outside the House instead of here.

It is an opportunity for members to comment when ministers make statements in the House but the fact that statements are not made here I do not believe is a matter for comment by members on a question of privilege, nor is it one that relates to either a point of order or a question of privilege in this House.

While I am pleased that the hon. member has been able to air a grievance, I do not believe it is a question of privilege or a point of order.

* * *

GRANT EXPENDITURE REPORT ACT

Mr. Jim Abbott (Kootenay—Columbia, Ref.) moved for leave to introduce Bill C-359, an act to require every organization that receives a grant of public money to submit a report on the way it is spent that is to be available for public inspection.

He said: Mr. Speaker, as members may recall, as the heritage critic for the Reform Party it has been a concern of mine that there have been ongoing expenditures of public funds, sometimes on very questionable projects as deemed acceptable by people from the Canada Council right through the heritage department.

It seems to me that the way to bring that under proper control is to create a situation of accountability, of transparency, of visibility regarding how these funds are being spent, and that is the purpose of this bill.

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

* * *

TRANSFER OF OFFENDERS ACT

Mr. Janko Perić (Cambridge, Lib.) moved for leave to introduce Bill C-360, an act to amend the Transfer of Offenders Act (removal of foreign offenders).

He said: Mr. Speaker, I am pleased to rise today to introduce my private member's bill which seeks to make amendments to the Transfer of Offenders Act. This bill was developed in conjunction with amendments to the Immigration Act.

The goal is to facilitate the deportation of non-Canadians convicted of crimes. This bill will assist the crown in the removal of such criminals.

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

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, I have two motions today. Motion No. 337 calls for this House to restore the taxes on cigarettes to the level existing January 1, 1994 which happened just at the time when the government dropped the taxes and caused the single biggest increase in consumption by youth this country has ever had.

It also calls for the tax rate on tobacco sticks to be the same as the tax rate on tobacco sticks equal to that on cigarettes, increase the rate of tax on fine cut tobacco, smokeless tobacco and leaf tobacco intended for retail sale so that this tax on one gram of tobacco is equal to the rate of one cigarette and, last, to improve the tax paid markings that are required on packages of tobacco products and apply the incremental revenue to health care.

The Deputy Speaker: The motion I believe is on the Notice Paper. Why is he rising on motions today? Could he explain that to the Chair, please.

Mr. Keith Martin: I call for unanimous consent, Mr. Speaker.

The Deputy Speaker: What is he asking for unanimous consent to do?

Mr. Keith Martin: Mr. Speaker, I have another motion that I would like to ask for unanimous consent for.

Routine Proceedings

An hon. member: For what?

Mr. Keith Martin: To pass the following motion.

• (1530)

The motion calls for this House to convene in 1998 a meeting of like-minded nations in order to develop a multilateral plan of action to reform international organizations such as the IMF, the World Bank and the UN, so that they can identify the precursors to conflict and establish multilateral conflict prevention initiatives. This is so we can move our foreign policy from dealing with conflict—

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

The hon. deputy government whip, on a point of order.

Ms. Marlene Catterall (Ottawa West—Nepean, Lib.): Mr. Speaker, there has been no information given to us on this side of the House. I am wondering if the member has any compelling reason why his motion should be taken out of precedence of all the other motions of the other members of Parliament. There is a procedure that we follow for private members' motions. I wonder if he has a compelling reason why his should be treated differently.

The Deputy Speaker: I have a feeling that if we got into the reasons we would be into a debate. I think the question that is properly before the House at the moment, with respect, is whether or not the hon. member has consent to deal with his motion today during motions. Is there consent?

Some hon. members: No.

The Deputy Speaker: There is no consent.

* * *

[Translation]

PETITIONS

ATLANTIC GROUND FISH STRATEGY

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, on behalf of the people of Gaspé—Îles-de-la-Madeleine—Pabok, I am pleased to present a petition to this House from the Pabok regional county municipality. This petition contains 1,276 signatures and concerns the Atlantic Groundfish Strategy, more commonly known as TAGS.

The petitioners are drawing attention to the fact that our region has been heavily affected by the groundfish moratorium imposed by Fisheries and Oceans Canada back in May 1994. Since then, the Atlantic Groundfish Strategy, or TAGS, has been the only means of survival for a large part of our population. This program was slated

to continue until the end of the moratorium in 1999, but has been re-examined and is now slated to terminate in August 1998.

The people are calling for this program to be continued until the end of the initial moratorium and feel they should not be the victims of poor management.

[English]

GASOLINE PRICES

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, it is my pleasure to present a petition this afternoon from a great number of constituents from my riding.

The petitioners feel that the issue which they are addressing in this petition certainly is something which consumers right across Canada feel is important at this time. They feel that Canadian consumers are at the mercy of the pricing policies of oil companies. They call upon the Parliament of Canada to adopt legislation which would require gasoline companies to give 30 days written notice to the Minister of Natural Resources of an impending significant increase in the price of gasoline that is over 1% of the current pump prices per litre and that such notice also contain the reason or reasons for the increase and when it will take effect.

[Translation]

VIA RAIL

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, I wish to table a petition bearing 239 signatures, which combine with the 10,847 I have already tabled in the House, for a total of 11,086 people who have signed the petition, which reads as follows:

“We would like VIA Rail to continue to use the Lévis intermodal train station and also the Montmagny subdivision trunk line between Harlaka and Saint-Romuald for the operation of the Chaleur and Ocean trains”.

[English]

IMMIGRATION

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the honour to present a petition.

The petitioners draw the attention of the House to the fact that some individuals are marrying Canadian citizens or permanent residents for the primary purpose of entering Canada as a member of the family class. Since fraudulent marriages of convenience cause pain to innocent spouses, the petitioners request that Parliament encourage the government to consider introducing a three year conditional period for sponsored spouses.

• (1535)

STUDENT FINANCIAL AID

Mr. Reg Alcock (Winnipeg South, Lib.): Mr. Speaker, I am pleased to present a petition from Catherine Kowalchuk, Jeff

Leroux, Laurie Cameron, Susan Scarth and more than 23,000 others who are calling upon Parliament to create a system of student financial aid which includes the following elements: special opportunities grants, a national grant program, expanded and extended interest relief, income based remissions after interest relief, work study programs and tax refunds.

PUBLIC SAFETY OFFICERS COMPENSATION FUND

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I am pleased to present a petition signed by a number of Canadians, including constituents from my riding of Mississauga South.

The petitioners draw to the attention of the House that our police officers and firefighters are required to place their lives at risk on a daily basis as they execute their duties. The employment benefits of police officers and firefighters often do not provide sufficient compensation to the families of those who are killed in the line of duty. Finally, the public also mourns the loss of police officers and firefighters killed in the line of duty and wish to support in a tangible way the surviving families in their time of need.

The petitioners therefore call upon Parliament to establish a public safety officers compensation fund for the benefit of families of public safety officers who are killed in the line of duty.

* * *

[Translation]

QUESTIONS ON THE ORDER PAPER

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, the following question will be answered today: No. 9.

[Text]

Question No. 9—**Mr. John Reynolds:**

Concerning the travel to Australia and New-Zealand between August 24 and September 3, 1997, by the Minister of Citizenship and Immigration, could the Minister please provide:

- (a) the number, names and titles of the individuals who accompanied the Minister on that trip;
- (b) the total cost for all aspects of that trip;
- (c) the names and positions of the individuals the Minister met and the purpose of each meeting in Australia and New-Zealand;
- (d) the Minister's itinerary for the complete trip; and
- (e) information on any agreements or joint undertakings initiated, or planned between Canada/Australia and Canada/New-Zealand as a consequence of that trip?

Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.): (a) Sarita Bhatla, policy adviser to the Minister of Citizenship & Immigration, CIC, and Mr. Greg Fyffe, assistant

Routine Proceedings

deputy minister, policy and program development, CIC, accompanied the minister on her travel to Australia and New-Zealand.

(b) The total travel cost for this trip was \$36,153.65. The travel cost incurred by the Minister of Citizenship and Immigration was \$12,457.73. The Department of Citizenship and Immigration has no information concerning hospitality costs or other expenses incurred by the Department of Foreign Affairs and International Trade and/or regional/local offices and absorbed by them.

(c) Monday, August 25—Auckland, New-Zealand

Briefing on New-Zealand Refugees issues and tour of Mangere refugee resettlement centre.

11 a.m.: Ms. Marie Sullivan, branch manager, refugee quota, New-Zealand Immigration Service, NZIS.

The minister's main focus in Auckland was her August 25 visit to the NZIS run Mangere refugee reception centre. She toured the facility, met staff, was briefed on New Zealand's offshore refugee program and held a roundtable discussion with representatives of non-governmental organizations, NGOs. The centre is managed by the refugee quota branch of NZIS and serves as the focal point for all activities relating to the identification in co-operation with the United Nations High Commissioner for Refugees UNHCR, interview, selection transportation in co-operation with UNHCR and the International Organization for Migration, IOM, reception, medical assessment/treatment, sponsorship and settlement of New Zealand's annual convention refugee quota.

Noon: Informal luncheon and discussions on refugee issues with:

Ms. Jacqueline Tidbury, Regional Co-ordinator, Refugee & Migrant Services, New Zealand NGO
 Dr. Nagalingham Rasalingham, President, Auckland Refugee Council
 Ms. Marie Sullivan, NZIS
 Mr. William Smith, Refugee Co-ordinator, Amnesty International
 Mr. Keryn McDermott, Co-ordinator, Auckland Institute of Technology AIT Program, Resettlement Centre
 Ms. Jan Clark, Senior Policy Adviser, Risk Management, NZIS
 Mr. Sean Henderson, UNHCR

Topics discussed during lunch included public perceptions of refugees, settlement challenges, responsibilities of sponsors and challenges in tapping new sources of sponsorship.

Monday, August 25—Wellington, New Zealand

5 p.m.: Honourable Jack Elder, Minister of Internal Affairs, responsible for citizenship issues.

Minister Elder, responsible for citizenship, passports, the police, etc., indicated that his department is about to embark on a review of citizenship law.

7 p.m.: Official dinner hosted by Mr. Brian Watson, Acting Canadian High Commissioner.

Guest List:

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Acting Canadian High Commissioner and Mrs. Linda Watson
 Hon. Lucienne Robillard
 Mr. Greg Fyffe, ADM policy and program development,
 Citizenship and Immigration Canada
 Ms. Sarita Bhatla, Policy Adviser to the Minister of Citizenship
 and Immigration
 Hon. Max Bradford, Minister of Immigration, Government of
 New Zealand
 Mr. John Chetwin, Chief Executive and secretary, Department
 of Labour, Government of New Zealand
 Mr. Andrew Lockhart, Acting General Manager, NZIS
 Mr. Peter Leniston, Manager, Policy and Evaluation Branch,
 NZIS
 Mr. Martin Treadwell, Acting Chair, Refugee Status Appeal
 Authority, RSAA Independent Tribunal
 Mr. Peter Cotton, Director, Refugee and Migrant Service NGO
 Mr. Arvind Zodgekar, Senior Lecturer, Sociology and Social
 Policy Department, University of Victoria, Wellington, New
 Zealand
 Mr. David Hardinge, Counsellor Immigration, Canadian High
 Commission, Canberra, Australia
 Ms. Barbara Gavan, Senior Private Secretary to Hon. Max
 Bradford

Tuesday, August 26—Wellington, New Zealand

9 a.m.: Overview of the Department of Labour and New Zealand
 Immigration Service

Mr. John Chetwin, Chief Executive and Secretary, Department
 of Labour

On August 26 a series of meetings was held at NZIS National
 Office with senior officials. Chief Executive and Secretary of the
 Department of Labour, John Chetwin, welcomed the minister and
 provided an overview of the department and its broad responsibilities.

Mr. Andrew Lockhart, Acting General Manager, NZIS

Andrew Lockhart laid out the scope of NZIS operations onshore
 and abroad.

Mr. Peter Leniston, Manager, Policy and Evaluation Branch,
 NZIS

Peter Leniston presented an overview of the government's
 coalition agreement which guides the present direction of NZIS
 policy development. The agreement focuses on New Zealand's
 ability to absorb newcomers, emphasizes the requirement that
 immigration policy must meet the country's needs and recognizes
 diversity.

10 a.m.: Discussion of refugee/asylum issues

Mr. Andrew Lockhart, Acting General Manager, NZIS
 Ms. Margaret Cantlon, Manager, Refugee Status Branch, NZIS
 Mr. Martin Treadwell, Acting Chair of the Refugee Status
 Appeal Authority, RSAA

Discussion of New Zealand's two tier asylum system. It was
 pointed out that New Zealand's refugee system, like much other

immigration policy and procedure, is not codified in law. Rather, it
 exists under terms of reference issued by cabinet.

Noon: Working Lunch: Roundtable discussion on intelligence
 and Risk management project

Guest List:

Ms. Jan Clark, Senior Policy Adviser, NZIS
 Mr. Peter Leniston, Manager, Policy & Evaluation Branch, NZIS
 Ms. Anita Reedy, Policy Adviser, NZIS
 Mr. Andrew Lockhart, Acting General Manager, NZIS

The present level of co-operation between CIC and NZIS on
 enforcement issues was praised by the New Zealand side. Refer-
 ence was made to the recently concluded visit to Ottawa and
 Vancouver by senior NZIS policy branch staff who were extremely
 pleased with their reception and found CIC's willingness to share
 insights and information of great benefit. Minister Robillard
 reacted positively to the comments of the New Zealanders and
 suggested that avenues for further co-operation, including offshore
 interdiction, might be pursued in the future for the mutual benefit
 of both countries. The discussions also covered integration issues
 with Mr. Leniston and Ms. Bev Hong, senior policy analyst, NZIS.

2 p.m.: Mr. Kevin Jenkins and Ms. Angela Cassidy, Policy
 Advisers, NZIS

Update on New Zealand population conference

2.40 p.m.: Mr. David Pickering, Manager, Citizenship, Depart-
 ment of Internatl Affairs

In meeting with senior staff of the Ministry of Internal Affairs on
 August 26 further discussion of citizenship matters took place.

4 p.m.: Hon. Max Bradford, Minister of Immigration

Minister Robillard met with New Zealand Minister of Immigra-
 tion, Hon. Max Bradford, on three occasions while she was in
 Wellington. Minister Bradford spoke very favorably about the
 co-operation that now exists between CIC and NZIS. Minister
 Bradford described his top priority as fixing the existing refugee
 determination system.

8 p.m.: Official dinner hosted by the Honourable Max Bradford
 & Mrs. Bradford.

Guest List:

Hon. Lucienne Robillard
 Ms. Sarita Bhatla, Policy Adviser to the Minister of Citizenship
 and Immigration
 Mr. Greg Fyffe, ADM Policy and Program Development, Citi-
 zenship and Immigration Canada
 Mr. David Hardinge, Counsellor Immigration, Canadian High
 Commission, Canberra
 The Hon. Roger Maxwell, MP, List Member of Parliament,
 National Party, and former Minister of Immigration
 Mrs. Georgina te Heuheu, MP, List Member of Parliament,
 National Party
 Mr. Murray McLean, MP, Member of Parliament for
 Coromandel, National
 Mr. Geoff Thompson, President, New Zealand National Party

Thursday August 28—Canberra, Australia

Routine Proceedings

10.15 a.m.: Call on High Commissioner Brian Schumacher and High Commission staff.

11 a.m.: Meeting with the Minister of Immigration and Multicultural Affairs (DIMA), the Honourable Philip Ruddock.

On August 28 Minister Robillard met both formally and over a working lunch at Parliament House with Minister Ruddock. Session covered matters relating to the context for change in immigration policy within Australia.

12 p.m.: Lunch hosted by Minister Ruddock.

Following the conclusion of the luncheon meeting, which was attended by Australian politicians Opposition Immigration Shadow Minister, Chair & Deputy Chair of the Joint Standing Committee on Migration, etc., DIMA officials such as Secretary, DM, Helen Williams and High Commissioner Schumacher, Minister Robillard proceeded to the House of Representatives to observe Question Time.

2 p.m.: Briefing/roundtable discussion: The Legal Framework Opening Remarks: Mr. Mark Sullivan, DIMA Deputy Secretary

Briefing led by Mr. Des Storer, First Assistant Secretary, Australian Parliamentary, Legal and Research Division, DIMA, on Australian immigration legislative framework.

3.30 p.m.: Briefing led by Mr. Eric Brookbanks, Assistant Secretary, Business Branch & Acting First Assistant Secretary Overseas Client Services DIMA, concerning immigration control issues including removals.

Also participating in this discussion were:

Mr. Abdul Rizvi, Assistant Secretary, Migration and Temporary Entry Branch, DIMA

Mr. Dario Castello, Assistant Secretary, Migration and Temporary Entry Branch, DIMA

Joann Mackenzie, A/Director, Instructions and Forms Distribution and Delivery Strategies Branch, DIMA.

6.30 p.m.: Informal Dinner with Senator Amanda Vanstone, Minister of Employment, Education, Training and Youth Affairs to discuss foreign student issues in Australia and Canada.

Friday, August 29—Canberra, Australia

9 a.m.: Briefing/Roundtable Discussion on humanitarian entry, asylum and compliance. Briefing led by Ms. Jenny Bedlington, First Assistant Secretary, Australian Client Services Division, DIMA. Also participating in this discussion were:

Philippa Godwin, Assistant Secretary, Protection and Family Residence Branch, DIMA

Frank Johnston, A/Assistant, Refugee and Humanitarian Branch, DIMA

Peter Job, Director Settlement Branch, DIMA

Matt Kennedy, Director, Citizenship Decision Support Section, DIMA

12.30 p.m.: Official luncheon, host: Mr. Brian Schumacher, High Commissioner for Canada.

Guest List:

Hon. Lucienne Robillard

Ms. Susanne Tongue, Principal Member, Immigration review Tribunal Independent Tribunal

Mr. Jahansah Asadi, Regional Representative, UNHCR

Dr. James Jupp, Director Centre for Immigration and Multicultural Studies Australian National University

Mr. Andrew Metcalf, Senior Adviser, Office of the Minister for Immigration and Multicultural Affairs

Ms. Julianna Stackpool, Policy Adviser, Higher Education, Office of the Minister for Employment, Education, Training and Youth Affairs

Ms. Jenni Gordon, First Assistant Secretary, International, Department of Employment, Education, Training and Youth Affairs

Mr. Jorgen Steen Olesen, Regional Representative, IOM
Ms. Philippa Godwin, Assistant Secretary, Protection and Family Residence, DIMA

Mr. Bert Mowbray, General Counsel, DIMA

Ms. Jenny Bedlington, First Assistant Secretary, Australian Client Services Division, DIMA

Mr. A. Smith, Deputy High Commissioner, Canadian High Commission

Mr. Greg Fyffe, ADM Policy and Program Development, CIC
Ms. Sarita Bhatla, Policy Adviser to the Minister of Citizenship and Immigration

Mr. David Hardinge, Counsellor, Immigration, Canadian High Commission, Canberra

Monday, September 1—Sydney, Australia

11 a.m.: Walkabout of Canadian Consulate, led by Consul General Alan Virtue and accompanied by Mr. Ian Thomson, Immigration Program Manager. Meet with consulate staff and present Locally Engaged Staff, LES, Merit Award.

12.30 p.m.: Visit to Auburn Migrant Resource Centre, followed by Working Lunch with non-governmental organizations, NGOs.

Minister Robillard met at the Auburn Migrant Resource Centre with senior representatives from an array of NGOs active in providing service to and advocacy on behalf of immigrants and refugees. Participants included a solicitor who represents asylum claimants, Refugee Council of Australia, National Council of Churches, AUSTCARE, Ethnic Communities Council, Australian Jewish Welfare Society, etc. Each of the NGO reps provided an overview of their interests, activities and concerns of the moment.

2.35 p.m.: Tour Centre and On Arrival Accommodation flats, DIMA facilities, with: Ms. Tricia Flanagan, DIMA A/Regional Manager, Paramatta, a district of Sydney

3:30 p.m.: Meeting with Fairfield Mayor, Mr. Ken Chapman, JP.

The visit to the Fairfield municipal council allowed Minister Robillard the opportunity to receive the views and experiences of a

Routine Proceedings

local authority on providing services to a multicultural population, 64% of whom do not speak English in their homes. A short walking tour of multicultural area, Cabramatta, in Fairfield area escorted by Mayor Chapman.

Tuesday, September 2—Sydney, Australia

9 a.m.: Briefing and tour of DIMA office of The Rocks, a model DIMA operation led by Mr. Glen Smith, Regional Manager, the Rocks. Minister Robillard toured the facility and met with staff

10.30 a.m.: Meeting with Mr. Shun N. Chetty, Principal Member Chair, Refugee Review Tribunal, RRT and working lunch

Mr. Chetty briefs Minister Robillard on the independent RRT's role in hearing asylum appeals.

2.50 p.m.: Villawood Detention Centre Briefing/Tour of facility and discussion on DIMA operations in New South Wales, NSW. Led by Mr. Nick Nicholls, DIMA NSW State Director and Ms. Nelly Siegmund, NSW Onshore Protection Manager.

Wednesday, September 3—Sydney, Australia

8 a.m.: Mr. Bruce Sant, acting DIMA Airport Manager provided commentary on DIMA airport operations

(d) See part (c).

(e) Agreements or joint undertakings, initiated or planned between Canada/New Zealand and Canada/Australia during Minister Robillard's travel to Australia and New Zealand between August 24 and September 3, 1997:

New Zealand:

1. Government of New Zealand expressed interest about a staff exchange between our Departments of Immigration.

Australia:

1. The possibility of future visa delivery co-operation was initially discussed and both Minister Robillard and the Australian Minister of Immigration and Multicultural Affairs agreed in principle to the idea of considering additional locations.

2. Closer formal cooperation in offshore interdiction between Canada and Australia was endorsed in principle.

[Translation]

Mr. Peter Adams: Mr. Speaker, I ask that all other questions stand.

[English]

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, this is with respect to a question that was brought forward on October 2, 1997. I have risen twice to ask

when we would receive an answer. It appears on the Order Paper as Question No. 21.

I would reiterate that this is an unnecessary delay. We are looking for a very simple answer with respect to the whereabouts of certain ministers at a specified time in Quebec.

Mr. Peter Adams: Mr. Speaker, I have made a note of the hon. member's request. I will seek information on Question No. 21.

Mr. Peter MacKay: Mr. Speaker, with respect, this is the third time that I have requested an answer. I am looking for something a little more specific than "We will get back to you".

The Deputy Speaker: I am sure that the parliamentary secretary will want to take this under advisement.

Mr. Peter Adams: Mr. Speaker, as I said, I will take it under advisement.

As you know, Mr. Speaker, the questions are addressed to Parliament. Parliament directs them to the minister concerned. It is my understanding in this case that most of the cabinet ministers are involved in the question.

I would say to the hon. member, however, that I regret the delay.

The Deputy Speaker: Is it agreed that all remaining questions be allowed to stand?

Some hon. members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I would ask you to call Motion for the Production of Papers No. 1.

That an Order of the House do issue for That a Humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all documentation related to the recent provincial Ministers of Health meetings; the Health Care Transition Fund; and the Council of Deputy Ministers of Health and Ministers of Health, specifically, documentation pertaining to: (a) discussions on a National Blood Agency; (b) discussions on a new National Pharmacare Program; and (c) discussions on a new National Homecare Program.

Mr. Peter Adams: Mr. Speaker, Notice of Motion for the Production of Papers No. 1, in the name of the hon. member for Charlotte, is acceptable to the government with the reservations stated in the reply and the documents will be tabled immediately.

The Deputy Speaker: Subject to the reservations expressed by the parliamentary secretary, is it the pleasure of the House that Notice of Motion No. P-1 be deemed to have been adopted?

Some hon. members: Agreed.

(Motion agreed to)

Supply

Mr. Peter Adams: Mr. Speaker, I ask that the other Notices of Motions for the Production of Papers be allowed to stand.

The Deputy Speaker: Is it agreed that the remaining Notices of Motions for the Production of Papers be allowed to stand?

Some hon. members: Agreed.

Mr. Jim Pankiw (Saskatoon—Humboldt, Ref.): Mr. Speaker, I rise on a point of order relating to a Motion for the Production of Papers which I placed on the Order Paper on November 18, 199, Motion No. P-8. It has been four months since I requested this information from the government and I would appreciate it if the parliamentary secretary could inform me as to when I may expect a response.

Mr. Peter Adams: Mr. Speaker, I will take the hon. member's request under advisement. I will get back to him as soon as possible.

GOVERNMENT ORDERS

• (1540)

[*English*]

SUPPLY

ALLOTTED DAY—BRAIN DRAIN

Hon. Jean J. Charest (Sherbrooke, PC) moved:

That, in the opinion of this House, the government should lower the tax burden on Canadians and offer interest relief to student loan holders in order to address the brain drain crisis which is forcing Canadians to move to the United States where unemployment rates, income tax rates and student debt levels are lower and the standard of living is 25% higher than in Canada.

He said: Mr. Speaker, from the outset, with your agreement in the House, I would like to inform you that I am going to split my time with the hon. member for Kings—Hants who is seconding this motion. I will then speak 10 minutes and, I understand, do questions and comments for five minutes and then he will speak.

I rise on this opposition day motion with some anticipation as we look forward to the budget that will be delivered here in this House on Tuesday, February 24.

We have given a great deal of thought and have debated a great deal of the matters that we will be discussing today. I want to share with the House some of the views that we have in regard to the choices that we will be making in the next few weeks.

I would like to start from the outset by saying that for us in this party, this budget that we will see on February 24 is more than just about numbers. It is not just about a balance sheet. The budget exercise is not just reduced to just calculating what the numbers are and adding them up. All of this is about our country, about the

values that we share within our families, our communities and the choices we will make for those communities in the future. The budget will speak to that.

I also think it is important for us to have a cold hard look at the situation we are experiencing in this country economically and how it affects people, how it affects individuals in their lives. The government likes to quote all these economic indicators. They get up in the House and the Minister of Finance talks about the OECD and how we are doing in terms of debt to GDP ratio or whatever it may be. All this also includes the impact that our decisions have on individual Canadians, on families.

When the government talks of its record, I think it is important for all of us in this House to talk of all of the record. What does this record include? It includes a record, a statistic that explains more than anything else the plight of Canadians.

The fact is that disposable income continues to go down in Canada. Simply put, we are poorer today than when the Liberal government was elected in 1993. Unemployment is still very high. Youth unemployment went up in the last month. Poverty is more pronounced today than it was. There are more children living in poverty today than in 1993.

Canadians are saving less. On savings, 2% of their income is going to savings compared to 6% of the American average, 12% of what it was a few years ago.

If we want to talk about the indicators, taxes in Canada are the highest taxes among the G-7 countries.

When I try to assess what the full record is of this government, I cannot help but compare it with the only economy we really compare with, which is the United States. In the United States the unemployment rate is half of what it is in Canada and disposable income is continually rising to the point where the gap has never been more pronounced, more important than it is today.

Let me mention a statistic, a number that tells the story. In the third quarter of 1997 per capita after tax income in the U.S. was a bit more than \$30,000 in Canadian funds. My colleagues will actually be surprised by this number. When you hear it the first time, you say it is not possible, but let me quote it to you directly, Mr. Speaker. "Per capita after tax income in Canada was a bit over \$17,000". That is a gap of \$13,000 between Canada and the United States. These are our neighbours to the south, the people with whom we compete. We should be on the same footing as they are, yet the gap is incredibly wide. Why? The wrong choices have been made.

• (1545)

[*Translation*]

I would say right off that the greatest problem facing us is that of the impoverishment of Canadians. Men and women, in their

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family, in their day to day choices, are unable to make purchases. They are vastly poorer than they were in 1993.

There are more poor children today than there were when this government was elected. Unemployment among young people is at unacceptable levels. The gap between Canadian and American incomes continues to rise.

[English]

We believe in the Progressive Conservative Party that it is time this country had a plan for economic growth. That is what we need. This country has been on its heels and on the brakes. Now is the time we allow Canadians to earn more money. If there is to be a balanced budget, if there is to be a fiscal dividend, we happen to believe the first people who should benefit from that are those who have made the biggest sacrifices in the last few years; individual Canadians and Canadian families deserve an increase in their revenues.

When I look at the whole record and see Canadians becoming poorer and poorer I cannot help but come to one solid, unequivocal conclusion. If they have seen their revenue go down they deserve to see it now go up. This should not be a foreign argument to the people in this House.

The Deputy Prime Minister said, after a report was published suggesting that the pay for members of Parliament and cabinet be increased, our pay has gone down long enough and we have lost revenue. I do not quarrel with this, but if that is true for the Deputy Prime Minister then it must be true for the people who voted for the Deputy Prime Minister. This government should be able to understand that.

What do we need to do if we are to allow our friends, our neighbours and the people in our families to begin getting the breaks they deserve? The first thing we have to do is reduce taxes. This country needs less taxes and less debt and, as a consequence, more jobs. That is what will produce jobs in this country.

I want to make our position clear. From the outset in the election campaign we said very clearly that we do not need to wait for the budget to be balanced to offer Canadians tax breaks. They deserve them now. What kind of tax breaks do they deserve? The first people who should benefit are lower income Canadians. We should increase the basic exemption from \$6,500 to \$10,000. They are the ones who can use it. That would allow us to take thousands of Canadians off the tax rolls. It would allow them to increase their revenues and give families with young children a very important break.

We continue to believe there should be a reduction in personal income taxes. By the way, we are not the only ones who believe this. There are more and more people, whether they are economists, think tanks or universities, saying it is time we gave Canadians a reduction in personal income taxes.

We need to reduce employment insurance premiums. There is a \$13 billion surplus in the fund now for no good reason except to reduce the deficit which the fund was never designed for. This is done at the expense of jobs and the unemployed. I see the minister laughing. He thinks it is laughable that Canadians are unemployed. Now he is talking.

I also believe it will be critically important for us to reduce taxes by eliminating the federal surtax of 3%. The time has come. That surtax came upon us because there was a deficit. If the deficit is gone the tax should go.

We also need to index the child tax benefits. The government, by deindexing and allowing this to continue, is taking the equivalent of \$160 million out of the pockets of lower income families and their children for the purpose of paying down the deficit. We should return to indexing and introduce a little justice into the system.

• (1550)

We also believe the time has come to reduce student debt. The Prime Minister talks about the millennium fund. Every member of this House has heard about the number one priority for students today. The member for St. John's West has heard about it. He has done excellent work on the question of student interest debt on behalf of our party.

There is a reason for this problem. The consequence of high taxes and high debt in this country has led us to a situation in which we are experiencing a brain drain like never before. We are losing the best and brightest. They are graduating with high debt levels and they are being offered jobs in the United States with higher pay, lower taxes and a higher standard of living.

The consequences for us in the long term development of Canada could be incalculable if we do not address this issue soon by reducing that debt and by reducing taxes. We should have concrete measures, including an interest tax credit and an initiative that will allow us to give a break to students who could reimburse on an income contingency loan program.

I will speak briefly on some other things we believe in, that we are going to make the right choices in terms of our values. We believe we should modify the registered education savings plan to make the contribution tax deductible. We should increase RRSP contributions. Income tax brackets should be indexed in order to stop bracket creep which has brought one Canadian in five on to the tax rolls.

Those are some very concrete ideas for Canada to have once and for all a plan for economic growth for all Canadians.

For clarification, the member for St. John's West is seconding this motion and not the member for Kings—Hants.

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The Deputy Speaker: The hon. member's correction is duly noted. Questions and comments.

Mr. John Bryden (Wentworth—Burlington, Lib.): Mr. Speaker, I compliment the Reform Party at this time. Generally I find when Reformers make their points in debate, while sometimes wrongly thought out, they are always genuine, whereas the member for Sherbrooke has offered the scenario that because disposable income is going down, it is somehow the fault of this government.

He knows disposable income is tied to economic health and he knows that the government of which he was a part ran up an annual deficit of \$44 billion and a debt of \$600 billion plus. He knows full well that no government can turn that around overnight. This government has reduced the deficit and will reduce the deficit to zero. Will he acknowledge that the situation of which he complains is his former government's fault?

Hon. Jean J. Charest: Mr. Speaker, it is interesting to hear the member talk about arguments being genuine. Did he not promise to scrap the GST? Is he not the person who promised his constituents he would scrap the GST? Apparently he has discovered some new found righteousness in the position. It is the same thing for helicopters.

Let us for a moment forget our partisan positions. I quote from a memo written to the Minister of Finance by Nesbitt Burns. He would not assume that Nesbitt Burns is a partisan outfit, that it would have a view. This was written to the minister with regard to advice for the upcoming budget:

While the Liberals claim to have slain the deficit dragon without resorting to significant tax hikes, federal tax receipts have still climbed \$25 billion over the past four years—courtesy of bracket creep, closed loopholes, and economic growth. The flow-through impact from revenue measures of the past budgets will boost the tax bill by \$2.6 billion this year alone.

If there has been any economic growth in Canada it has not been domestic. It is because of the free trade agreement established in 1988.

• (1555)

The same memo states:

The tax wedge between the two countries has already widened to unprecedented levels. Allowing it to widen further would harm competitiveness, stifle job creation, and keep the Canadian dollar on the downtrend. These are not the ingredients for a revival in our country's living standards. There is also strong evidence that the growing tax gap is prompting record numbers of high income Canadian professionals to move south of the border—particularly doctors, educators and engineers.

That is from major financial institution in the country. That is the response it is giving to this Liberal member. Rather than whine and complain, I hope he would face up to these hard realities and offer

those who are suffering in this country answers instead of trying to blame everything on another government that was defeated in 1993.

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, I would like to commend the leader of the Tory Party for this motion. We are on the eve of a new budget that will be coming down within a few days. This is an issue that I hope all members will take dear to their hearts. It is a very important one.

We talk about the brain drain and I hear people laugh at that. It is for real. I have to agree with the leader. I was visiting family over the weekend. In speaking with my brother-in-law, they are actively pursuing employment south of the border. These are people who were born in Canada, lived in Canada and have been here all their lives.

Hon. Jean J. Charest: Mr. Speaker, I thank the hon. member for his kind words. He did not say them in any partisan tone. I hope the whole debate is that way. What he says is pretty compelling. When it is a brother-in-law and a member of the family, we cannot pretend these are statistics any more. It is happening.

What I am worried about is I see 80% of the graduating students at the University of Waterloo moving to the United States. Who bears the cost of that education? Who goes through all that? Why do they leave? Simple math. It is higher pay, lower taxes.

The Liberals can laugh all they want. I see them laughing on the other side. I do not think it is a laughing matter.

The Deputy Speaker: The hon. member will appreciate that his time is expired.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, good government means looking ahead. Good government means recognizing trends, especially in a global environment.

The PC government recognized the global trends and brought this country free trade, the deregulation of financial services, transportation and energy, which enabled Canadians to compete nationally and internationally. The Liberal government inherited a country that was poised globally to compete and to succeed. It could have invested in Canadians. It could have provided opportunities for Canadians to succeed. Instead of allowing Canadians to embrace the future, the Liberal cuts to health and education transfers handcuffed young Canadians to the past.

The 280% growth in student debt has been a significant yolk, a significant burden on all young Canadians. The loss is to Canada. When are young people are graduating with a \$25,000 student debt after a four year program, that is a loss to all of Canada. If we look at the reasons why Canadians are going south of the border and young people are pursuing their dreams elsewhere, we have to

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recognize that student debt and high taxes in Canada are directly related to that.

The February 14 issue of the *Globe and Mail* said:

There is evidence that the heavier tax burden, combined with lower overall incomes in this country is putting in motion a brain drain of our most productive workers. Higher tax loads mean bureaucrats substituting their judgment for that of business people and workers on how their income is to be spent. That is no recipe for productivity growth.

This is not about partisanship. This is about what is best for Canadians. I hope all members of this House support this motion because it is extraordinarily important that we take a non-partisan perspective on an issue as important as brain draining.

• (1600)

Like a lot of families in Atlantic Canada over the past 30 years, my family and I have watched the phenomenon of brain drain. We have watched our young people move to central Canada, for instance, to seek opportunities. It is very sad.

This phenomenon now exists throughout Canada. When the finance minister or any of these members fail to acknowledge the issue, when they look into that camera they are looking into the eyes of mothers and fathers in Atlantic Canada who are losing members of their families. They are losing their children. They are going away. The romantic thought that they will return some day just does not happen.

We have always talked about our standard of living in Canada and the quality of life our health and social programs provide us. With the right income that can be bought elsewhere. That is exactly what is happening.

Eighty per cent of Waterloo computer science graduates are now going to the U.S. There is a standing offer by Microsoft for Waterloo computer science graduates. Why? It recognizes the talent we have in Canada and that the Canadian economy will not provide the same level of incentive and opportunity for young people as the U.S. economy.

Let us look at some of the other issues in the U.S. On average, American manufacturing workers are paid \$1 more per hour than Canadians. Effectively Canadians are paying one-third more in income taxes than Americans. The U.S. savings rate has remained steady at about 6%. That is about three times what Canadians have been able to save.

The budget will be about choices and we feel very strongly that those choices should be with Canadians. The Minister of Finance did not balance the books. The books were balanced by Canadians who have made significant sacrifices in their lives over the past four years. It is those Canadians who now deserve an opportunity to build their futures and to invest in their families, their educations and their homes in Canada.

Our registered education savings plan would provide tax deductibility. It is very similar to the structure of the RRSP. It would provide Canadians with more flexibility to save for their dreams, dreams that are important to them and their children.

That is the type of policy we are looking for and would like to see in the upcoming budget. We do not need the gigantic traditional Liberal policy of bringing forward some sexy program like the millennium scholarship program which will effectively do more for the Prime Minister's legacy than it will for young Canadians who are graduating at this point with significant debt load.

We need tax reduction. We are speaking about increasing the basic personal exemption from \$6,500 to \$10,000. Why should a Canadian making \$8,000 per year be paying taxes? We have to ask ourselves that hard question. Why should a family that is below the poverty line be paying income taxes? It is fundamentally wrong. It is creating a direct disincentive to work and employment. It is similar to EI premiums which the government has refused to deal with in a significant way. We believe they should be set at about \$2 as opposed to \$2.70.

Payroll taxes, EI premiums and the CPP tax grab the government has implemented are the biggest impediments to job growth in Canada. High taxes kill jobs and the most insidious tax as a job killer is the payroll tax.

That has been demonstrated internationally. Policy does not need to be created in a vacuum. We can look at other countries and how they have succeeded. Let me say that high taxes kill jobs in any jurisdiction that practises them. In a global environment we do not have the luxury of taxing our citizenry to death because when we do it we are preventing them from participating in economic growth and prosperity in a global environment.

As we enter the 21st century what would be the best policy to ensure that our young people are able to compete in a global knowledge based environment? It is one that provides them with opportunities to seek and receive education and to succeed within their own countries.

• (1605)

The tax burden that has been inflicted on Canadians since 1993 with successive tax increases is draining the incentive for our brightest and best to stay in Canada and they are moving to the U.S.

We have a number of members from Atlantic Canada in our caucus who have a good understanding of this issue, based on what we have seen happening in our families over the past 20 or 30 years. It is now a national phenomenon.

If members opposite—and I see some of them grinning—do not take it seriously I would suggest they wait for a few years. When the continued government policy of high taxes has an impact on their families and their children move to the U.S. and other parts of the world, perhaps they will take the issue more seriously. I hope

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they will come to their senses and support policies to keep our young people in Canada.

This is an important issue, especially if we look at it from the perspective of Nova Scotians. Nova Scotia is the cradle of higher education in Canada. When I consider the impacts of the government's policies of taxing and cutting on my province and on my region, this issue is particularly important to me. In fact, to underline just how important this motion is, I would like to take this opportunity to move the following amendment to the motion:

That the motion be amended by adding the word "serious" before the words "brain drain" in the third line of the motion.

It is absolutely critical that all members of the House support the motion and ensure the policies we generate as parliamentarians will provide opportunities for our young people to embrace the future as we enter the 21st century and not handcuff them to the past.

The Speaker: The amendment to the motion is in order.

Mr. John Bryden: Mr. Speaker, I rise on a point of order. The hon. member for Kings—Hants in his remarks said that members opposite were smiling. I was watching along here and there was no one smiling at the time.

Some hon. members: Oh, oh.

The Speaker: We have five minutes and I am going to try to recognize all members who want to ask questions or make comments. I recognize the hon. parliamentary secretary. He has 30 seconds.

Mr. Jerry Pickard (Parliamentary Secretary to Minister of Public Works and Government Services, Lib.): Mr. Speaker, I found the hon. member's comments rather interesting. I am sorry but I did smile.

I smiled because I recalled a sales tax in this country called the manufacturers' sales tax going from 9% to 13% under five years of Conservative government.

I smiled because I saw the business tax base go up and up, year after year, when the Conservatives were in office.

I smiled because the GST was introduced by—

The Speaker: For 30 seconds, the hon. member for Kings—Hants.

Mr. Scott Brison: Mr. Speaker, I appreciate the hon. member's comments. He really should not be smiling at all because the Conservative government eliminated the manufacturers' sales tax and replaced it with a consumption tax, the GST, which made more sense in a global environment and his party committed to ripping it up.

• (1610)

Mr. Werner Schmidt (Kelowna, Ref.): Mr. Speaker, in the interest of moving the debate to another level, may I suggest that the motion we are debating is a rather encouraging motion. At the same time it is shortsighted and really incomplete.

Would members opposite be interested in adding another dimension to the motion concerning a shift from withdrawing funds from basic research and the infrastructure that is necessary to do research? Many of the brains that are drained from Canada—

The Speaker: The hon. member for Kings—Hants.

Mr. Scott Brison: Mr. Speaker, the whole issue of investment in research and development is extremely important.

We are the only country in the G-7 countries that has actually reduced its commitment over the past several years. I take the hon. member's suggestion very seriously. We as a party are extremely supportive of an increased commitment to research and development, especially medical research and development.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, having three children in post-secondary education I understand the problems. Microsoft is now recruiting people in Canada to stay in Canada. With the technology today no one has to leave the country.

The reality is that this government and the member for Sherbrooke raised the debt in this country from \$169,549 million to \$466,198 million a 274% increase. These people left us with a mortgage that we have to pay and that is why we cannot reduce taxes.

Mr. Scott Brison: Mr. Speaker, perhaps if we looked back at history we would see that Pierre Trudeau inherited no debt. It was the Liberal government's interventionist, anti-Canadian policies which led to the significant debt that we inherited in 1984.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, during his speech the leader of the Conservative Party mentioned that the after tax income of Americans was some \$30,000 and of Canadians was only \$17,000, if I heard him correctly.

He failed to mention that there are differences in the two income tax systems. In Canada we have a child tax benefit which is outside the tax system. We also have a GST credit which is outside the tax system. We also have government paid health services that we pay in our tax system which is not covered in the U.S. by its tax system. In addition, the social fabric of the U.S. does not respect—

The Speaker: The hon. member for Kings—Hants.

Mr. Scott Brison: Mr. Speaker, if the hon. member has so many good reasons why Canadians should stay in Canada, he should be

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speaking to all the Canadians who are leaving Canada. He obviously knows something that ordinary Canadians do not.

Canadians are making decisions and voting with their feet. They are going to the U.S. because the level of taxation is lower. If they want a standard of living, they can buy it down there. This government's cuts to health and social transfers over the past four years is denying Canadians the quality health care they need in Canada.

Hon. Andy Mitchell (Secretary of State (Parks), Lib.): Mr. Speaker, I am pleased to have an opportunity to speak to the motion. It will allow me to talk about some of the economic progress the government has been able to achieve with Canadians over the last four years. It will also give me an opportunity to deal with the absolute, total and complete hypocrisy of the Tory Party that put forward the motion.

The Tories have a very selective memory. I do not blame hon. members every time it is brought up for saying "Let's not talk about that. We will just point toward the future".

• (1615)

Many of the challenges we have in the future are the result of their total incompetency in managing the Canadian economy for the nine years in which they were in power. In fact it is to the point that back in 1994, shortly after we had taken over, the *Wall Street Journal* described what the Tory government had done to this country by saying that Canada was then a candidate for membership in the third world.

That is a party which with the very words of its motion says volumes about the way it thinks. The Conservatives do not look to the historic progress Canada has achieved over the last 50 years in creating social policy that is the envy of the world. No, they do not look toward that. What they look toward is the United States.

The Conservatives look to the model of the United States. It is a model where we see millions of people without health care. It is a model where they create employment by simply driving down minimum wages so that people are not able to live on those wages. It is a country where the inner cities are totally crumbling. That is the model that party points to and it totally ignores what this nation has been able to accomplish.

More important, when we talk about a party that does not honour Canada, that is the party which just last week in this House totally abandoned the interests of Canada and voted with the separatists. It abandoned Canadians. That is what that party across the way did last week. It is total hypocrisy. I am sorry to use that word again, Mr. Speaker, but that is what that party did. What does not help the country is voting with the separatists.

But let us return to the debate. This debate is about what Canada has in fact been able to achieve over the last few years. Again, there is faulty memory.

The Tories came to power. And they are right. There was a deficit. It was around \$38 billion in 1984. Boy, they worked to bring it down. They had policies to bring that deficit down. They were going to clean up the finances of the country. They inherited \$38 billion and what was it when they left nine years later? Had they eliminated it? Had they made progress on it? Yes, they made progress right up to \$41 billion. That is the progress that they made. In the process of doing that they more than doubled the national debt. That is the type of progress the Tory party made in terms of controlling the deficit.

The balance sheet is not the only thing we ought to be looking at. I know the Tories certainly do not want to look at it. In half the time it managed to go from that \$42 billion deficit which we inherited to a point, and I will quote the finance minister who I believe said "on the cusp of a balanced budget". That is \$38 billion to \$41 billion in eight years and \$42 billion to zero in four. I think the Canadian people were quite appropriate in the choices they made back in 1997.

Let us look at another important measure which is the measurement of job creation in the last four and a half years. We have made some progress but it is certainly not enough yet. Unemployment is at 8.9% although that is a lot better than the 11.2% when we took office. It is still not good enough and more progress does have to be made.

Let us make that comparison in job creation. In the first 51 months of this government's mandate there has been over one million net new jobs created in this country. Most are in the private sector and most are full time. What happened in the last four years of the Tory government? We saw much the same progress as we saw on the deficit, a 58,000 decrease in net new jobs in this country in that period. Let us compare the record: 58,000 jobs lost, or over a million jobs created.

I think Canadians understand that the economic policies of this government have meant progress for Canada. Increasingly better economic ideas have meant a better country economically for the people of Canada.

• (1620)

Let us talk about taxation for a minute. We believe in reducing taxes. In fact the last budget saw a number of significant tax decreases. But they were tax decreases, not as the Tory party suggests across the board where those who earn more get a bigger tax break, they were targeted tax decreases.

They were tax decreases that were important to Canadians who needed it. For example, \$850 million to low and middle income Canadians with children. Tax reductions for Canadians with disabilities. Tax reductions for Canadians making charitable donations. Tax reductions to help individuals pursue post-secondary education.

We believe in applying principles when it comes to tax reductions. One of the most important ones is that low and middle income Canadians will benefit first from tax reduction. Second, tax reductions will be provided when we have the surpluses to provide them, not by going out and borrowing the money as the Tory party has suggested we do.

Let us just talk about one particular tax reduction the Tories did suggest during the campaign. I want everybody to listen to this because this is almost unbelievable. The Tories suggested that corporate income tax would be reduced from 28% to 24%. That is right in their platform.

What would that mean? That would mean that those paupers of Canadian society, those hard done by people in Canadian society, the Canadian financial institutions, the Canadian banks, would receive a \$300 million tax reduction under the Tory plan. That is what they were suggesting, that we reduce taxes for Canadian banks by \$300 million. That is their idea of progressive tax reduction.

Canadians saw the type of ideas that they were trying to put forward and they were not fooled. Canadians understand something and they understand it well. Although we continue to have difficulties in this country, and we do—I do not think anybody in this House would suggest that we do not—Canadians understand that the policies of this government have worked to improve the situation.

We took over in 1993 at a time when the previous government had put this country close to economic ruin. We have restored the health of the nation's finances. We have seen employment increase. We have historically low interest rates as compared to the Americans. We have a sustained low inflation rate that is the envy of the industrialized world. In fact we have had economic growth in the last 12 months near the very top of the OECD.

There is one conclusion that Canadians have, and that is that the Tories' incompetency in managing the financial affairs of this nation is matched only by their audacity in trying to re-write history.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, the hon. member has a penchant for quoting publications. It is a penchant I share as well. One of the publications I enjoy is the *Economist*. For \$172 a year he could be similarly well informed. And that is in Canadian dollars by the way, which makes it even better value now that the dollar has been so weak.

The *Economist* on the deficit issue and the elimination of the deficit in its 1998 preview said that the credit belongs to structural changes made in the early 1990s. It listed free trade, GST, deregulation of financial services, transportation and energy. You know, the national energy program. Members opposite may remember that.

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Where does the member's party stand on free trade and the GST?

• (1625)

Hon. Andy Mitchell: Mr. Speaker, the hon. member may have deluded himself in believing that the management of the economy between 1984 and 1993 was so great, but Canadians did not buy it. They did not buy it in 1993 when there were two Conservative members and they did not buy much more of it in 1997 when there were only 20 of them. They understand what was there. Employment down 100,000. Real disposable income down one and a half points. Real disposable income per capita down 6.6%. Canadians understand.

Mr. Werner Schmidt (Kelowna, Ref.): Mr. Speaker, I am really quite intrigued by the comments made by previous speaker, the member who made the presentation. I thought this motion related to students and keeping brains in Canada. I thought it was concerned with identifying reasons for losing them.

I refer the hon. member to his own record and the record of the government at this time. In successive budgets the government has reduced the money available for science and technology, in particular for research and development and especially basic research.

Would the member be prepared to address the question of how we could keep our brains in this country and provide them with the research infrastructure that is so necessary to develop and advance knowledge?

Hon. Andy Mitchell: Mr. Speaker, in the last budget we saw the foundation for innovation, an \$800 million investment into exactly that type of thing.

In the last budget a series of measures were introduced to help Canadians pursuing post-secondary education. There was an expansion of the registered education savings plan; 100% increase in the education tax credit; changes in the tax system to allow a carry forward of the tuition deduction; expansion of the tuition deduction; and the interest relief period being increased from 18 months to 30 months. When added to the original six months, the period becomes three years. This government has taken very specific measures.

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, I truly never thought I would be sitting in this Chamber listening to the Liberals and the Tories bragging about who ran up the best national debt. I cannot believe it. But the member has a point. In 1984 Mr. Mulroney was elected with a landslide on the promise to do something about the debt. He had nine years to do it and he did not.

With the concern about the brain drain that is coming from the Tories, would the member not agree that the brain drain has already occurred, that the people with any brains have left the Tories and joined the Reform Party?

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The Speaker: I will take that as a comment rather than as a question.

Hon. Andy Mitchell: Mr. Speaker, I will not get involved in the courting of the Reform Party and the Tory Party. I will let them deal with that on their own.

The record is very clear. This government has managed to bring the deficit probably down to zero. We will know next week if we have reached zero or if we are just short of it. We have made a commitment to debt reduction and tax reduction. We will invest in the types of programs Canadians believe in. Programs related to education, job creation and health care are the kinds of investments Canadians have asked us to make and those are the investments we will make.

The Speaker: Resuming debate, the hon. member for Medicine Hat. I erroneously told him he had 20 minutes. He has 10 minutes to speak.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, it is a pleasure to rise and speak to this motion.

The members of the Conservative Party have raised an important issue. They have referred to relieving Canadians of the onerous tax burden in Canada today. They have spoken of interest relief on student loans, an important issue, the brain drain crisis which is forcing Canadians to move to the United States where they have lower unemployment rates, income tax rates and student debt levels. The Conservatives have also referred to the fact that the standard of living in Canada has fallen like a stone in the last several years. The standard of living is now 25% higher in the United States than it is in Canada.

• (1630)

These are important issues. I am glad my friends across the way in the Conservative Party have raised them. I do believe that when we address these issues and talk about them, we have to talk about them in the context of who is best able to address them. When we are in Parliament we are supposed to be providing leadership to the country. That is a pretty important point. The only way to determine that is to look at the records of the various parties in the House of Commons.

My friend from Skeena pointed out that we had the Liberals and the Conservatives fighting over who had done the best job of managing the economy. It is an interesting spectacle, a little like sending an arsonist out to fight a fire.

In this case let us review the historical record. Let us start on the issue that is most obvious. Let us look at the national debt. There is the absolute record as to the ability of successive governments to keep their spending in line.

What we have seen since the early 1970s is the federal debt rise from about \$13 billion. It took a 100 years for the debt to accumulate to \$13 billion. Starting at that point, under the Liberal government, we saw the debt start to mount and mount. It went up and up for years. When the Liberal government left office in 1984, it was in the range of \$160 billion to \$170 billion. In that short period of time, over a dozen years, it had mounted to somewhere in the range of \$140 billion. It had gone up a tremendous amount.

In 1984 Canadians across the country said they had had it. They did not want to have anymore debt. They were tired of this government getting ever bigger, providing all kinds of programs that amounted to intervention in people's lives. They were tired of the mounting tax burden that was necessary to feed this voracious government.

At that point they decided to elect the Conservatives. They said they would give the Conservatives a try. In Alberta a lot of us put our faith wrongly in the Conservatives. We had Conservatives around the cabinet table from Alberta. We thought that perhaps now we will finally have some sanity when it comes to making economic decisions.

What happened? We saw the debt continue to mount. We said in Alberta with one voice you have to stop this. But the debt continued to mount. Pretty soon, by the end of the nine year mandate of the Conservatives, it had gone up \$300 billion. These are facts that occurred under a government that is supposed to be conservative. What does conservative mean? What does it mean in that context. If it is there to protect the finances of the country and be conservative with people's money, obviously it did not do it. We saw the debt mount by \$300 billion under its watch alone. Obviously it was not the answer.

Liberals jump in and say they have done a wonderful job. They have added another \$100 billion to the debt. Now we get to the point in the country where the government is balancing the budget on the backs of taxpayers and on the backs of the provinces by cuts to health care and social programs. What is their plan? Their plan, after 30 years of deficits, is to start spending again. I find that extraordinarily frightening. It is absolutely imprudent. It is reckless. Furthermore, it betrays a trust that the government should have established with Canadian taxpayers which is that it recognizes and understands how much taxpayers are suffering today under staggering debtloads.

The Conservative Party has pointed out that the standard of living in Canada has fallen like a stone. It started under the Conservatives. We should point that out.

I refer to an article in the Ottawa *Citizen* from December where World Bank statistics show the standard of living in Canada for decades was on par with the United States. For per capital income we were two and three in the world. Ten years ago it started to fall. Canada has fallen from third spot to twelfth spot in the world. I am amazed that this has not been more of an issue today.

• (1635)

Sadly, for reasons I do not understand, a lot of people have not picked up on this. The fact is the very people this government is supposed to be serving are suffering tremendously under Liberal and Tory governments.

The article talks about the difference in unemployment rates. It points out that the real unemployment rate in Canada is 18.5% counting all the people who are discouraged and who have given up looking for work. I know my friends opposite will talk about job creation. They have created some jobs.

However, imagine if we would have kept the participation rate the same as it had been 15 years ago in the economy in terms of people participating and looking for jobs. We would have a million more jobs today than we have.

I simply want to say that what we have heard here today is an argument between two different political parties that have both demonstrated by their actions that they are completely unable to grasp the concerns of Canadians and to do anything about it.

Now we are here today in a situation where we have a huge debt, \$600 billion, where the average per family debt is \$77,600. We have a situation where Canadians pay income taxes, taxes of \$6,000 a year just to pay the interest on the debt. That is what the average family has to pay. The average family in Canada today pays \$21,000 in taxes, more than what it puts out for food, shelter and clothing combined.

Surely it will start to dawn on my friends in the Liberal Party and certainly on my friends in the Conservative Party after the horrible government they brought us that we must start to reverse this trend.

That is why I was so disappointed to hear the finance minister say in an interview on CBC that they are not going to keep their 50:50 promise, tepid though it was, to start to reduce debt a bit, to start to pay down taxes a bit.

They said “no, really we meant it for later on and now what we want to do is start spending”. I think that is unbelievable. Perhaps the worst thing of all about this is the people who are most vulnerable in Canada today pay the highest price.

I am talking about low income people, people who do not have a lot of skills in many cases. These are the people who are paying the highest price. My leader in December pointed out that he had received a letter from a family in New Brunswick trying to get by on \$32,000, a pretty modest income.

Those people were doing their level best. They decided that the mother in the family would stay at home to look after their four children because they believed their children were more precious than anything. They were barely making it. They were still paying \$3,000 a year in federal income tax.

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The answer is to come to grips with the fact that this debt is killing the country, it is hurting people and we should start to pay it down.

If we do that, the interest payments drop and then we can start to cut taxes. We can ease the tax burden on low income Canadians. That is the answer to helping Canadians. It is the answer to keeping more Canadians in the country instead of seeing them flow south of the border as my friends have pointed out. We need to start doing that.

The answer is not more government programs. Surely by now, after 30 years of spending evermore, we will come to grips with that important point.

I urge my friends on the other side to vote in favour of this motion so that we may once again return to that tradition in Canada that we had of limited government and people who can stand on their own two feet.

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, I want the member to tell us today whether or not his party position has changed on tax cuts. In the past it spoke continuously about across the board tax cuts.

I want him to tell us unequivocally, without budging, nudging or fudging, whether he still supports across the board tax reduction or whether he will support the government's balanced approach to reducing taxes for select people who need the tax reduction while maintaining spending on our social programs.

• (1640)

Mr. Monte Solberg: Mr. Speaker, the answer is of course we support broad based tax relief, absolutely. We have made that very clear. We have offered up in our latest document \$20 billion in tax relief that would help all Canadians because all Canadians have suffered under successive Liberal and Tory governments. We had 71 tax increases under the Conservatives and 37 now under the Liberals, including the CPP tax hike which is going to hurt the most vulnerable Canadians. The government should be ashamed of that action.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, I agree with the hon. member that government spending is not the answer to the problems of Canada. That is why I am concerned about the big government spending programs like the millennium scholarship fund. That is why the Conservative government reduced government program spending growth from over 15% per year to around 0% growth by the time our government was defeated in 1993.

My question for the hon. member is related to regional economic development. Our party believes in a strong market based economy that all Canadians have access to the levers of and can participate in the economic growth. That means we need regional economic development programs in some regions of the country in order to

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ensure equality of opportunity. I would like to know the member's position on regional economic development programs.

Mr. Monte Solberg: Mr. Speaker, I think that is a fair question.

Our belief is that regional development programs have failed miserably. If they had worked people in Atlantic Canada would have all the jobs in the world, but they have not worked.

We take a different approach. We believe first that we should lower taxes across the country. In fact, our tax relief package would deliver over \$1 billion in tax relief to Atlantic Canada every year. That would do a lot more for Atlantic Canada than a bunch of patronage programs which simply pass out pork to loyal party supporters of various political parties. It just has not worked in the past.

The second point we would make is the federal government has an important role to play judgment in ensuring that the transportation infrastructure of the country is in good shape. I think that Atlantic Canada of all places needs to have its infrastructure improved, not by giving it to Doug Young, not by giving hundreds of millions of dollars or \$32 million to people like Doug Young, but to ensure that it goes to the—

The Speaker: The hon. member for Wentworth—Burlington.

Mr. John Bryden (Wentworth—Burlington, Lib.): Mr. Speaker, there appears to be a contradiction in the remarks of the hon. member for Medicine Hat in his support for the motion.

The member repeatedly said the debt should have priority. He said that over and over again. Yet when we look at the motion it does not discuss debt at all. It discusses only tax cuts.

I cannot understand why the member for Medicine Hat would want to support the motion when his own leader has said that debt reduction has priority, yet this motion gives priority to tax cuts. Is he not in a contradiction here?

Mr. Monte Solberg: Mr. Speaker, obviously we did not write the motion. It is not perfect but I think at least it goes in the right direction.

We have been in a situation where we have seen taxes go up 71 times under the Conservatives, 37 times under the Liberals. I will not belabour the House with the horrible Liberal record. I think it is time we offered Canadians some tax relief and freed them from the horrible burden that both Liberal and Tory governments have placed on them.

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, I will try keep my question short. I congratulate my friend on a great intervention. I think he put it forward very well.

I would like to ask him if he would consider that the problem here is a conflict of vision, a conflict between the Liberal-Tory view of Canada in which we have to have a nanny federal government that congers up a new program, a new spending initiative for every problem that comes along, and Reform's vision of a smaller, more focused federal government which lets the provinces and municipalities do more for themselves.

The Speaker: We are going to get an answer to that as soon as we get the next Reform speaker up. But now we are going to go to the hon. member for Saint-Hyacinthe—Bagot.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am pleased to speak to this motion by the Progressive Conservative Party.

I will say right at the outset that the Bloc Quebecois will be supporting this motion, because we agree with its analysis.

• (1645)

We feel that present student debt levels are horrendous, and that a solution must be found that respects the fact that education and assistance to students is a provincial jurisdiction.

I will leave it to my colleague, the member for Lac-Saint-Jean, to speak to this issue and, in the nine minutes remaining, I will focus on two other concerns addressed in the motion: Canada's high rate of taxation compared to that of the United States, and the issue of unemployment.

The tax burden of Quebecers and Canadians has always been a great concern of the Bloc Quebecois. Since our arrival in 1993, we have called on the government to take another look at individual and corporate taxation, which has not been reviewed since the late 1960s.

It must be made fairer and the tax burden on low and middle income members of the public reduced. Corporate taxation must be amended so that tax resources now available in the form of unwarranted benefits, particularly for very large companies, are shifted towards SMBs, which are the real source of new jobs, so as to lighten their tax burden and stimulate employment.

Two years ago, we released a 300-page detailed analysis of Canadian taxation, the first since the late 1960s, as I was saying. This analysis says essentially the following: we have the means, if we dust off the Canadian tax system, to reduce the tax burden on low and medium income taxpayers by \$3 billion, each year. We are talking about a \$3 billion reduction in taxes on the incomes of low and medium income households.

We also concluded from this in depth analysis that we could move \$4 billion of the current tax burden, of taxes not paid by the major corporations. We could take these savings and move them

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over to the SMBs. We are talking about \$4 billion, and there would be \$2 billion left over, which could go to really reducing taxes on small and medium businesses and on the very small businesses, known as the VSBs.

Two weeks ago as well, we released a statement on what we expected in the upcoming budget of the Minister of Finance. On the subject of reducing the tax burden, we asked the Minister of Finance, as we did last June in the election, to reduce it for individuals by fully indexing tax tables.

Indexing has not been used since 1985 and brought in nearly an extra half billion dollars to the government the first year the practice was stopped. Since then, with inflation every year, billions of dollars are at stake.

If tax tables were indexed again, taxpayers would have an additional \$2 billion in their pockets as tax refunds in the first year. Two billion dollars is not a trifling matter. Only with a return to indexing, which should be standard practice, since otherwise it is a disguised tax, can we avoid making middle income earners pay more income tax than their fair share.

We also sought a targeted reduction in the tax burden in order to lower it from its very high level for businesses in Quebec and Canada. The best target at the moment, which could enable us to give a boost to job creation, is the level of contributions to the employment insurance fund. These levels are far too high for employers and employees and are seen as hindering job creation.

If the forecasts of the Minister of Finance are right, this year, there will be a \$7 billion surplus in the employment insurance fund, which will not go to job creation and to increasing benefits to those hit by the scourge of unemployment.

In the coming years, the federal government will have the means to make targeted reductions to the tax burdens of Quebecers and Canadians.

• (1650)

Why? If the Minister of Finance gives us the real numbers—over the past four years, let us say that his forecasts have been far too pessimistic—gives us figures that are a little more realistic, we will see that, starting this year, or in other words the fiscal year ending next March 31, there will be a recorded surplus of about \$2.3 billion.

Starting next year, that is to say the fiscal year starting April 1, 1998 and ending March 31, 1999, there will be an accumulated surplus of \$9.5 billion. In 2001-2002, if we make it till then, the surplus will be over \$30 billion.

These are not forecasts pulled out of thin air, as the Finance Minister has often accused us of doing, then confirming our figures himself within a few months. These are forecasts based on very

conservative hypotheses, conservative in the non-political sense, on the rate of economic growth, the inflation rate, the input of new receipts compared to the average for the last four years. As I have said, that puts us at a surplus of \$30 billion for the year 2001-2002.

The Minister of Finance has an excellent opportunity to reduce the tax burden and, if he cleans up the taxation system as well, he will be able to free up still other surpluses to be applied to reducing taxpayers' burden and to job creation.

The Minister of Finance will be in an even better position to reduce this tax burden if he does not implement new initiatives in areas that are already under provincial jurisdiction, which would only increase inefficiency. I am thinking of initiatives in areas like education, health and so on, in which the minister has no business interfering. The federal government does not have jurisdiction over education or health, and ought not to be implementing new initiatives such as those announced during the election campaign and in the throne speech.

We are going to fight against the inefficiency of new initiatives by the federal government in areas already covered by the provinces. And, while we are on the topic of such initiatives, it could, as requested by Canada's premiers at the last first ministers' conference, give back to the provinces what it has taken away from them over the past four years, and what it is getting ready to take away between now and 2003.

Let us not forget—and I hope that people who are listening today and who tune in for next week's budget will remember—that, in 1994, when the Minister of Finance brought down his budget, he unveiled a plan to cut federal transfers to the provinces in the areas of social assistance, post-secondary education and health.

These cuts will take place every year until 2003. He mentioned it only once in 1994, but these cuts will be going on until 2003. Between now and then, the federal government will cut \$42 billion in provincial transfer payments in these three sectors. Now, he has just announced that it will no longer be \$48 billion in cuts by 2003, but only \$42 billion. But that is another story.

We therefore support the Progressive Conservative Party's motion, because it looks at three major concerns. First, student debt levels, which are shocking, given that education is said to be the cornerstone of nations; second, we will be fighting for a reduction in the tax burden; and, third, we will be supporting the Conservatives' motion because it addresses the horrendous problem of job creation.

[English]

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I note the member said he supported the motion so I would like to ask him about something which relates to the provincial jurisdiction of education.

Supply

The member will know that the motion proposes interest relief on student debt. The facts put on the table were that the average student debt load was some \$25,000 a year. The facts did not state that only one-quarter of all university graduates have any debt at all. We are talking about a small number.

For me the issue is accessibility, not the servicing of debt after they have a job.

The member will also know that the unemployment rate for unemployed youth who have a university degree is only 6.5%. For all Canadians who have a university degree the unemployment rate is only 4.5%. The motion addresses university students and graduates who will have the best opportunities of all our youth.

• (1655)

The question I have for the member relates to youth unemployment of which 52% are high school dropouts. They have an average unemployment rate of some 23%. The dropout rate in Quebec is over 30%. If education is provincial jurisdiction in Quebec, what is he proposing be done to deal with high school dropouts which amount to more than 30% in the province of Quebec?

[*Translation*]

Mr. Yvan Loubier: Mr. Speaker, what I am proposing is very simple. Since the Liberals came to power in 1993, the average debt level of students in Canada has nearly doubled. Is there not a connection somewhere between this government's policies and students' average debt level? I think it is easy to figure out.

The planned cuts I mentioned in the conclusion to my speech just now, which were initially to cut \$48 billion in social transfers between 1994 and 2003, primarily in post-secondary education—in health and social assistance, but in education as well—say it all.

We cannot cut billions in the education sector year after year and think that governments across Canada will be able to absorb all these expenditures without an impact on tuition fees and on student debt levels.

What would I do in their shoes? First, I would start by minding my own business. Education is an area of provincial jurisdiction. Second, I would cancel the cuts planned between now and 2003 in the education sector. It seems to me that that would be the first step, if I were concerned about improving the situation for students and the level of education across Canada. I would give back to the provinces what the government took away from them for education. This will help people and will not be a strictly political gesture to get some visibility as federalists.

[*English*]

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, I will continue to try to participate in the debate. Leaving all the

politics aside, it is fine for the government side to say that you did this in 1984, but the reality is that we are now in 1998 and taxes are choking the country, choking our youth. I hear examples of it over and over again.

I am speaking in support of the motion. I wish I had 10 minutes but I do not, so I cannot make a lot of points. However, I want to say that we must have a tax system which ensures people stay in the country and which works for all Canadians.

[*Translation*]

Mr. Yvan Loubier: Mr. Speaker, to echo what my colleague has just said, the Minister of Finance seems more interested in passing legislation to his own benefit than lowering the tax burden on Canadians.

[*English*]

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, I am pleased to have a chance to participate in today's debate. The motion reads:

That, in the opinion of this House, the government should lower the tax burden on Canadians and offer interest relief to student loan holders in order to address the brain drain crisis which is forcing Canadians to move to the United States where unemployment rates, income tax rates and student debt levels are lower and the standard of living is 25 per cent higher than in Canada.

When it comes to a vote we in the New Democratic Party will vote against the motion. To me it does not make much sense at all. I am not saying it is totally wrong but it does not make much sense.

First, the motion refers to the brain drain. Do we actually have a brain drain in this country? Interestingly enough Statistics Canada says that we do not. In a recent report from Statistics Canada, according to Mr. Ivan Fellegi, the so-called brain drain is in fact a brain gain. He acknowledges that Canadian skilled workers are leaving the country, with 11,000 knowledge workers having left Canada in 1995, 5,600 to the U.S. of which 1,600 were doctors and nurses. But evidence shows that there is a net brain gain if one considers that Canada has more immigration of skilled workers from the rest of the world than it loses to the United States and other countries.

• (1700)

That same year 34,300 knowledge workers came into the country from the rest of the world. In 1996, 42,600 knowledge workers came to Canada.

Participants in a recent C.D. Howe Institute conference examining this issue concluded that there was no particular problem in Canada with a brain drain.

It is fair to say that the evidence—and I think all of us will acknowledge that Statistics Canada is probably one of the best statistics gathering centres in the world—tells us that part of the premise of this motion is actually incorrect. So set that aside.

As my friend across the way indicated, student debt problems are certainly very serious for tens of thousands of young people, but access to higher education is probably even a greater issue that we should confront. We have to find ways and means of easing the debt burden so many young people have accumulated as a result of pursuing their higher education goals.

I wonder if it is not time for us as a nation to get bold and actually strike away the whole issue of having tuition fees at all. This is not a particularly unique idea. Sixteen of the OECD countries already are tuition free. The majority of OECD countries have tuition free colleges and universities.

A few years ago as a society we determined that a grade 12 education was what was required to be a contributing citizen in the economy of the time. I think all of us would agree that grade 12 is now the minimal standard. Probably grade 16 or grade 18 makes more sense in terms of what is required to become a contributing citizen in the knowledge based economy of the 21st century.

Why not have tuition free universities and colleges? I think my friends in the Reform Party—although I stand to be corrected—are proposing tax cuts to the tune of \$2.6 billion. What is interesting is that that is the exact amount of money Canadians spend on tuition fees each year.

We have a choice. This is what the business of politics is all about. Do we give across the board tax cuts of \$2.6 billion to everyone, rich as well, or do we invest it in education and training for Canadians? That is the fundamental question we have here between political parties.

We say we should invest it in young people. We should invest it in Canadians. We should invest it in the human resources of the country. It is fair to say it would be the best investment one could make, as other countries have already determined.

Another point however is that tuition fees account for about \$2.7 billion annually. If we were to introduce an inheritance tax, which virtually every industrialized country in the world has with the exception of Canada and one or two others, and we exempted the first \$1 million in inheritance and taxed only an inheritance above \$1 million, we would collect on an annual basis \$2.8 billion. This would cover the cost of tuition fees for every student in this country.

In other words, if we did what virtually every other industrialized nation does, if we collected money from the vast inheritances some people receive with the first \$1 million being tax exempt, we would bring into the central government coffers the equivalent of all the tuition fees in Canada. It seems to me that would be worthy of some consideration.

Supply

We are going to have a budget in a few days. I hope the Minister of Finance sees the value of investing in young people and others who are pursuing better education and training opportunities, and takes this bold step and does away with tuition fees. Fund it from this new tax that virtually every other western industrialized nation has in place today.

It is rather interesting that this motion comes from my friends in the Conservative Party who Canadians totally rejected a few years ago for actually bringing this nation to its knees economically. There were massive cuts to education, massive cuts to health care, massive cuts to social programs, debts skyrocketing. Canadians said “We have had it with these guys. We are going to toss them out so far that we can hardly see them”. There used to be Tories packed into this place. Now there is a little group down at the far end. Then they were replaced.

• (1705)

An hon. member: What about the NDPs?

Mr. Nelson Riis: We have always been a small group at this end. Nothing changes particularly for us.

Then it changed and now it is Liberals. I suspect that when Brian Mulroney gets up in the morning and reads the newspaper he cannot believe what the Liberals have done. They have done things that he only dreamed of doing. Massive, massive cuts to education. Horrendous cuts to health care. They have almost completely wiped out all the major granting agencies. There have been huge cuts to social programs so that this morning we now have 1.5 million children living in poverty.

Other countries have no children living in poverty because their parents do not live in poverty. Countries such as Norway and Denmark do not have people living in poverty. They have no children waking up in the morning who live in poverty. We have 1.5 million.

We have 400,000 young people who do not even have a job. They should be working today. Since the Liberals took office, 200,000 young people have been added to these rolls. There are 1.5 million people without a job and another million people working at part time jobs. Yet the Minister of Finance and the Prime Minister stand up and say that the economy is strong, that things are going well.

Somebody said the other day it is like having the *Titanic* economy. Remember that two-thirds of all the wealthy first class passengers were rescued and two-thirds of all the people in steerage were locked down below and drowned.

Yes, we have a recovery for bankers and banks, wealthy people, corporations and wealthy families. Things have probably never been better for them. However for the average person things are rough. For the unemployed things are rough.

Supply

I just came from a conference this morning sponsored by the Canadian Labour Congress, a special interest group I am told by my Liberal friends. It is interested in labour. What was the name of the conference? Jobs. Do we hear of the government having a three day conference on jobs in this country? No, we do not. The Canadian Labour Congress two blocks from here is having a conference on jobs, trying to find ways and means of getting people back to work.

The Prime Minister and the Minister of Finance stand up here and say "Do not worry. Unemployment is down to eight point some per cent, to just under 9%". It was at 9% for 87 consecutive months. Are we supposed to be joyous at the fact that it has come down a quarter of a percentage point? This is embarrassing. It is probably immoral that we stand here and accept this immorality of having so many people unemployed.

I want to relate a point that was raised at the conference this morning at the Chateau Laurier sponsored by the Canadian Labour Congress. They talked about a woman who a few months ago had a good job in Winnipeg, Manitoba. She had a condo and a car. She was doing well. Then they experienced layoffs in the business. She lost her car, lost her condo, lost her job and is essentially homeless. She has gone from being a productive citizen with a meaningful job living in a community to being homeless in a few months. That is how close most people are to that status.

I will sit down now because my time is finished. I cannot support this motion. It really fails to deal with the crucial issues confronting our country. Let us hope and pray that when the Minister of Finance stands up here next week on Tuesday afternoon he will have something to say that will actually address these serious problems of unemployment.

Mr. Garry Breitreuz (Yorkton—Melville, Ref.): Mr. Speaker, I appreciated what the member had to say. I cannot agree with everything of course. I used to support the NDP at one point earlier in my life. However, I found out that its policies do not work and I became much more realistic.

One of the concerns the people of Saskatchewan have is that one of our main exports is young people. Why is that happening? Why are the young people leaving Saskatchewan? It is plain and simple. There are not any jobs available for them. Very few jobs are being created in that province.

• (1710)

Why are there very few job opportunities? Saskatchewan has the highest taxes in the country. What would happen if there were broad based tax cuts?

Let us lay politics aside. Let us forget about the left and the right and all the rest of it.

The question I have for the member is what creates real jobs in this society?

It is good to talk about education. However, in Saskatchewan we have a very low unemployment rate. Why? Because there are very few people looking for jobs. There are very few people left in that province because there are very few job opportunities. I agree with the member that there should not be cuts to education. We should not be making our young people pay the price for the debt and the high taxes.

However, what creates real jobs in this country? It is not more government programs. I hope the member would agree with that. Would the member agree, as has happened in many places around the world, that if we reduce taxes we begin to allow investment to take place and we allow people to keep their money so they can buy goods and services that produce real jobs.

Would he agree that is the main problem which young people face today? Education is important, but they can have all the education in the world and it will do them no good when it comes to getting a job.

What creates the real jobs in this country? That is the debate we should have. Let us lay politics aside and find out what creates the real jobs. That is what we should be doing in this place.

Mr. Nelson Riis: Madam Speaker, my hon. friend probably knows this but Saskatchewan has the lowest unemployment levels in Canada.

Mr. Roy Bailey: Because all the young people leave.

Mr. Nelson Riis: No, it is because it has one of the hottest economies in Canada.

By the way, it was the first province to have a balanced budget. My friend forgot to mention that fact, as well as the fact that it has the lowest unemployment in Canada. These are realities that my friend forgot to mention.

The member said that tax cuts create jobs. I remember Ronald Reagan saying that when he was president of the United States. He gave tax cuts to the rich. It was the trickle down idea. Give the tax cuts to the richest families in the United States and eventually the benefits would trickle down to the regular folks. Regular folks got sick of being trickled upon. That is what happened. Unemployment went up. The debt load went up. The economy went down. It was an economic disaster. Ronald Reagan bankrupted the United States. I will let the facts speak for themselves.

My friend asks if government can play a role in job creation. Yes it can. I will give my friend an example.

In the city of Kamloops we have a program, like many other communities across the country, called community futures. It is sponsored by the federal government. It is one of the few federal programs which I think really works well. Basically it provides support for individuals on employment insurance to create small

businesses. It provides loans of up to \$75,000 to entrepreneurs who want to start a small business.

In the city of Kamloops alone, using this microcredit arm of the federal government, 850 new businesses have been created. Normally each business has two or three employees. The odd one will have more. These small businesses are thriving. Every loan has been paid back. There have been 850 new businesses and about 1,500 new jobs created in the city of Kamloops alone.

That is something which the federal government has done and has done really well. People appreciate that. We should be expanding those kinds of programs so people do not have to go begging to the banks for the \$50,000 loan to start their small enterprise. That is something the federal government could do. It is doing it now, but it could expand the program to create thousands and thousands of new businesses and job opportunities across the country.

Mr. Charlie Power (St. John's West, PC): Madam Speaker, it is a pleasure to be here today to discuss this issue, although it is not a very pleasant issue. I was the seconder of this motion and I was a factor in convincing our caucus to use our supply day to discuss what we consider one of the great problems in this country and one of the great pending tragedies for the next generation of Canadians that will help to contribute to our economic growth.

• (1715)

The problems of student debt are way greater than a student problem. It is a Canadian problem. It is the Canadian taxpayer's problem. We must deal with it as such.

The cost of having student debt in Newfoundland in particular and in the rest of Canada is reduced access to education. Education becomes an elitist kind of approach where individuals can get educated only if they have significant personal wealth. In many families that is simply not going to happen. Many students in many parts of the country are being discouraged from getting an education.

We all know that job opportunities and education go together. It is really a penny wise and pound foolish kind of policy to have a situation where we effectively discourage people from getting educated. The future growth of Canada is definitely at stake if we do not do something with this student debt problem. Again, I say this is one of the reasons that our caucus has made this one of the most important policy matters that we want to deal with.

We know we have to try in opposition to influence the government to deal with real problems in Canada. This real problem in Canada seems not to be fully understood by the Government of Canada. Our job in opposition is to bring it to the attention of the Government of Canada and to see if we can find solutions to the problem.

Supply

The problem is horrendous and huge. There are 1.5 million students presently enrolled in Canadian post-secondary institutions. Collectively these are the youngest and brightest people who are trying to get ahead in Canada, who are doing the most for the future of Canada and for themselves and for their future families. Those 1.5 million students now owe collectively \$6.9 billion. Most of them do not have anything but a part time job, working on an education.

There is a tragedy brewing in this country if tuition fees and education costs continue to rise. This country cannot grow into the next century. This new millennium we all want to talk about is going to be an apprehensive place for a lot of those students once they graduate.

One of the other problems we have, besides having tremendous student debt, is that we have tremendously high student unemployment. We can brag about the employment rates in this country that may be 8% to 9% for adults. The Stats Canada figures for the real unemployment rate below 30 years of age is 16.5%. In Newfoundland where I come from it is 23.5%, statistically proven. In real terms in Atlantic Canada if the truth were known for those students and young people who are still in Atlantic Canada we probably have an unemployment rate well in excess of 30%.

That causes the other great problem which Atlantic Canada and in particular Newfoundland have been all too familiar with, the problem of out-migration.

The member for Kamloops is wrong if he thinks that Canada has a net brain gain. We have more people leaving Saskatchewan, we have more people leaving Newfoundland. Where are they going to? There was a time when we could export some of our most uneducated people out of Atlantic Canada, out of Newfoundland to parts of central Canada.

Central Canada is going to find out and British Columbia is going to find out that a lot of the job opportunities for our new students who have tremendous debt, who need to go to areas where there is lower taxation, higher rates of pay and greater opportunities, when they want to visit their children or their grandchildren they better have a passport to visit them because they are not going to be in Canada.

I am going to quote a very prominent Liberal on this problem because sometimes I think the Government of Canada does not really take into account where this problem came from. This is a letter from one of our well known Liberal premiers who was a Liberal cabinet minister. When asked by my colleague from St. John's East the premier of Newfoundland answered: "The rising cost of post-secondary education is due in part to the reduction in transfer payments that was particularly targeted to post-secondary education".

It is not a coincidence that over \$6 billion in transfer cuts have happened since this Liberal government took office in 1993. It is

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not a coincidence that there is also \$6.9 billion worth of debt for students in this country. It is not a coincidence that the provinces of Canada took the cut in federal transfers and simply transferred them to somewhere else. The federal guys transferred the cuts to the provinces, the provinces transferred them to the universities and the universities did what? They transferred them to the students. That is where the \$6.9 billion of debt comes from.

As I said, with the effects of that transfer to students across this country some have taken the most terrible of all courses.

- (1720)

In Newfoundland they have actually chosen not to go to universities or colleges. They have chosen not to get educated. They see examples in dying rural communities where people are saying what is the point of getting educated. What is the point of my degree if I owe \$30,000 and there are no jobs? I might as well not have gone at all.

For Canada that is the most expensive and tragic alternative. We all know there is a direct correlation between education and employment. If you choose not to get educated you will live on the social welfare system of Canada for the next 40 or 50 years of your supposed working life.

Another terrible tragedy from this terrible debtload is bankruptcies. Almost 8,000 bankruptcies are from students. These are not people who went into business. These are not people who have mortgages on their homes. These are not people who have travelled extensively and who have wasted money. There were 8,000 young Canadian declaring bankruptcy in 1996-97. It was because they went to school.

Another tragedy is the collection agencies, which this government should do something about. I know one of those agencies is based in the U.S.

Talk to parents who are trying to help their children pay off their loans with their savings. Some become targets of collection agencies when their children who cannot pay the loans themselves move within or outside of Canada. It is nothing short of mafia style collection tactics. I could give song and verse about some families in Newfoundland that are digging into their meagre savings accounts.

I have a letter from one parent whose daughter owes \$19,000. The mother has \$16,000 in savings and the collection company will not take it. Unless you pay it all, it does not want anything from you. The out-migration is unbelievable.

If we do not educate students at a reasonable cost we will have another great problem. Where is the source of future economic growth in Canada? In the year 2006 of the new millennium who

will buy cars and houses? Who will have the money? Who will have the money to pay into the Canada pension plan to keep members of our age group reasonably content? Where is the economic growth? It comes from well employed, well paid people who pay taxes to this country. That is not going to happen.

The finance minister has solved our deficit problem for the late 1990s but I think he will create a huge economic and social problem 10 or 15 years from now when a large number of people cannot work and cannot spend on consumer goods.

Entrepreneurship and small business is such an important part of Canada's future growth. Small business creates most of our jobs. We all know that if you are going to get involved in a business you had better have some net personal worth when you go to the bank. I met a young lady the other day with a masters in engineering. She wants to start a business but she owes \$57,000. Go down to one of our chartered banks and say that you have this great business idea. Guess what it will say? No business loan, no job creation, no real constructive place for you in Canada.

As the member for Kamloops said, it is all a matter of making choices. There are choices. We can decide to freeze tuition. We can decide to lower student debt. We can forget this millennium fund which will help somebody somewhere in the future. Instead we can help students in our universities today who will graduate this year.

I know. I went to a university in Newfoundland and I had free tuition. It works. A whole generation of us who went to university in Newfoundland in 1965 to 1970 had free tuition. Guess what? There was a whole generation of us who got educated, never had to draw unemployment insurance over 30 working years and contributed to the economy.

The investments that countries like Ireland are making into free tuition, the investment that Newfoundland made into free tuition from 1965 to 1970 are bold, visionary and they work. That is what this country needs when it comes to student debt. It does not need something called a millennium fund for some scholarships for some students. It really needs to get a handle on the cost of education and the idea that if we do create an educated workforce we will have jobs into the future and we will have a very successful country. I can only urge the Government of Canada to start paying attention to this very tragic problem.

The Acting Speaker (Ms. Thibeault): I see many members rising to speak so I will consider two one-minute questions.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Madam Speaker, I would like to ask a question, but first of all I would like to make just a few comments.

Supply

It seems that the parties, whether Progressive Conservative or Liberal, are totally forgetting what has been going on in this country.

• (1725)

We need to look at what has been going on in this country and at why we have lost jobs. Many jobs have been lost because of technology.

I have used the example of the Brunswick mine in comments I have made here in the House before. It used to have 1,400 employees and produce 8,000 tonnes daily. Today, with 800 employees, it can produce 10,000 tonnes daily.

Many jobs have been lost in the Atlantic region because of the problems with the fisheries. In Newfoundland, fish plant closures have done away with many jobs.

My colleague from the Conservative Party who has just spoken cannot bring himself to say that free trade is responsible for the loss of many jobs. Perhaps if we quit giving our jobs to the Americans, Canadians would have work too.

[*English*]

Mr. Charlie Power: Madam Speaker, in answer to the question, very often in debating in the House of Commons or any other place we want to say the same things, we agree on the same things and we take different approaches to them.

I am a very strong believer that free trade helped this country. Free trade created those million jobs that the Liberals take credit for now and say what a great economy we have. In Canada, with so many interprovincial trade barriers, our domestic economy has not grown at all like our export economy. That is very easy to prove.

In future it will not be free trade that will create jobs in this country. It will be free brains that will be developed in the minds of our young people in our universities and post-secondary institutions. That is where the future is. I am really not interested in sitting down, listening and talking about what happened to free trade, GST, 1984 and 1991. In 1998 we have 1.5 million students who are heavily indebted. Their future, if they can get an education, is going to be a good education at a reasonable cost.

Mr. Alex Shepherd (Durham, Lib.): Madam Speaker, I listened with intent to the member. He talked about huge economic social problems of the future. Also, the motion addresses people fleeing from this country.

I could not help but observe a few short days ago that this party sided with and supported a motion from the Bloc Quebecois which denied a legal process. That is the unilateral declaration of independence by the separatist party in Quebec. I take that one step further. It is a suspension of the Constitution of Canada. It would be a suspension of the rule of law in this country.

How many people does he think will leave the country the day that revolution starts?

Mr. Charlie Power: Madam Speaker, that is absolutely the most silly frivolous point when we are talking about student debt and future employment problems.

One of the problems in this country is that little reference to the Supreme Court of Canada. If the Liberal Party of Canada wants to create separatists that is one of the great ways to do it. It has caused the constitutional crisis of this country. It is devoid of ideas of how to deal with Quebec. It is devoid of ideas of how to create employment.

To use this reference to the Supreme Court of Canada to try to brand our leader, the federalist who saved Canada in 1995, as a separatist because he does not agree with the government resolution is wrong. It was wrong when the government sent it to the supreme court. It is still wrong. It will do nothing for the good of Canada. If it creates unemployment or it creates separatists, it is because the Liberal government did not have many ideas to begin with.

The Acting Speaker (Ms. Thibeault): Thirty seconds for the hon. member for Wentworth—Burlington.

Mr. John Bryden (Wentworth—Burlington, Lib.): Madam Speaker, the member for St. John's West commented considerably on the fact that student unemployment is the crucial problem. Would he not agree that student debt is not the problem, it is student unemployment? They come out of university and cannot get jobs to pay off their debts.

Does he not agree that is because the economic situation which exists in his province and across the country was a result of Conservative mismanagement of the economy for nine years? That is why there are no jobs. It is his former government that is—

The Acting Speaker (Ms. Thibeault): The hon. member for St. John's West.

Mr. Charlie Power: Madam Speaker, obviously there is a great connection between being able to find a job and paying off any debt you happen to have.

In the case of students, debt has become significantly more difficult. With student aid, even if you get a job, if you end up with \$25,000 in debt for an undergraduate degree, and probably \$40,000 plus for a masters degree, even at reasonable rates of remuneration, you cannot pay off the debt. It is simply not manageable.

• (1730)

Mr. Jim Jones (Markham, PC): Madam Speaker, I would like to thank the member for Kings—Hants and the member for St. John's East for bringing this important motion to the House.

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The Minister of Finance was warned by university leaders months ago that a brain drain is drawing the intellectual life out of Canada. A prescription to remedy this problem is an infusion of dollars for research and training to increase participation.

It is time this government realizes that Canada is not an island on its own. We need to retain our human capital and convince Canadians to stay here in a country that has full potential to prosper internationally at an exceptional level. Right now is the time for this to happen.

Many of our country's most promising young researchers and academics are leaving for more enticing grounds, mainly to the United States. They are leaving because they cannot get the resources they need to thrive in Canada, namely research dollars, decent salaries and lower taxes.

Consequently this trend will ultimately damage our economy. Canada stands to lose domestic talent to our southern neighbour. Less homegrown research and development means fewer resources available to support our Canadian businesses. These same businesses are struggling to find well trained workers who will help them compete internationally.

The facts are clear. Canada is losing talent to the United States because American companies are offering Canadians higher salaries and the U.S. government can offer lower taxes.

High taxes in this country are also scaring away businesses to low tax U.S. and other destinations around the world. The tax rate for corporations ranges from 38% to 46% in Canada. In the U.S. it is considerably lower. If corporations are feeling the pinch, let us now consider young people and understand what drives them south of the border.

Studies indicate that as of late we are losing young talent and ambition. Our leaders are the future. A student graduating from university is faced with a high debt burden from years of student loans. When offered a high paying job, they obviously take it in anticipation of ridding themselves of debt and saving for the future. Paying off a debt of \$25,000 to \$30,000 when entering the workforce is unbearable. How are our young people ever to get ahead when they are suffocated with huge student loan payments monthly?

Debt repayment incentives are driving our teachers to Columbia, Mexico, Egypt and the United States. High debtloads are driving our engineers and computer scientists to the United States and many private school grads are deciding to work elsewhere to cover their debtloads.

I urge this government to seriously consider the implications it is imposing on our young graduates. Student debt burdens are a serious problem in Canada. The Minister of Finance must introduce measures in the upcoming budget that will repair the damage he has done to our young people.

The only way to ensure that the Canadian economy continues to grow is to empower the consumer. To do this requires an increase in the disposable income of Canadians. Unlike in the United States, disposable income has fallen in Canada. In fact, it has fallen or been flat for two years running. The unemployment rate in the United States has been considerably higher. Canada's unemployment rate, on the other hand, has consistently been higher than that of our southern partner.

The Liberal government has continued to cut, cut, cut. Now its eyes are finally opening, a little late I might add. Dramatic cuts in post-secondary education by this government have caused the average student debt to almost triple this decade from an average of \$8,700 in 1990 to \$20,000 this year and forecast to \$25,000 in 1998.

I believe in the Liberal budget next week they will be coming out with the millennium fund of \$1 billion. They have caused this student debt by tripling tuition fees in the 1990s. Maybe they should be giving the money back to the universities so that tuition fees can be reduced.

These disheartening figures point to another issue that is surfacing. The fear of enormous debt is driving qualified students away from the universities. How will this country compete internationally if talent is not encouraged to flourish? If this trend continues, what future does this country have?

We know that the personal income tax gap has widened between Canada and the United States.

• (1735)

This is due to many reasons. One which can be fixed in this upcoming budget is bracket creep. By indexing bracket creep we can realize almost a billion dollars returned to the hands of Canadians. It is time that we let Canadians spend their money instead of government.

A document compiled by the industry department raises serious concerns about whether Canada has much to brag about or not. This report is entitled "Keeping up with the Jones", no relation I can guarantee. It reveals the true picture, not the rosy one this government keeps referring to.

Let me share with this House some of the findings since the Liberal government so quickly swept it under the carpet with embarrassment.

The national income gap between Canada and the United States is getting worse. Americans are now 25% richer than Canadians. The U.S. economy is getting richer and it is paying its workers better. The salary gap is especially pronounced in occupations requiring high skills. Engineers, computer scientists and architects are earning an average of \$11,000 to \$13,000 more than their Canadian counterparts.

The combination of lower taxes and higher income in the United States means working Americans have more money to spend. An example is a couple with \$80,000 in taxable income and two children living in California will take home \$7,000 more than a similar Canadian family.

Canadians pay about one-third more in taxes. Top corporate tax rates are significantly higher in Canada than in the United States.

Many state governments offer very generous tax and investment incentives to businesses for the purpose of attracting investment and innovation activities. Canada's ability to attract and retain knowledge workers is seriously undermined by its personal income tax structure.

Canadian workers hand over significantly larger portions of their earnings to the tax man than Americans. The top marginal personal income tax is 20% higher in Canada than in the United States.

The continual shortage of knowledge workers such as software engineers in this country poses a huge problem as Canadian business struggles daily with the year 2000 problem. It is estimated that there are 300,000 Canadians in California working in Silicone Valley.

It is time this government admits to these mistakes. It must undo the damage it has done. Cuts in transfers to the province have cost this government the credibility as an effective government and are costing Canada our talent.

The Liberal government must put a stop to this brain drain. Unless this government wakes up and starts now, we stand to lose more and more of our talent to the United States.

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, the member repeated the numbers the leader of the Conservative Party said about the differential between Canada and the U.S. in terms of the average income.

The member did not mention that in Canada we have a different income tax system. The computations are different. We have things that are outside the Income Tax Act whereas they are not similar in the U.S., for example the child tax benefit, the GST credit and our health care system alone. He used the example that a family making \$80,000 a year in the United States would have \$7,000 more of disposable income than a similar family in Canada.

I would like to ask the member if he can tell this House exactly how much that family in the U.S. then has to pay for health care and social security that Canadians do not have to pay for.

Mr. Jim Jones: Madam Speaker, if we compare the tax rate between Canada and the U.S., in Canada we max out at the top tax rate at \$55,000 to \$60,000. That is 54% in Ontario, I guess a little less now with the cuts the Harris government has done for the provincial level.

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In the U.S. people max out at 36%, at \$250,000. With the difference between the 20%, a lot of health care can be bought, child tax benefits, education. There is a lot more disposable income and just as good an education system.

• (1740)

Mr. Jason Kenney (Calgary Southeast, Ref.): Madam Speaker, I am entertained watching our Liberal and Tory friends quibble over their GST. It is very entertaining indeed.

I was very interested in the remarks made by the hon. member for Markham. He is a strong advocate of tax relief as a policy for economic growth. However, not too long ago I read some remarks made by the hon. member in the local Markham newspaper. He said that if Mike Harris continues his harsh cuts which are necessary in order for him to impose tax cuts, this would hurt the federal Progressive Conservative Party in Ontario. I find it ironic for a party which is at 12% in Ontario to be criticizing at party which is at 35%.

I wonder if the hon. member could explain how he squares his remarks this evening with his earlier comments which criticized the fiscal virtue of the Mike Harris common sense revolution.

Mr. Jim Jones: Madam Speaker, I heard the member from Calgary bring this up the other day in the House. If he had called me instead of making the comment in the House he would have found out exactly what I said.

I agree with what Mike Harris has done. In this country, in the last nine months of 1997, 270,000 jobs were created. Of those 270,000 jobs 216,000 were created in Ontario. That proves that high taxes cost jobs.

What I said is that on issues such as the megacity people are saying that maybe the Harris government could communicate a little better. Government could be a little more consultative when bringing people into the process so they understand and accept what the problem is and what the government is trying to do.

I did not say I was against Mike Harris and I did not say I was against his tax cuts.

Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I will start off by saying how quickly they forget. How quickly the hon. member for Sherbrooke forgets. Let me remind the House of a few frightening fiscal facts.

In 1985 the government recorded a deficit of over \$38 billion. By 1993 it got the deficit down to \$41 billion. Over those nine years the total yearly deficits exceeded \$290 billion. Just as damning, the interest payments on those deficits totalled \$300 billion.

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I am not trying to shift the focus of today's debate. The fact is that decade of deficits and the failure of political will which resulted in them is a key reason why Canada's tax burden is so heavy today.

There is no mathematical mystery here. Deficits are like credit cards. The more you use them, the more you have to pay back, principal plus some pretty heavy interest. The only way governments can pay interest, even before they get to the principal, is through taxes. The more the interest grows, the more the taxes grow.

Let us look at the evidence on taxation. I think we will find the fingerprints of the hon. member for Sherbrooke all over it.

In 1985 the former government introduced the high income surtax. It was a temporary measure to help fight the deficit. Then there was 1986 when that government added a 3% surtax on the basic federal tax. Again it was a temporary measure to fight the deficit.

Those surtaxes are still with us because when we came to office the deficit was the highest it had ever been.

If the hon. member wants to condemn a government for our painful tax burden he only has to open his scrapbook. If he wants to thunder about a brain drain crisis he should consider how the two surtaxes which he helped to introduce have added thousands of dollars to the yearly tax bills of successful professionals and scientists.

• (1745)

My purpose today is not just to look at what caused the tax problems Canadians face but to remind the hon. member that when he looks at this government he is also seeing solutions that work.

From the start of our first mandate we made an absolute commitment to deficit reduction and elimination. One of the driving reasons was our recognition that the only way we could start the process of broad based tax relief was to get our finances under control.

Since then we have brought the deficit from \$42 billion down to \$8.7 billion last year, the lowest level since 1969-70. We have done this without a single increase in personal income tax. Despite our constrained fiscal situation we began a process of targeted tax relief to those who needed it most and where it could do in fact the most economic and social good. These include increasing the child tax benefit by \$850 million and measures to help the disabled, low income working parents and Canada's charities.

The Prime Minister and the Minister of Finance have made it quite clear that this is only a start. As our fiscal situation improves so that we can act without jeopardizing our fiscal progress and while preserving Canada's cherished social programs, we will certainly widen the scope of our tax action.

There is another area where we have already taken some positive action. I would like to highlight it because it relates directly to the specific problem the hon. member addresses, student debt loads.

Another bit of history the hon. member for Sherbrooke may have forgotten or perhaps would like Canadians to overlook is that during the Tory government era the tax credit which was supposed to help cover basic personal necessities for post-secondary students grew from \$50 to \$80. That was between 1984 and 1993. Under our government, in just half the time that education amount more than doubled to \$200 a month.

Our government understands that in today's work knowledge and education are the keys to economic and individual success and security. We are not only talking the talk, something the hon. member is very good at, I might say, but we also walk the walk. That is why our 1996 budget provided an \$80 million increase in direct federal tax assistance for post-secondary education. In last year's budget we increased that support by \$137 million through measures whose value will reach \$275 million when they mature.

They were complemented by the creation of the Canada Foundation for Innovation which will ensure that post-secondary students have access to better facilities and equipment to prepare for the knowledge based economy of the 21st century.

The other measures include increasing the education credit to \$150 per month from \$100 immediately and increasing it to \$200 per month in 1998 and in subsequent years, allowing students to carry forward all unused portions of the education and tuition credits to be applied against any future income.

As a result of these budget measures a student in full time attendance at a post-secondary institution for eight months with tuition fees of \$2,800 and additional fees of \$300 will receive over \$1,200 in combined federal and provincial tax assistance per year. This is an increase of more than 30% from the \$900 in assistance available to students in 1995.

The 1997 budget also announced an important change to the Canada student loans program. To better recognize that some students still may not have the capacity to repay their loans, the budget proposed to extend to 30 months from 18 months the period of time during which students are allowed to defer making payments. Combined with the initial six months after graduation when no payments are required, this means that students will have up to three years of help in dealing with their loans.

I do not want to magnify our actions. We know they are only the beginning of a solution for Canada's students. That is why the Prime Minister has set out a dramatic further advance, the millennium scholarships. He has told Canadians that will be an important part of next week's budget. Let us remember that every dollar of scholarship a student receives—and the Prime Minister has said in

his speeches that this will help tens of thousands—is one dollar less debt that he or she must incur.

I could certainly go on reminding members of the House how legislation before us will help tomorrow's students by doubling the annual limit of contributions to registered education savings plans.

• (1750)

While students and the plight of Canadian taxpayers deserve our attention, this motion does nought. There is no doubt the problems it raises are real, but the solutions we are offering are equally real. Starting with the courageous deficit action that eluded the previous government, I am confident that next week's federal budget will prove that our solutions are more certain and more concrete than the motion and the hon. member dares to dream.

I can go on and on about the various initiatives the government has put forward. Let us remember one thing. This party and this member do not own any of the issues of student debt. Canadians and students across the country have continued to communicate with the government and with members on this side of the House who held town hall meetings in their ridings to talk about the plight of students.

We realize that education and skills training will certainly be the cornerstone by which the economy will continue to grow into the next millennium. We have said over and over again in the House that the government is committed to ensuring that students have accessibility to higher education and skills training. We have done it in our past budgets and we will continue to do it in the upcoming budget.

I want to mention something I neglected to mention earlier. I will be splitting my time with the member for Kitchener Centre.

When the member for Sherbrooke decided to come forward with the motion, he conveniently forgot the previous Tory government was in large part responsible for the mess we found the country in. Today he comes to the House merely pointing out the problems and not offering anything in terms of concrete solutions, except to say that a broad based tax cut, irrespective of whether or not the government books are in balance, is the solution.

I would say to the Tory caucus that Canadians disagree.

Mr. Roy Bailey (Souris—Moose Mountain, Ref.): Madam Speaker, somehow I do not like the term brain drain. It somehow indicates that all the smarts have gone some place else. Looking around at all of us here, I do not believe that is true.

I would like to direct a question to the member who has just spoken. I would rather call it an intellectual exodus. Does the

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member remember the greatest exodus outside the depression in Saskatchewan? The greatest exodus that ever hit Manitoba, Saskatchewan and Alberta was when a Liberal government instituted the national energy policy.

We are talking about an exodus. That kind of taxation brings about an exodus. Would the member not agree that the exodus we are talking about is brought about by high taxation?

Mr. Tony Valeri: Madam Speaker, while I respect the intervention of the member, to stand and essentially say that all the challenges faced by the country as we move into the next century will be solved by reducing taxes is just not the case.

Right from the beginning the government has said we would continue on a balanced approach. We have done so since we came to office. The Reform Party certainly does not have to worry about our commitment to fiscal responsibility. It is rock solid.

I am sure the hon. member will be here on February 24 at 4.30 p.m. to listen very closely to the budget speech. That budget will certainly be not merely rhetoric or exchanges in the House but a demonstration of the commitment of the government and of the results we have been able to achieve.

• (1755)

Mr. Werner Schmidt (Kelowna, Ref.): Madam Speaker, I found it rather amusing to look at the members who proposed the motion and to hear the reply we just heard from the Liberal member opposite. A pox on both parties.

On the one hand the Liberal government says the fault lies with the previous Conservative government. The Conservatives simply say it was the Liberals' fault because of what they are doing. One of those parties governed the country since Confederation. Therefore it seems to me they are both to blame.

If the hon. member would have had another five minutes to speak, I think he would have lost one arm. He was so busy patting himself on the back that there is no way he could have preserved his arm.

The claim is that taxes have been reduced and the government has been balanced in everything it has done. Why is it, then, that we have so many bankruptcies and so much dissatisfaction with what is happening?

Mr. Tony Valeri: Madam Speaker, I remind the hon. member for Kelowna that if he wants to dole out the blame between those two parties he should also stand in the House to say that the Liberal government will balance the books over the next number of years.

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The Liberal government takes initiative in terms of reducing taxation for Canadians. The Liberal government invests in the priorities of Canadians in education and health care. The Liberal government will bring the country into the next millennium with stronger fundamentals than there have ever been, with confidence in a stronger economy than has ever been, and with Canadians saying they have greater opportunity than they had between 1984 to 1992.

The member can live in the past if he wants to. I am not patting myself on the back. I am merely stating the facts and ensuring they get on the record, only for the benefit of members opposite.

Mrs. Karen Redman (Kitchener Centre, Lib.): Madam Speaker, I thank you for the opportunity to apply a little reason to what has become a very rhetorical debate.

My colleagues opposite seem to relish raising alarm bells about the national brain drain. It is true some American and Canadian employers are competing for talented Canadian youth. An example would be the software industry. The brain drain is a challenge faced by all industrialized countries including the United States.

I encourage members opposite to raise their awareness of the government's many strategic investments in Canada's young people which seek to create job opportunities for them at home.

I welcome the chance to assure the hon. member that Canada's future is in very good hands. It is in the hands of extraordinarily talented and creative young people, the best educated, the most literate and the most technologically savvy generation the country has ever produced.

As the Prime Minister stated in his Reply to the Speech from the Throne, the government is investing in our youth's future. He said "Canada will remain the best country to live in because it cares about its people".

Our commitments to Canada's youth are a living testimonial to a fundamental truth. Let me remind the House that the government made youth a national priority. Each year we invest over \$2 billion on youth programs aimed at helping young people to realize their potential and to prepare them to seize job opportunities in the emerging new economy. These investments support access to learning, the key to employability in today's demanding and rapidly changing economy.

We offer young Canadians every opportunity to pursue their professional goals by supporting them financially in their post-secondary studies. Increasing access to higher learning is an overriding goal of federal initiatives such as the Canada student loans program, registered education savings plans, and the recently announced millennium scholarship endowment fund.

• (1800)

Access to education is only one part of this equation. The federal government also makes strategic investments in science, technology and the creation of knowledge, the very lifeblood of the new economy. These investments enable Canadian youth to carve out new niches for themselves in an emerging knowledge economy.

To encourage excellence and inspire aspiration, this government funds the \$800 million Canadian Foundation for Innovation. By rebuilding the research infrastructure of universities and teaching hospitals, the foundation will stimulate economic development in knowledge intensive sectors to improve opportunities for young graduates to pursue research careers here in Canada.

The Government of Canada also works closely with the national business organizations involved in leading edge research into the development of the workforce for the next century. For example we contribute to the business education partnership forum advisory committee which is organized by the Conference Board of Canada. Initiatives such as Career Edge which is backed by over 200 Canadian corporations and the corporate council on youth and the economy are giving Canadian youth a leg up in the competitive global economy.

This government's productive partnerships with the private sector are equipping young Canadians with the skills they need not only to find work but to excel in an information economy. Partnerships such as the sectoral partnership initiative form a cornerstone for Canada's approach to creating job opportunities for youth.

Many of our initiatives link universities with the business community by bringing together educators, employers, workers and government both to define and to address human resource challenges facing Canadian industry. There are a number of outstanding examples of successful partnerships with universities either directly with individual institutions or through the Association of Universities and Colleges of Canada.

Another crucial partnership in light of the skills shortage in one of the fastest growing sectors of our economy is the Software Human Resources Council. The council is working to increase the supply and quality of workers entering this booming area of the labour force and in the process is creating opportunities for Canadian youth.

While we are quick to nurture the best and the brightest, we are equally determined to ensure no young person is left behind in the rapid transition to the knowledge economy. We assist youth who experience difficulties moving from school to the labour market through a range of programs under our youth employment strategy. This government invests \$375 million a year in initiatives such as Youth Service Canada, Youth Internship Canada and the student summer job action program to help young people find jobs. Over

three years this strategy will create nearly 280,000 experiences for young Canadians.

Since the Government of Canada began investing in youth employment in 1994, over 300,000 youth have acquired work experience and skills development. Recent surveys indicate that 88% of Youth Internship Canada and 85% of Youth Service Canada participants are either employed, self-employed or returned to school six to twelve months after completing the federal youth program.

Our collective challenge is to ensure we nurture this new talent pool, match would be workers with job ready employers and create every opportunity for young people to put their abilities to work for the benefit of Canada.

I am the first to admit that government initiatives are not the entire solution. They never will be. There is no doubt there is much more work to be done to ensure Canadian young people assume their rightful place in the workforce. But there can be no denying that this government is doing many things right.

I do not share my hon. colleague's sense of alarm that the sky is falling. Instead I see every reason to believe that Canada in the new millennium will be a place of great hope and equally great opportunity, a place where young Canadians can proudly stake their claim to a better future.

• (1805)

As Canadian naturalist and author Roderick Haig-Brown once said "In Canada my children are free to make their lives as they would be nowhere else, less free perhaps than I was, because now there are more people; but more free because now there are more ways".

On that inspirational note I urge my hon. colleague to withdraw his unduly pessimistic motion. Instead find new ways to work with us for the betterment of Canada's young people and for us all. For truly, the sky is the limit.

Mr. Garry Breitkreuz (Yorkton—Melville, Ref.): Mr. Speaker, I made the point earlier that simply providing an education for students is not going to solve the problem because there are very few jobs out there. I come from the province of Saskatchewan and I gave the examples. I want to go beyond that and ask the member something else in regard to education.

Many educational institutions are not educating students in a way that prepares them for the working world. They go to some of these institutions of higher learning with the purpose of preparing themselves for a job, a job which they later discover does not exist. Simply pouring money into education in itself does not accomplish miracles.

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I hope the member will listen to the question carefully. How can we hold these educational institutions more accountable to provide an education that is truly going to meet the needs of those students who are spending thousands of dollars? How can we hold those institutions more accountable to meet the needs of those students? There is a real problem. They go to these institutions and they end up not being properly prepared. What can we do about that?

Mrs. Karen Redman: Mr. Speaker, one of the examples I used in my comments was the sectoral arrangements that are being made and the partnerships that are being formed with institutions in the business sector. It is key that all of those parties continue to look at curriculum and continue to have it evolve in a way where there is meaningful employment at the end of the educational stream. I see that as being done in partnership. That is something this government has demonstrated. Not only is it committed to it happening, but it is successful at having it happen.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, when I hear the undying optimism on the opposite side of the House, I sometimes wonder. I heard one hon. member say earlier that some people in this House talk the talk, but the Liberal government walks the walk. Perhaps we should remind ourselves who is walking the walk. It is the young people in Canada who are seeking opportunities elsewhere who are walking the walk. They are leaving Canada.

With the unbridled optimism of the government, perhaps it should spend less time in the House and more time out talking to young people and telling them why they should stay. Not the talk of this government, but the actions of this government and the fundamentals of the economy are driving the young out of this country.

Given that free trade, the GST and the deregulation of financial services, transportation and energy have been fundamentally important to this government's ability to eliminate the deficit, where did the hon. member stand on free trade and the GST in the 1993 election? Where did the Minister of Finance stand and where did that party stand at that time?

Mrs. Karen Redman: Mr. Speaker, the issue of the brain drain is one that is very near and dear to my heart. While not directly in my riding, Kitchener-Waterloo are twin cities. It is one of the institutions the members opposite have been quoting when they talk about the brain drain. I point out to the hon. member that one of the highest growth sectors for the region of Waterloo is the high tech industry. It is staying in Canada. It is creating jobs and opportunities in companies that make this country proud on a global basis.

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, when the international trade committee did a study into why small and medium size businesses were not expanding their opportunities, they told us that the cost of business was too high in Canada. The cost of payroll taxes and interprovincial trade barriers were hurting

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their ability to trade. They said that it was easier to go across the line. One Ontario company said that it was easier to go across the line and establish in Michigan and do business back in Canada.

• (1810)

How does the government intend to resolve the problem that we are losing jobs because we are not competitive?

Mrs. Karen Redman: Mr. Speaker, I am not quite clear on the gist of the question, however this government has demonstrated that it is committed to looking at breaking down barriers within Canada as far as trading goes. We will continue down that road.

I would also point out that when something is done in partnership with the provinces, it is something that has to be worked out in concert with them. It is not something that can be done unilaterally. Of course, it is taking time.

Mr. Jason Kenney (Calgary Southeast, Ref.): Mr. Speaker, I am delighted to speak to this supply motion from our friends in the fifth party caucus. We are pleased to support this motion even though it is a conversion on the road to fiscal Damascus as it were for our friends in the fifth party. Late conversions are welcome ones nevertheless.

I must commend the hon. member for Kings—Hants and his colleague from St. John's West for their eloquent remarks on this subject. Later on in my remarks I will address the extent to which their party and their colleagues contributed to the problem.

Let me begin at the outset by saying it has been remarked many times that the government opposite will have to increase the federal chiropractic budget because of the amount of back slapping that is going on over there. It truly is remarkable. They should take up yoga. Such flexibility is required.

This government has applauded itself for its fiscal rectitude, a government that has added a \$100 billion to the national debt in three and a half or four years, bringing our debt interest costs up to \$47 billion a year. We spend more on debt interest as a percentage of our federal budget, as a percentage of our national accounts and as a percentage of our gross domestic product than does any other G-7 country.

That is money that does not go to post-secondary education. It does not go to support students or higher education. It does not go to help health care or those less fortunate. It goes to line the pockets of bondholders and those to whom we owe this money here and abroad. It is an enormous waste. It is a sinkhole of resources and economic potential. It costs the average Canadian family \$6,000 a year in taxes just to finance the \$47 billion in debt interest payments.

The party opposite, and occasionally the party to my literal right and my figurative left, sometimes argue that it is cruel and hard hearted to talk about tax relief, that we are misplacing our priorities, that what we need are more big government programs like the Prime Minister's \$3 billion endowment fund.

To put it in context, the reality is that \$47 billion is almost equivalent to the entire budget of the Government of Ontario for all of its health care, welfare, social programs and everything. It is also equivalent to what the provinces of Newfoundland, New Brunswick, Nova Scotia, Prince Edward Island and Saskatchewan, the five smallest provinces, spend annually on their budgets for all of their programs. That is how much is being flushed down the Liberal-Tory sinkhole of debt financing.

We believe there is a need for radical, dramatic policy change to offer hope and opportunity to younger Canadians, those who are presently struggling to get into university, those who are in university and struggling to get out from under their debt, and those who are out of university struggling to get into the labour market but who are unable to do so because of the 17% youth unemployment given to them by this and the previous government. They need economic opportunity and it is not available to them today.

• (1815)

It is no accident that we find in this caucus—and I will grant in the Progressive Conservative caucus—a number of younger Canadians, people like myself who are not very long out of university, people who have faced economic challenges in a very real and concrete way.

We will not find among the younger members of these two caucuses professional politicians who have been shifting between municipal councils, provincial legislatures and federal parliaments that have been legislating taxes, tuition increases and cuts in transfer payments for higher education.

We will find people who know what it is like to graduate with \$20,000, \$30,000 or \$40,000 of debt and to try to find their first leg up the ladder in a labour market which offers so little opportunity to young Canadians.

That is why we will find in this caucus, and to some extent in the Progressive Conservative caucus, an appetite for a different approach. Not more big government, Ottawa style programs administered by bureaucrats; not more back to the future of the 1960s and 1970s. We want to move ahead to the 21st century, a 21st century not characterized by a family tax burden which consumes 47% of what the average family earns, not burdened by \$600 billion of public debt and not limited in opportunity with a 17% youth unemployment rate.

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Imagine a future where tax freedom day comes on April Fool's Day as opposed to the end of June. Imagine a tax burden which only takes 25% or 30% of the average family's income instead of 45% or 50%. Imagine a country which only spends a few billion dollars on debt interest and is able to spend the rest on tax relief, job creation, health care and higher education. That is the kind of country I want to live in. That is why I ran to be in this place.

Speaking of the tax burden, I will run through some of the numbers, but before I do so let me say that the brain drain of which my hon. colleagues speak has a very personal meaning for me. It is not simply an economic concept. I will speak of the experience of my family.

Some of my family are fifth and sixth generation Canadian. I have ancestors who like yourself, Mr. Speaker, descent from the United Empire Loyalists. Mine is a Canadian family which goes back 250 years. I am in a sense ashamed to say that today my entire immediate family—my parents and both of my brothers—are now working and living abroad because they could not find the economic opportunities in Canada they were able to find overseas. They are not happy about the fact they had to leave the greatest country in the world. I am not happy about that fact.

I would like to tell a personal story about my father. My father served in the Royal Canadian Air Force for 11 years as a jet fighter pilot and as a squadron commander of CF-100s at various air force bases. He then went on to teach and become headmaster of several fairly well known Canadian private schools. Those who know about the private school industry will know it is not a very compensatory vocation. People earn far less there than they do in the public school system.

An hon. member: Not as good as MPs' salaries.

Mr. Jason Kenney: There is no MP pension. In fact there is no pension for people who work in the independent schools. They are there because they are profoundly dedicated.

My father worked for the air force but not long enough to get an air force pension. Then he worked in independent schools where there are no pensions. When he retired he and my mother simply did not have enough money to live on. That is the truth.

One day my father opened up the careers section of the *Globe and Mail* and found that a school in the United Arab Emirates, in Dubayy, was seeking a headmaster for a new international school. Lo and behold, my father applied and was selected.

In the United Arab Emirates, which is not a country I would suggest as a model for the Canadian economy, the tax rate is precisely zero. There are no taxes.

• (1820)

I am not suggesting that Canada ought to adopt the Arab economic model. However, when we are competing in an international marketplace with the best trained and the most skilled professionals, we are competing with jurisdictions like the United Arab Emirates which allow people to keep 100% of the fruits of their labours, not 30% or 40% as in Canada.

The moral of this personal story is that in three years my father and mother will have been able to save more for their retirement there than they were able to during the time they worked in Canada. That is a shame.

My oldest brother is a very skilled lawyer with an expertise in a particular area of international law. He went to Canadian universities. We subsidized his education, for which he is grateful. When he went on the international marketplace offering his wares, he found that by practising in New York State he was able to keep 20% to 30% more of what he earned than he could here. He just relocated to Dublin, Ireland, with his company, taking 30 employees who would otherwise be in Toronto or Montreal.

There is a kind of personal irony in this story because some of my ancestors actually came to this place 150 years ago during the Irish potato famine, from which I have since recovered. They came here 150 years ago for economic reasons. They came to the shores of this great country aboard the coffin ships in 1847, seeking a life of hope and growth and leaving behind them a life of subsistence agriculture and no opportunity. They found opportunity in Canada and prospered in many different fields.

I am proud of my ancestors who worked so hard to build the country and give so much to me and my generation. However, I find it tragic and ironic that 150 years later the descendants of those very same potato famine emigrants are now going back across the Atlantic, back to the land from whence they came where they now find economic opportunity.

The grandchildren of paupers from Ireland are going back to Ireland now because the tax rates in Ireland have been lowered to a point where it is now leading the OECD in growth. There has been a 9% growth in real income for each of the last four years.

There is no more a brain drain in Ireland. The greatest export in Ireland used to be its people. Now it is keeping its people because it has invested in higher education, in lower tax rates, and in research and development. It is the model growing economy of Europe as a result.

Young Canadians are pulling up their stakes and moving from this place to Ireland because they do not have the kind of opportunity they need here; because relative to our G-7 partners the personal income tax burden of Canadians is a whopping 56% higher; because the Canadian property tax burden is the highest in the entire OECD; because the corporate income tax burden is 9%

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higher in Canada than the average in our G-7 partners; because the average Canadian family paid a total bill of \$21,242 or 46% of their income last year compared to only \$17,000 in food, shelter and clothing.

If one were to keep constant the personal income taxes brought in, in 1994 by the government, it would necessitate a \$6.5 billion tax cut just to keep income taxes constant with where they were three years ago.

The top marginal tax rate in Canada kicks in at \$60,000 a year while in the United States it kicks in at \$271,000 a year. The Americans have many flaws but at least they are prepared to reward risk taking and the kind of venturesome spirit that is necessary in a free market economy. We penalize those people. We think the wealthy are those who earn over \$60,000 a year but the middle class knows differently.

My family and other Canadians have moved abroad because working Canadians and their employees are currently paying a deficit reduction tax of \$7 billion into the unemployment insurance fund. It is basically a cook the books fund for the Minister of Finance to cloud the actual size of the deficit.

• (1825)

Young Canadians are moving abroad, are moving to the United States and leaving with the skills we have given them. We have just raised CPP payroll taxes by 73% over six years, the largest single tax increase in Canadian history. It is a \$10 billion tax increase which I am ashamed to say my hon. friends in the PC caucus voted for at second reading.

While I am speaking about my friends in the Tory Party, I cannot help but recall their economic record, those who introduced—

An hon. member: Oh, oh.

Mr. Jason Kenney: I am being heckled by the hon. member for Markham. A comment he made during his speech was interesting. This new found champion of fiscal rectitude was quoted in the *Economist & Sun* of Markham on November 25, 1997. I would be happy to table the article. He is quoted as “putting some distance between himself and the provincial Tories as he spoke to Markham high school students” the week previous.

Of the Mike Harris tax cutting, deficit cutting, waste cutting Tories, he says “If they don’t get a gentler heart and get a little humanity and sensitivity into it, not only will they hurt themselves but they will hurt us, the federal Tories”.

Do my Liberal friends believe that a party at 12% is saying that the tax cutting champion of Canada, Mike Harris, is going to hurt it when he is at 35% in the polls? I would expect as much from a party that raised taxes 71 times and cut the average after tax disposable income of Canadian families by over \$2,900 in their last term of government alone. I would expect it of a party that raised

federal revenues to 16.9%, their highest point in history. My friends remind me of their GST, their great glory. They bask in the glory of the GST.

I hope my hon. friends in both parties will listen not to me but to the voice of the Canadian people. Let us look at the most recently released major national poll, released February 9 by the *Globe and Mail*.

The government promised in the campaign to spend 50% of every \$1 billion in a future surplus on debt reduction and tax relief. We did not hear a word about debt reduction and tax relief in the throne speech. We heard very little about them in the November economic statement by the finance minister. Now that the Minister of Finance and the Prime Minister are doing their prebudget spin, it is very clear that 75% or 80% of the surplus will be directed to new big government Ottawa programs.

That is not what Canadians want. In that poll Canadians were asked “Do you think the federal government should start to grow again? Should it get bigger?” Guess how many think it should start to grow. The grand total is 15%. Some 44% thought it should stay the same size and 40% of Canadians think the government should shrink further than where it is today. The government is to spend 80% of its surplus on new programs and only 15% of Canadians think that is an appropriate response.

When asked what the priorities ought to be with the surplus we will be facing next week, 45% of Canadians chose debt reduction as their preferred option; 29% said tax relief to create jobs, hope and opportunity for young Canadians to which this motion speaks; and a grand total of 23% said it should go into new program spending like the blow away millennium project of the Right Hon. Prime Minister.

When those 15% who think we ought to spend more were asked what their spending priorities were, they said their top spending priority was to increase transfers to the provinces for health care and higher education. When they asked about a federal government sponsored scholarship fund, it fell so far down the list that I cannot even find it.

• (1830)

They want to repair the damage the government has done by cutting over \$9 billion to health care and education. The government wants to take the credit. Instead of co-operative federalism, instead of transferring the money to the provinces where it will be most efficiently and creatively administered, the federal government wants the credit. That is what the \$3 billion millennium fund is about.

It is not about the future. It is about a past rooted in the 1960s, a past of big government, a past which offers very little to my generation. We need the tax relief and investment in education and

research development which will provide real hope and opportunity. For that reason I am pleased to support the motion.

Some hon. members: More, more.

The Deputy Speaker: I can see there is a lot of enthusiasm so we will move quickly.

Mr. John Bryden (Wentworth—Burlington, Lib.): Mr. Speaker, I listened very carefully to the remarks of the member for Calgary Southeast.

An hon. member: You did?

Mr. John Bryden: Yes, I did. Early in his remarks he criticized the government for having incurred a hundred billion debt in the course of the four years of its mandate. He was alluding to the fact that it took us four years to reduce the deficit of \$44 billion a year down to zero. He was criticizing us for not cutting spending fast enough.

We are Liberals, not Reformers. We believe we have to move rather reasonably on these things and not an immediate slash and burn. We tried to move ahead in cutting spending in an orderly fashion so the economy could get used to it.

Nevertheless, after four years we did get there. I am sure the member for Calgary Southeast will agree it is very good to get the deficit down to zero and to start paying down the debt.

If the member for Calgary Southeast who supports the Conservative motion listened very carefully to what the Conservatives were saying, he would have heard that the Conservatives—

The Deputy Speaker: If the hon. member is going to ask a question, could he do it right away, please? I am trying to squeeze people in, as we have been doing all day.

Mr. John Bryden: Mr. Speaker, I will ask the question very quickly. You are quite right.

Conservative members suggested cutting taxes, which would cost \$2 billion. They proposed through the member for St. John's West free tuition, which would cost \$2.6 billion. They also proposed increasing transfers for another \$1 billion.

Does the member for Calgary Southeast agree with the \$5.6 billion in new spending suggested in the Conservative motion?

Mr. Jason Kenney: Mr. Speaker, my party and I do not support any new net spending, but we believe we can repriorize overall spending.

We spend \$103 billion in program spending. There is no reason we could not take billions out of grants and handouts to businesses, crown corporations, regional development programs and useless grants and redirect them to where they would be far more productive in research and development and higher education.

Supply

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I read in my local paper that the Reform deputy leader was in my riding. In her interview by the editorial board she talked about extra spending. She wanted extra spending in health care. She wanted extra spending in education. She wanted extra spending in social programs. She wanted all kinds of extra spending.

Does the member have two different stories, one for the House of Commons and one for when he comes to Saint John, New Brunswick, to see if he can pick up some votes?

Mr. Jason Kenney: Mr. Speaker, I appreciate the member's question. I can understand the member is confused in the same way as the member from Ontario was.

We are proposing that new spending can be found for such areas as research and development, higher education and health care transfers, but not net new spending. That new spending ought to be found by reducing other programs.

We have enumerated the areas we think deserve reinvestment and the areas we think should be cut in order to fund those reinvestments in our excellent document "Securing Your Future" which is available on the Internet at www.reform.ca.

• (1835)

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, during the member's speech he gave some figures. I would like to table figures from the Angus Reid poll issued on February 7, when Canadians were asked what they wanted to see the fiscal dividends spent on.

The top priority was health and education, followed by increased programs to create jobs for young people, followed by programs such as home care and pharmacare, followed by new benefit programs for children in low income families, followed by the new scholarship fund to improve access to education, followed by reduction of debt, and then followed by tax reduction. I do not know where the member gets his information from, but this is public.

I have a question for the member. A Statistics Canada report says that in 1995, 11,000 knowledge based persons left Canada but 34,300 knowledge based persons entered Canada. It says there is no brain drain. In fact we have a net addition to the knowledge based manpower in Canada.

Mr. Jason Kenney: Mr. Speaker, the very same poll from which the member cites asked the question "What do you think should be the federal government's main priority in deciding what to do with any future surplus money?" Reducing accumulated debt, 45%; cutting taxes, 29%; spending more in government programs, 23%. The numbers he was reading were from the 23% who think we ought to spend more.

Supply

With respect to Statistics Canada, I simply do not buy the idea that we have a net increase in skilled workers. We have a very high level of immigration, relatively speaking, and many immigrants are quite well skilled.

However many Canadians who have gone through our post-secondary and university education programs are leaving the country. I defy members of the House to stand and say they do not know people or are not related to people with post-secondary education who have left the country for brighter economic opportunities elsewhere.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, I thank the hon. member for sharing his thoughts today and for the gastrocolonic reflexes from members opposite.

It has been sad for some of us to watch the party of prairie populism emerge and evolve into the party of prairie poll mongering.

Our party believes as strongly as the Reform Party in the free market. The Liberals believe in free government, in big government. The Reform Party believes in free market. We believe in free market for the Canadian economy, but we believe that all Canadians need access to the levers of the free market. There are some fundamental changes that need to occur such that those Canadians can access the tools.

Speaking of brain drains, in 1993 there was a huge brain drain from the House. However one of the most important issue is student bankruptcies. Students are graduating on average with \$25,000 worth of debt in Canada. In 1997, 8,000 students had to declare bankruptcy.

What is the hon. member's personal opinion on the bankruptcy issue? Since it is an immediate problem, how would the Reform Party address the student bankruptcy issue in the short term?

Mr. Jason Kenney: Mr. Speaker, a brain drain is voluntary and a lobotomy is imposed. That is what happened to the Tory caucus in 1993.

With respect to student loans, we propose that student loan interest should immediately become tax deductible to reduce the burden. We also support the immediate adoption of an income contingent student loan repayment program.

The hon. Leader of the Opposition tabled a private member's bill to that effect in 1994. We have long been on the record as taking concrete steps to adopt the kind of flexibility in student financing we need to relieve the enormous burden many young people face.

• (1840)

Mr. Gary Lunn (Saanich—Gulf Islands, Ref.): Mr. Speaker, I thank the hon. member for Calgary Southeast for his riveting speech. When this member gets up to speak, he speaks with such

knowledge on the subject and based on his record with the taxpayers' federation that he is obviously an authority on the subject.

It is ironic. I was speaking with good friends of mine, Troy Lanigan and Robert Pauliszyn of the taxpayers' federation, who say that we have the formula exactly right. The taxpayers' federation is agreeing with us: 50% debt reduction and 50% tax relief.

Because the other side cannot seem to get it, would the member explain to them in quite simple terms how tax relief will stimulate the economy? They do not seem to understand.

Mr. Jason Kenney: That is a difficult question, Mr. Speaker. I will just briefly point to history as evidence that tax relief produces more jobs.

In 1962 when John Kennedy dramatically cut marginal rates, employment and disposable income skyrocketed. When Ronald Reagan did it in the early 1980s, revenues skyrocketed as did real incomes. When Mike Harris did it in the last two years in Ontario, revenues grew faster. When Bob Rae and the Liberal Government of Ontario raised tax rates, revenues went down. When Mike Harris cut tax rates revenues went and with them came tens of thousands of new jobs.

[*Translation*]

Hon. Ronald J. Duhamel (Secretary of State (Science, Research and Development) (Western Economic Diversification), Lib.): Mr. Speaker, I will be sharing my allotted time with my learned and articulate colleague from Mississauga West.

[*English*]

It is rather interesting to listen to the debate. A colleague in the Conservative Party talked about the Liberals being big government. We should compare the size of government today with what it was prior to the election of the Liberal government.

Let us look at the motion to see whether or not there is a problem with it. It says "lower the tax burden". It does not say by how much. Would it be lower the tax burden of everybody? By how much? Are we talking one percentage point or ten? Is a particular level required before it is effective? They do not talk about that, of course.

Offer interest relief to students is another comment that is made. How much interest relief? Does it matter? Is it a little bit? Are we talking total relief? Are we going to put it off for a while? No, of course they would not explain it.

Do you know why they would not explain it, Mr. Speaker? I will tell you why. It is because they do not know what to do. They had nine years to do it, and what did they do? Nothing but accumulate large debt, a huge \$42 million deficit, and in fact get booted out as they should have been.

Supply

When hon. members talk about brain drain, I suspect some of them can spell it but I bet they cannot define it. They do not know what they are talking about. They are offering a simplistic solution. They say we should lower interest rates and offer some interest relief and all of a sudden we will get a solution for those people who may be seeking employment elsewhere. That is why they are out of power.

They say nothing about the short term challenge Canadian industries face or nothing about the long term challenge. They do not know the difference. They have made no concrete proposals in terms of how you would address each one. Absolutely none.

[*Translation*]

And do you know why? Because they do not know the solutions. They have no creativity, no imagination.

[*English*]

This is from a party that left us with a \$42.8 billion deficit. I want to say en anglais et en français that when they left power the unemployment rate was 11.4%.

[*Translation*]

We had an unemployment level of 11.4% in Canada. And here they are today with ill-defined solutions, and no suggestion on how to go about solving the problems.

[*English*]

They failed to acknowledge that. I am not one of those who pretend that we as a government have been perfect, but we have done some things that have been acknowledged and in fact have worked. We do have the lowest unemployment levels in seven years. We have with other Canadians created over one million jobs. We started from the second highest level in terms of the deficit to GDP ratio and we are now down to the lowest.

• (1845)

They fail to acknowledge those and many other successes of this government. I hope it is not because they do not understand.

When one speaks about a knowledge based economy it is important to realize that we have to train, attract and retain highly skilled workers. That is not done in a simplistic manner, as has been suggested. We need to encourage people who have good ideas and good skills and who have the ability to continue to learn. We live in a society where continued learning is absolutely essential.

The principal issue here is to understand the complexity of the problem. I have not heard that from members opposite. I have heard slick little slogans that if we do this and if we do that all of a sudden everybody will want to stay. I am sorry but that is not the way it works. We have to broaden and deepen the talent pool in Canada.

We have had difficulties all along the way. We continue to have difficulties.

I had the honour of chairing the G-8 ministers committee on science, education and technology. Countries such as the United States of America, Japan, Russia, Germany, Italy and France shared with each other the challenges they face. Do they have the same problems we have? On this particular front they do. Is that what they have to do as well? Do they have to adopt this ill-defined solution? This solution does not even attempt to define the problem.

[*Translation*]

Not only do taxes have to be decreased, as the motion says. That is one part of the solution, of course, but the true solutions are far more comprehensive and far more complex. We need partnerships between the universities and the various sectors, the various levels of government, and industry. All this is essential. The government is already working with all those partners.

[*English*]

It is working toward deepening the pool of scientific and technological workers.

I want to give some concrete examples. I challenge my colleagues opposite to argue the points which I am about to raise.

There is the millennium fund which will provide scholarships to tens of thousands of low income able Canadians. I heard a member of the Reform Party suggest that it is wasted money.

[*Translation*]

All I can say is that the young people with whom I speak do not believe it is a waste of money.

[*English*]

We have not sufficiently invested in the granting councils in the past. I hope that will be corrected because they are a source of tremendous possibilities for the education of people generally and in particular young people.

[*Translation*]

We have established an infrastructure that encourages innovation. No doubt members are aware of reason for the establishment of centres of excellence, which bring together researchers from government, universities and business. There is the Canadian Foundation for Innovation.

[*English*]

The foundation for innovation now has over \$800 million which will be devoted to improving the infrastructure of universities, colleges, teaching hospitals and like enterprises which undertake research. Why? So they can employ, train and educate more young people for today's knowledge based economy. That \$800 million

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will activate over \$2 billion. Was that a bold and creative move on the part of government? Yes it was.

We need to encourage workers to stay in Canada. We have done that by using the national graduate register, helping students and employers to match job openings with qualified Canadians. Over 50,000 people are on that network. We have had a great deal of success with it.

The student connection program is the first business experience for many young people. Those young people train managers and employees on how to use the Internet so they can get a head start or be competitive in the knowledge based economy.

We need to create an economic environment which fosters innovation. We have the IRAP program. We have research and development tax credits. We have an unemployment rate which is the lowest it has been in seven years. It is still too high, but it is coming down.

• (1850)

Through much sacrifice we Canadians have collectively created one million jobs since 1993. We must continue to build partnerships among all levels of government with our partners in the private sector. We must work together to enable Canada to enter the new millennium as a leader and not as a follower.

[*Translation*]

I will close these few remarks with the comment that it is always so easy to turn up with a ready made solution. It is so easy to turn up claiming one knows the answers. It is so easy to suggest something without defining it. It is so easy to criticize without offering any concrete and proven solutions.

[*English*]

That is exactly what this is. To get this motion from a party that had nine years of opportunity in government and that will probably be judged as the worst government this nation has ever had is extremely difficult to believe. To suggest that we are going to address the need for workers in the knowledge based economy by undertaking those two steps, steps that are supported by both parties on the right, is really not understanding the problem. It is really not addressing it. It is really letting Canadians down.

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, I would like the member to address the issue of the cost of the millennium fund. I suggest the whole idea of this millennium fund is nothing more than to create some kind of movable shrine for the Prime Minister when he finally retires so that it will have his name on it.

Let us assume the finance minister determines he is going to put \$3 billion into the fund. Let us further assume that fund will theoretically throw off a certain number of dollars. Let us pick a

figure of 5% or \$150 million a year that would be directed toward these scholarships. Let us also take into account our national debt is approaching \$600 billion. By taking \$3 billion that could be used toward paying down that \$600 billion debt, by not paying down that \$600 billion debt, that \$3 billion still has interest payable on it.

Guess what? At 5% the cost of that \$3 billion is \$150 million, indeed the amount of money the government wants to spin off to the students through this millennium fund, this great moving shrine for the Prime Minister who at some point in time will be the ex-prime minister.

This millennium fund is nothing but smoke and mirrors. If you do not pay down the \$3 billion, you have to pay interest on the \$3 billion. How can you pay interest on the \$3 billion when you have already put the interest back into the bond market? It is just smoke and mirrors.

Hon. Ronald J. Duhamel: Mr. Speaker, I am offended by the suggestion that this is a shrine to the Prime Minister. The Prime Minister has chosen to invest in young people. He has chosen to prepare Canadians to meet the challenges of the knowledge based economy, to prepare Canadians to go forward in the new millennium as leaders and not followers.

The member is with the same party that came to this House of Commons to suggest that Liberal solutions could not tackle the deficit. I am delighted to tell the member and his party that Liberal solutions have indeed tackled the deficit. It may have been wrestled to the ground.

The member of the Reform Party and his party do not understand that sometimes when you make strategic investments you get a whole lot of return. The Reform Party does not understand that if you fail to invest in the skills of the knowledge based economy that you will be at the back of the line. I want to be with the young people at the front of the line. I applaud this move and I will support it completely, totally, unequivocally.

• (1855)

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, sound long term economic policy takes years to have an effect. It also takes consistency. Let us talk about consistency. The hon. member was first elected to this House in 1988 I believe. As I said, consistency is critical when we are talking about sound economic policy.

The *Economist* magazine's 1998 preview did say specifically that the deficit reduction in Canada was largely due to structural changes made in the Canadian economy by the government in the early 1990s, free trade, the GST, deregulation, including the elimination of the national energy program—and I hope my friends in the Reform Party appreciate us for that—and deregulation of transportation and financial services.

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Where did the member stand on the issue of free trade and on the issue of the GST? We have acknowledged that consistency is critical. Where did he stand at that time on those two issues?

Hon. Ronald J. Duhamel: Mr. Speaker, he is the same member who just a short while ago said that Liberals were big government. I challenge that member to compare our size of government with that which preceded us which was the Progressive Conservative Party, just in case they have forgotten.

The member is trying to take credit for the government's success with other Canadians. That is what he is trying to do. He is trying to suggest that after the nine years the Conservatives spent in power where they were dismally unsuccessful on any number of fronts whether it be debt, deficit, unemployment, we are reaping the benefits. I am sorry. We have done as we have because we have stood with Canadians. I stood with my party.

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, I find it interesting to listen to members opposite in this debate. I just heard a comment which is absolutely incredulous. The comment was that it takes time for sound, long term economic policy to have an effect. I believe that is what the member opposite said.

In nine years of what the member opposite would like to call sound long term economic policy, each and every year—

Mr. Scott Brison: Free trade.

Mr. Steve Mahoney: Sure you can talk about the free trade that you brought in. You can talk about the GST, which was brought in by the Mulroney government.

However, each and every year, the Conservatives ran a deficit and a deficit is an overdraft. If they want to talk about sound, long term economic policy, they do not run an overdraft every year and then at the end of the year pile it on top of the mortgage and then run another one and do that every year for nine years. In the last year when the Canadian people finally had had enough, the overdraft was \$42 billion. Each year that you pile that overdraft on to the mortgage of this country, you wind up increasing the debt. Figure it out.

For nine years, we had overdraft financing by the Conservative government and the Conservatives are now trying to lecture this government. I would ask the members to look at a graph. If they looked at a graph of the nine years of Mulroney government, and the member for Sherbrooke was in that government I might add, the graph on the overdraft would go straight up I say to the former mayor of Halifax. It would go straight up and out of sight.

Since 1993, what has happened under the leadership of the present Prime Minister and the Minister of Finance is the graph has

been turned on its ear. The graph has gone straight down to the point where finally we are not continuing to run overdrafts.

• (1900)

Now that, I would submit to the members opposite, is what one would call, to use their terminology, sound, long term economic policy.

With regard this motion, it is also rather incredulous. It reads:

That, in the opinion of this House, the government should lower the tax burden on Canadians and offer interest relief to student loan holders—.

The example they continue to use, as does the Reform Party, is the provincial Tories in the province of Ontario. They talk about how the economy has grown and jobs have grown. I would admit they have. In fact, revenue has increased in the province. There is no doubt about that. Why? Imagine that just by chance the policies of the federal government in ensuring that inflation is eliminated, ensuring that interest rates are at 20 year lows and ensuring that we have restored the funding in the transfer payments to the provinces might have something to do with the economic turnaround in the province of Ontario. I am sure members could.

An hon. member: He is a Liberal, he can understand your logic.

Mr. Steve Mahoney: And he is a good Liberal at that, I say to the member.

The reality is that even the members would have to look at it and say that Ontario is not an island unto itself. It relies on the policies of the federal government. Indeed it relies on international policies and international relations.

The province of Ontario, were it a sovereign country, which I do not advocate, would be the ninth or tenth largest economy in the world. It is quite remarkable. It was also strong in the 1980s when I had the pleasure to serve under David Peterson, who balanced the budget I would add. It was the first time in 40 years that any provincial government eliminated the deficit and balanced the budget. That was the legacy of David Peterson.

Bob Rae took over and we all recall why. We can all recall the battles around national unity and how David Peterson stood strong and paid a horrendous political price because he stood up for Canada. I remember that day. I remember with pride being a member of that caucus and a member of that government. Tragically, I admit, it cost David Peterson the job as premier.

However, the economic realities were that we were booming under the David Peterson government. It was then that Bob Rae came to power and he did almost verbatim what the Conservatives did here in Ottawa. He intentionally ran \$10 billion deficits, overdrafts each and every year. Remember what I said, a deficit is

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an overdraft. When government pays off its overdraft it piles it on to the mortgage which becomes the debt.

When we left office in 1990 in the province of Ontario the total debt for the province was \$39 billion. In five years under the NDP, whose members stand here and talk with pride about their ability to govern, that debt in the greatest province in this country went from \$39 billion to over \$100 billion. It continues to grow because today the Mike Harris government is continuing to run a \$6 billion deficit.

Why have they not cut? There is no question that they have cut dramatically and yet we hear members in the Reform Party saying how revenue has increased in the province of Ontario. Please help me with this. We have people lined up in emergency wards. Just read any newspaper. We have replaced the level of transfer payments to the provinces. Why were they cut in the first place?

An hon. member: Because the federal government cut them.

Mr. Steve Mahoney: I will admit to the member chirping why we cut them. We cut them because after nine years of Brian Mulroney and Jean Charest we wound up with an unmanageable—

The Deputy Speaker: I am sure the hon. member means Brian Mulroney and the hon. member for Sherbrooke. I am sure he would want to use that kind of nomenclature.

Mr. Steve Mahoney: Mr. Speaker, I was speaking in the past tense so I thought I could do that.

• (1905)

In the Brian Mulroney government the leader of the fifth party in this place was clearly a member of that cabinet. He was a driving force in that government. I presume he would sit at the cabinet table and talk to Mr. Mulroney. He would talk to his colleagues around that cabinet table and they would make a decision.

Their decision would be whether to increase the deficit or not. Bob Rae did it for five years and incredibly damaged the finances of that province and so did this government led by Brian Mulroney and strongly supported by the leader of the Conservative Party today.

I will admit that many of the people in that party here today, in fact all but the leader, were not there. So they are new to this place. They went from 160 down to 2. Some would call that a brain drain. I think I would call it a brain strain. In any event, it was a dramatic impact and obviously a reduction in the size of that caucus and there was a reason. The people were fed up.

What do they do now? They come back and say “we can solve the problem, we will just cut your taxes and this is the model”. Mike Harris said in 1995 “I’ll cut your income tax by 30%”. He has delivered 22.5%. He has absolutely done that. That is what he

and Mr. Eves said they would do. They have cut the taxes. How have they done it? They have cut funding to health care. They have cut funding to education dramatically.

We do not mean to pick on him, but the member for Markham continues to talk in support of Mike Harris but he is not really sure. He has terrific ideas. I will give the House one of his ideas. This is a quote from the member for Markham: “The Liberals should use surplus funds from employment insurance to help save the CPP”. Is that robbing from Peter to pay Paul? This is from the same party that increased employment insurance premiums by 77 cents. It has no credibility, none whatsoever on this issue.

We will be strongly speaking and voting against this motion.

Mr. Jim Abbott (Kootenay—Columbia, Ref.): Mr. Speaker, I am going to try again with this member because the last Liberal member was not too good on figures. I guess I am going to have to work quite slowly for this chap too, him being a Liberal.

I would like to talk about this millennium fund. We will not get into the rhetoric about it being monuments and so on and so forth. Let us just deal with some simple math.

We know that the government is in debt almost \$600 billion as a result of the Conservatives and the Liberals, the two old parties, but that is another story. The reality is that Canada owes almost \$600 billion. Every dollar of the money we owe has to have some interest paid on it.

If we have \$3 billion of the \$600 billion that is not paid down it costs money. We will have to pay interest on that \$3 billion. I think the member would have to agree with that.

If this is not smoke and mirrors, if we are not just saying we are going to take \$3 billion and put it into a fund, and indeed that money should be going to debt repayment, where is the money going to come from that they are suddenly going to say it is spinning off so much? I will use some numbers just so that we are talking about some hard numbers.

If we were talking about 5%, if the government said we are going to put \$3 billion into this millennium fund and we are going to be spinning off 5% of that or \$150 million a year, will this member admit that the \$3 billion is going to cost an additional \$150 million in interest payments alone?

Mr. Steve Mahoney: Madam Speaker, one of the reasons I believe in my heart that the Reform Party will never govern this country is it simply does not understand that you have to continue to govern. You have to invest in our young people.

I admit quite clearly that the debt must be attacked. Our finance minister has committed to that. We have put out what we believe is a balanced plan which says 50% of our surplus will go toward debt

reduction that the member goes on about as well as selective tax relief.

• (1910)

At the same time, are we to simply shut the lights out and go home or are we to say to the Canadian youth that they are on their own? They need our support and we need to invest in our youth. That is what the millennium fund will do. It will invest in the education of the people who will run this country in the future.

Mrs. Elsie Wayne (Saint John, PC): Madam Speaker, I heard the hon. member for Mississauga South referring to the Progressive Conservatives when they were in power. I want to say that when they were there, we had the trees, we had the planes, we had all modes of transportation.

I practically have to thumb to get to Ottawa these days with the cuts that have come from the government side. It is a serious situation where we have our young people who are hurting like never before.

When the Conservatives were in power they knew there were regions of Canada with different needs and they addressed them. This government has not done that and we have never hurt like this before.

What does he see? Has he been to New Brunswick? I thank him for calling me the mayor of Halifax, but the mayor of Saint John I was very proud to be for 12 years.

Has he been to New Brunswick? The people across Canada when they come find it the most wonderful place in the country. They want to help us. We had shipbuilding. We had marine. We had everything going until these people took power and within the last three and a half years devastated it. What will they do for the maritimes?

Mr. Steve Mahoney: Madam Speaker, I stand corrected on the city the member was the mayor of. I have respect for the member and if she really is thumbing I will make sure to give her a lift.

I know this member was not part of the Mulroney days. I just find it incredible the legacy that was left, what we had to inherit in 1993.

If the members opposite would simply do a mea culpa and admit they were wrong, admit they ran a huge deficit then maybe they would have some credibility.

They will not admit the truth. They have no credibility whatsoever.

[*Translation*]

Mr. Stéphan Tremblay (Lac-Saint-Jean, BQ): Madam Speaker, my first comment would be that, if I were a single mother or a student owing \$20,000 listening to the debate this evening, I would

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go to bed pretty discouraged. There is all this finger pointing going on, with charges that the Liberals did this and the Conservatives did that. Could we not focus a bit on the future?

The Progressive Conservative Party's motion today reads as follows:

That, in the opinion of this House, the government should lower the tax burden on Canadians and offer interest relief to student loan holders in order to address the brain drain crisis which is forcing Canadians to move to the United States where unemployment rates, income tax rates and student debt levels are lower and the standard of living is 25 percent higher than in Canada.

This morning, when I read it and learned that I was to speak to it, I found the motion strange, although there are a lot of good points in it. It covers so much. It talks about tax burden, student loans, and the brain drain, and praises the United States as though it were the best place to live. I am going to look at each element in turn.

First, there is the brain drain. I did some research this morning. The chief statistician of Statistics Canada recently declared that, between 1986 and 1996, approximately 50,000 people with various levels of education left the country, while 200,000 came here to work. So we are somewhat ahead. The fact still remains, however, that there is a brain drain problem.

In this regard, a study on the behaviour of 1995 graduates shows that, two years after they obtained their degree, 24% of those with PhDs had left Canada, compared with 10% of students who had obtained a master's, and 3% of students with a high school diploma.

I would like to draw members' attention to a survey done by the Association of Universities and Colleges of Canada. This survey showed that the main factor in leaving for the United States was the salaries there.

• (1915)

The tax burden could be a factor, but according to the study, it is primarily the phenomenal salaries the Americans can pay in Silicon Valley and elsewhere.

One thing bothers me, however. They say the United States is a great place to live. In this regard, the Liberal Party said some interesting things today. As a country we have choices to make. If our taxes are so much higher than in the U.S., it is in large measure because of our societal decision to provide universal education and health services. That has to be paid for somehow.

On the subject of the American dream, the information I have indicates that, between 1973 and 1995, the per capita gross domestic product increased by a third and gross salaries for people in management positions decreased by 10% to US\$258.

It all looks fine there, but what choices do they make as a society? Their crime rate is one of the highest in the world. Child poverty is the highest in the world. Choices have to be made, and in many instances, to my great regret, they strongly resemble the

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choices the Reform Party wants us to make, although I would like to hear their remarks should they change their minds.

That concerns the first two elements. The third element is student loans. Here I am going to have some fun. I am going to have fun because there is a lot to say on this subject.

We should have a quick look at the history of student debt. Students go into debt because it costs a lot to go to school. Every year tuition fees go up. Why? We have to start at the beginning.

The federal government gives large sums of money to the provinces for education. In fact, this money comes from our taxes. We must remember that. The federal government distributes our taxes to the provinces, which pay the education costs. Then for whatever reasons, the federal government makes huge cuts, leaving the provinces stuck with the problem. Fees increase, student debt increases, and the song goes on.

The federal government finally took notice of the problem. It should be praised for noticing that the student debt load is very high. Faced with the problem, the federal government said "We are going to create a scholarship fund. We will provide assistance for students because now we are rolling in surplus dough". But we still need to see them put their money where their mouth is.

I will speak of the situation most familiar to me, the situation in Quebec, where we have the most efficient system of loans and bursaries in Canada. Don't take my word for it. That is what the president of the Canadian Student Association says, and he ought to be well informed about the situation throughout the country. He has said "If I were in Manitoba, I would be a bit jealous of students in Quebec, because they have an excellent system of loans and bursaries". Recently, however, we have had to cut back on the system because of certain cuts in transfer payments.

The student debt load is increasing, and now the federal government is turning up as a Johnny-come-lately. The Minister of Human Resources Development said once in committee, and I was there to hear it: "The federal government is giving enormous sums to Quebec and other provinces, but has no visibility whatsoever". Is that what the purpose of the policy is, to gain some visibility?

It has therefore created a system of loans and bursaries with its own money, to be administered at the federal level. It is not concerned in any way about whether this creates duplication, about whether it decreases efficiency, about whether it is throwing a monkey wrench into a system that is working perfectly well at the moment.

All these questions have to be asked, and they are things that bother me a great deal.

There are many things that could be done to help students. During the last election campaign, for instance, the Bloc Québécois proposed a registered education savings plan. That could be one solution. The tax credit for tuition fees could be another. The education credit, the transfer of education credits to a spouse or parent, not taxing the first \$500 of a bursary, all these could be yet other solutions. In this regard, there is a consensus in Quebec, as representatives of the Liberal Party and the Parti Québécois, student associations and university presidents all agree with what we are saying.

• (1920)

Yesterday, Mr. Bouchard sent a letter to the Prime Minister of Canada asking for an emergency meeting. Since there is a consensus in Quebec, could a way not be found to take these huge amounts of money and let Quebec administer them as it sees fit, in its own jurisdiction?

It is really a shame to see this sort of petty politics. Other ideologies may be better, but I say that, on this issue, the logic is obvious.

Another point mentioned was the tax burden. In fact, many issues have been mentioned today, given the wide variety of issues covered in the motion.

I am interested in the tax burden, as it covers quite a range of things. Today's debate on the tax burden prompted the NDP, which often says things I find relevant, to speak about child poverty, and poverty in general.

I have a great deal of difficulty understanding, and I keep up on this area, how it is that, in a period of full economic growth that has gone on for several years, poverty continues to grow.

When the topic is child poverty, and it is said that one child in five is living under the poverty line, I find this frightening. As a politician, I ask myself what will be the consequences of the measures taken, or very often not taken, here in 15 or 20 years. You will tell me I am being very egotistical, because I am thinking of what will become of me in 20 years—I will be only 44—in what sort of society we will be living, when I see the steady increase in the rate of poverty. This is an up-to-date statistic, but it is also a persistent trend. We are looking at a steadily growing gap.

Four years ago, there were one million children living under the poverty line in Canada; today there are 1.5 million. That is a huge increase. If this keeps on, where are we headed? These children living below the poverty line, who have a hard time studying since they are not properly fed, and who have a hard time finding a job because of their poor education, and who have trouble making their way in the world, are much more likely to get involved in crime. All of this makes me wonder about the kind of society we will end up with.

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When I see “tax burden”, I think of taxes. When I think of “taxes”, and I see more wealth and more poverty, I can see there is a problem somewhere. I am not alone in saying this. But what are we doing about it? I do not see anything happening.

In terms of tax, wealth is being created, but it does not appear to be going into government coffers. In 1950—I was not around—businesses paid 50% income tax, as did people.

People are overtaxed as they say, and I agree. It is truly hard for a single parent to pay tax on a salary of \$20,000 a year.

What I am wondering is where is the money? The money stays in the bank vaults or the coffers of big business. I have, in this regard, a long list of companies that made huge profits and paid almost no income tax. I will not show it to the House, because unfortunately am not allowed. I will name some of the companies. Barrington Petroleum made profits—not revenues—in 1994 of \$11 million and paid \$194,000, or 1.7%, in taxes. BCE Mobile Communications Inc., with \$66 million, paid 4% in taxes.

● (1925)

Let me continue. In 1993, the Nesbitt Burns Inc. group made profits of \$50 million and did not pay a red cent in taxes. The money is there. It is in the pockets of the rich.

From what I read when I am doing research, the attitude seems to be that we should not lower the taxes of the rich, of corporations because they are the ones creating jobs. This might well seem logical at first. But their taxes have been going down for 20 years, which means less revenue for governments. Taxes have to be raised somewhere. So personal income tax is raised.

It is in this sense that I find the Progressive Conservative Party’s motion interesting. When it says that Canadians’ tax burden is much too high, there is no denying that. But there is also the other end of the scale, the corporate tax burden, to consider. I am not talking about SMBs nor about businesses just starting up. I am talking about healthy companies, multinationals making millions, even billions—we see the banks paying heavy taxes, but that is another debate—and not paying any taxes. I have to wonder about this, particularly when I see poverty on the increase.

I heard what my colleague from New Brunswick had to say. In New Brunswick, poverty is steadily increasing. Something is not working, and I have to really wonder. At some point, people are going to have to stop arguing and trying to blame one another. I think people will have to sit down and try to solve this serious problem. In my opinion, the first step toward solving a problem is admitting that there is one.

In his next budget, the Minister of Finance will be announcing highly laudable measures to help students, but what is needed are

measures that are effective, not political. Where are things headed with measures like these? Where are things headed with one and a half million children living in poverty? And I am not talking about the parents, or the delayed impact of poverty, what I call people’s inability to save.

You know, ten years ago,—and I am not talking about 20 years ago here—the savings rate was much higher than it is now. I think that the average savings per household is 1% annually. This may not be poverty right now, but that is what it will become. When we speak about future poverty, that is where I get worried. In 10, 15 or 20 years, these people will stop working and will have almost nothing set aside. There is a certain degree of income security, but it is just delayed poverty, and that is what is the cause of concern.

I think that the taxation system needs to be revamped. I am not the first one to say so, either. The last major review of the personal income tax system dates back to the work of the royal commission on taxation in the 1960s. The last time they saw fit to review the taxation system was in the 1960s. Now, instead of revising the tax laws for shipping companies belonging to the Minister of Finance, and instead of passing legislation that will benefit the rich even more, would it be possible, at some point, to sit down and look at what is not working properly in the system?

The Liberals should be aware of the inequalities in the present federal system. So should everyone. I think that, with a subject as serious as the increasing gap between rich and poor, we must stop playing politics and get moving.

In a document by the Department of Finance, it is stated that there are three factors which explain the extent of the advantages high income taxpayers enjoy: first of all, these taxpayers have the necessary resources to make better use of tax advantages; second, some of the major tax expenditures relate to investment income, most of which is earned by this group of taxpayers; third, the higher the taxation rate, the more advantageous the exemptions or deductions. So, like just about everywhere else, it takes money to make money.

● (1930)

It is like the 1980s, when the interest rates were raised to incredible highs. It is at such times that people get into debt. They run up debts and that enriches the—

The Acting Speaker (Ms. Thibeault): I am sorry to interrupt the hon. member, but his time is up.

It being 7.30 p.m. it is my duty to interrupt proceedings and put forthwith any question necessary to dispose of the business of supply.

*Private Members' Business**[English]*

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 (Ms. Thibeault): All those in favour of the amendment will please say ye.

Some hon. members: Yea.

The Acting Speaker (Ms. Thibeault): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Ms. Thibeault): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Ms. Thibeault): Pursuant to order made Tuesday, February 17, 1998 the recorded division stands deferred until Monday, February 23, 1998 at the expiry of the time provided for Government Orders.

PRIVATE MEMBERS' BUSINESS

[English]

POVERTY

Ms. Libby Davies (Vancouver East, NDP) moved:

That, in the opinion of this House, the government should set targets for the elimination of poverty and unemployment, and should pursue those targets with the same zeal it has demonstrated for targets to reduce the deficit.

She said: Madam Speaker, I am very pleased to speak to the motion I have introduced in the House. I would like to spend a moment to tell the House why I introduced this motion.

The reason for bringing this motion forward is to open up debate and critical thinking on this issue. If we are truly serious about poverty and unemployment in this country then we have to set a real plan and we have to set real targets in order to ensure that we do actually reduce and finally eliminate poverty in this very wealthy country.

I represent the riding of Vancouver East which has the lowest income community in Canada. My riding has been particularly hard hit by poverty and by unemployment.

For the last two decades Canadians have heard many promises about reducing unemployment and eliminating poverty in ridings such as mine and right across this country. The reality is that none of these promises has been fulfilled, not by a Conservative government and certainly not by the current Liberal government. Instead, the number of people living in poverty in this country has increased and unemployment has remained unconscionably high.

I would like to go back into history for a moment to the year 1989 when the House of Commons unanimously supported former NDP leader Ed Broadbent's motion to eliminate child poverty by the year 2000. That was in 1989.

• (1935)

Now here we are in 1998 and despite what might have been at the time very good intentions of all the members of the House from all parties represented, nothing has changed. In fact, the situation has worsened.

Since 1989 there are now 538,000 more children living in poverty. The number of poor children has grown by 47%. We must recognize that children are poor because their parents are poor. Their parents are usually poor because they are unemployed or they are in a low wage ghetto because our minimum wages are so low or because the jobs that have been created have been part time jobs that cannot support a family at any decent standard of living.

As a result of this, the reality faced by a growing number of Canadian families is that the number of food banks in Canada has tripled and the proportion of the population relying on food banks has doubled. The number of Canadians filing for personal bankruptcy has tripled, which is something that affects small businesses as well as lone business operators. The number of low income persons in 1996 was 40% higher than it was in 1989. That is the tragic record of what has happened in our country since the motion was passed in the House of Commons in 1989.

We must ask ourselves what the root of the question is. At the root of the growing number of people living in poverty is the high level of unemployment. We have heard statistics many times that unemployment is at 9% or higher for 86 consecutive months. We talk about it a lot but it in no way describes the tragedy that is faced by individuals and families, by working people when they feel the devastation of unemployment. This is felt in the family, in the local community, by business, in the school yard, in our community centres, and on and on it goes.

There are 1.4 million unemployed Canadians and 5 million Canadians who live below the poverty line as established by the

low income cut-offs. Of those who are employed, 18.5% have only been able to find part time work.

When it comes to youth the situation is even worse. The official unemployment rate for youth is 16.5%. That does not include young people who have given up looking for work. Even if we use the official statistics, youth unemployment is almost double the unemployment rate for adults. The reality is many young people who manage to find work are trapped in part time jobs that pay minimum wage.

I believe, as do all members of the New Democratic Party, that Canadians who are living in poverty or coping with unemployment should be able to expect support and assistance from the federal government and provincial governments. Instead, we have seen a growing trend of inequality and poverty in Canada. The most disturbing growing trend is poor bashing where government policies zero in and target certain sectors of the community. These policies say in effect you are undeserving, you are going to be put on a work fare program, you are going to be put back on the unemployment roll. That is the kind of mentality that has developed through policies we have seen from the Liberal government.

We have seen cuts to transfer payments for health care, education and social support. The programs announced by the government have only been skin deep and have done little to alleviate high unemployment especially among young people.

Many of the government's own policies contribute to growing inequality, poverty and unemployment in our country. The Bank of Canada's obsession with fighting inflation ahead of all other social issues has cost us thousands of jobs. We have lost something like 100,000 jobs in health care, environmental protection, education and public services as a result of the slash and burn approach of the Liberal government.

This government has gutted our employment insurance system. Unemployed people have a right to expect they can receive a decent income while unemployed.

• (1940)

The reality is that our current unemployment insurance system is now pushing more and more people into poverty. Eight years ago 87% of Canadians who lost their jobs and had paid into UI received benefits. Reports have been tabled in the House and the stories are horrific and shocking that now only approximately 37% of those people who pay into UI will actually receive a benefit.

People who are no longer eligible for employment insurance must now depend on social assistance. Unfortunately that too is becoming more and more of a tragedy. Social assistance as well has not been immune to the savage and violent cuts that have been

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perpetrated by the Liberal government in terms of transfers to the provinces.

The Conservative government's cap on the Canada assistance plan payments cost B.C. and Ontario alone \$9.7 billion. While in opposition, the Liberals criticized the cuts as penalizing the poorest of the poor. Now that the Liberals are in office, they have simply continued the same old story with the same old policies that served to harm and penalize the poorest of the poor.

Between 1995 and 1997, the Liberals used the introduction of the Canada health and social transfer to slash federal funding for social programs by \$2.8 billion.

Let us turn to education for a moment as another example of the growing inequality we face. We have heard a lot of debate in the House today about the announced millennium fund. However, the amount of money that is being cut from post-secondary education, more than \$2.29 billion by the Liberal government in transfer payments, has had an incredible impact and is a growing crisis within our post-secondary educational facilities.

Under the Liberals post-secondary education has become a debt trap for students. The average student debt is now \$25,000. Even the prime minister, in speaking to the Canadian Club, acknowledged that too many young people cannot afford to attend university or college anymore. Tuition fees have increased by 45% since the Liberals took power. Again, much of this is due to the cuts in federal funding.

Mr. Martin and his so-called fiscal responsibility has been carried out—

Mr. John O'Reilly: Madam Speaker, it is the tradition in this House to not call members by name. I would ask, in your vigilance, Madam Speaker, that you not allow people speaking to call members by name but only by riding.

The Acting Speaker (Ms. Thibeault): I must remind the member to please adhere strictly to that rule.

Ms. Libby Davies: Thank you for the reminder, Madam Speaker. As a new member of Parliament, it is something that takes a while to get use to. I appreciate the reminder and will continue with my remarks.

The finance minister has slashed \$2.29 billion from post-secondary education. What this means is that by the year 2000 colleges and universities will have lost \$3.27 billion due to Liberal policies. That is unconscionable, especially when we hear the hypocrisy that comes out of the mouths of Liberal members who profess to be concerned about the future of young people in this country. We need student aid today, not in the year 2000, not a millennium fund and not a scholarship fund. We need a national grants program and a tuition freeze.

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If the Liberal members truly care about the future of young people and about poverty in this country, this motion is something that should be critically debated and acted on to show that we are serious about that commitment.

Instead of meaningful assistance, those who are on social assistance are caught up in a cynical public relations game.

In December 1997 the Minister of Finance described child poverty as a priority. However, based on the actions of the government to date and as the evidence shows, child poverty has not been a priority. It has been rhetoric. Child poverty has been increasing.

• (1945)

We have heard a lot of talk about the national child benefit but we all know that when the finance minister presents his budget next week he will be announcing the national child benefit for not the first time, not the second time, not the third time but the fourth time. Meanwhile poor kids in this country and their families have not seen a dime in terms of improved circumstances to relieve the poverty stricken measures that they live with in their local communities.

Whenever the Liberal government is called to account for this government's appalling record on poverty, it tries to hide behind the national child tax benefit. With these repeated announcements and exaggerated claims by Liberal ministers the fact is the truth is coming out that not one thing has changed. As I have pointed out in this debate tonight the situation has worsened.

The announcement by the Liberals on the child tax benefit does not even come close to making up for the 40% cut in federal transfers to social services and other programs since the Liberals took office.

Anti-poverty groups in this country have been outspoken. They have made it very clear that the \$850 million that has been announced so many times is simply not enough to deal with even the limited program that the federal government has announced. And it does not apply to those on welfare.

It is important that we address and lay out clear and meaningful targets for the elimination of poverty and reducing unemployment. In the upcoming budget I believe there is a critical question that each of us has to ask ourselves. That is, will the measures that are outlined in the budget eliminate poverty, will they reduce poverty and unemployment or will they increase the growing inequalities that we have seen?

I would like to point out that there are good alternatives we can look to. An alternative federal budget was put together and presented by a group in Winnipeg, Choices and the Canadian Centre for Policy Alternatives. It lays out in a much better way than what the finance minister has done in all of his years of dealing with this, very clear choices and targets that we can systematically

move toward to reduce unemployment and poverty if we have the political will and if we have the fortitude to speak out. We must call for things like fair taxation and minimum wages, and for ensuring that the massive profits of the banks are reinvested in our communities.

I believe that we must set national targets. We must embark on a national housing program. What better program could we have to reduce unemployment, to pay people decent wages and also to fulfil a social need? That is a program for people who are living in inadequate housing.

I would urge the members of this House to take this motion seriously. I would also seek the unanimous consent of the House to have this voted upon.

The Acting Speaker (Ms. Thibeault): Does the hon. member have the unanimous consent of the House?

Some hon. members: No.

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Madam Speaker, I am pleased to have this opportunity to debate the hon. member's motion. In the words of her motion the hon. member for Vancouver East is asking that the Government of Canada "set targets for the elimination of poverty and unemployment and should pursue those targets with the same zeal it has demonstrated for targets to reduce the deficit".

I would like to assure the hon. member and all members of this House that the Government of Canada is responding to the challenges of poverty and unemployment with innovative and effective policies.

I am sure the hon. member realizes that reducing the deficit, as Canadians say we should do, is helping to create a stable economic environment for private sector growth which in turn helps create jobs and reduce poverty.

The Minister of Finance has made it clear that future dividends from deficit reduction will be distributed to reduce the national debt, to reduce the tax burden and to invest in new programs.

• (1950)

We know that too many people are unemployed and struggle to make ends meet. We are sensitive to the plight of Canadians who are doing their best to provide for their families. In this regard we do have a number of effective programs that are designed to move on in the right direction toward reducing points of unemployment.

That being said, I believe it is important to stress that shared responsibility is the key to helping people return to the labour force and alleviate poverty. The Government of Canada cannot shoulder this responsibility on its own. Provinces, businesses, individuals, the labour movement, community agencies, everyone needs to contribute.

We emphasized shared responsibility once again in last fall's Speech from the Throne. We are prepared to work with the provinces and territories to develop a Canada-wide mentorship program. We are prepared to work with the private sector to better forecast the number and types of jobs available in the future and then jointly develop a plan to ensure that young Canadians are qualified to fill those jobs.

On poverty we are already working with the provinces on the national child benefit system.

Let me first address the issue of unemployment. The government's contribution is to help by setting the right fiscal environment, supporting learning, making available up to date information and facilitating sectoral based partnerships. Our strength is in giving Canadians more options to pursue employment. I am thinking of the ways in which we promote labour mobility so workers can take advantage of job opportunities across the country.

Hon. members will be familiar with the saying "an ounce of prevention is worth a pound of cure". That is the philosophy behind the formation of sectoral councils that bring together employers, workers, educators and governments to address human resource needs before they become problems. These initiatives are showing concrete results.

Some 370,000 new jobs were added to the economy in 1997 and the unemployment rate declined steadily in 1997. According to the Organization for Economic Cooperation and Development, Canada is expected to have the fastest growth among G-7 countries in 1998. Since this government was first elected there are over one million more Canadians working.

I believe our new employment insurance program is designed to get unemployed workers back into the labour force. As part of the new employment insurance we are investing \$800 million more in active employment measures for a total investment of \$2.2 billion by fiscal year 2000-01. As well we have a \$300 million transitional jobs fund designed to create 40,000 permanent jobs and productive partnerships in areas of high unemployment.

All members of this House are concerned about the high rate of youth unemployment. Again in co-operation with our partners the government is tackling that challenge with renewed vigour. Our youth employment strategy builds on some \$2 billion in Government of Canada programs. It helps Canada's young people make the often difficult transition from school to work and land that all important first job.

For example, perhaps the hon. member has heard of the youth employment strategy project in Vancouver where this past spring a number of young people created a healthy living space for both seniors and youths. For over six months the group constructed a rooftop garden at the Vancouver General's Banfield Pavilion which is a long term care facility for seniors. As well they designed a rooftop garden at VanCity Place for Youth. When the project was

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completed, several participants began providing horticultural therapy for residents at the Banfield Pavilion.

In the future we will increase funding and expand programs under the youth employment strategy. Since a sound education is crucial in today's knowledge based economy, we will ensure that post-secondary education is accessible and affordable. For those young people who lack education and have inadequate skills, we will assist them by further developing community based programs.

• (1955)

Of course in a changing economic environment it is essential that we all upgrade our skills and think in terms of lifelong learning.

The hon. member's motion also calls for the elimination of poverty. The initiatives I have just mentioned, which result in sustainable employment are the most effective way to eliminate poverty.

The government is also addressing the horrendous problem of child poverty. For the member to continue to suggest that this government has not made this a priority, the fact is it has been made a priority. The provinces are now working with our government very closely in order to deal with this blight on our society. We are determined to do everything possible to eliminate it.

In the February 1997 budget the Government of Canada committed \$850 million to create an enriched child tax benefit. The new investment will give much needed support to 1.4 million Canadian families and will help more than 2.5 million children. In June the Minister of Human Resources Development and his provincial and territorial counterparts reached agreement to establish a national child benefit system.

In the Speech from the Throne we promised to at least double the \$850 million investment over the course of our current mandate. This will bring the total Government of Canada investment in the well-being of our children to almost \$7 billion per year.

The government's commitment to provide more income support for low income families will enable our provincial and territorial partners to redirect savings in social assistance. Those savings can go into complementary programs and services with the goal of helping welfare parents become employed. This is the basis for the national child benefit system.

Building on this collaboration last January, we agreed to work with the provinces and territories to develop the national children's agenda. This will be a broad, comprehensive strategy to address the developmental needs of Canada's children.

As part of the agenda the Speech from the Throne announced three new federal initiatives. In addition to the national child benefit system, we will develop indicators to measure and report on children's readiness to learn. We will expand the aboriginal head start program for First Nations children on reserves and we will

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establish centres of excellence for children's well-being to help us better understand children's needs.

In closing, I would say to the hon. member that there is no magic means of eliminating poverty and unemployment. What is needed are concerted efforts from all concerned, including members of this House. I encourage the hon. member and her party to work with the government on constructive ideas to meet these challenges. In that manner we will be serving all Canadians.

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Madam Speaker, it is a pleasure to speak in debate to the hon. member's private members' motion. These are initiatives that all members of the House have the opportunity to take when they feel that an issue is important enough for them to bring forward in their own private members' bill. I would like to commend the hon. member for taking advantage of the opportunity that members of Parliament have to bring issues forward for debate and consideration by the House.

The hon. member is concerned about unemployment and poverty and wants to see something done about that. I think there would be no one in this House who would not applaud and agree with the member's concern that in this wonderful and rich country of Canada we do not have citizens living in poverty, nor citizens who are unable to find a job and have a steady income with which to provide for themselves, for their families and for their future.

The intent of this motion is one I think with which this House agrees. I think the reason and the point of the debate is to address these concerns, to examine them and also to talk about some solutions.

First of all, the motion provides that the government set targets for the elimination of poverty. It also provides that the government set targets for the elimination of unemployment.

• (2000)

There are two things to say about this part of the motion and I would like the hon. member to consider them carefully. One is just some practical observations. Elimination of poverty should be considered in the context of opportunity to make sure that a person is not in impoverished circumstances. Those are opportunities that individuals must take advantage of themselves.

There are cases where poverty cannot be eliminated because sometimes the choices of individuals not to take advantage of opportunities cannot be eliminated. I would suggest wording that is this sweeping and this inclusive is not very realistic in light of human nature and in light of the fact that a minority of people may

not be able to take advantage of opportunities that ought to be there but, even if they are, are not capitalized on.

The same holds true for the elimination of unemployment. I recommend to the hon. member that the motion would read better if it included setting a target to ensure that every Canadian had the opportunity to have a reasonable standard of living, an adequate and comfortable standard of living, and to have employment. That would be a more reasonable and a more realistic target.

Another difficulty with this portion of the motion is the hon. member's statement "the government should set targets". This suggests that government is the agency through which poverty and unemployment should be eliminated or, as I have suggested, addressed.

I would argue that the member might want to consider that it is not government particularly that creates unemployment or employment. Government is not the agency by which these issues can be totally addressed. There are other agencies or other entities involved in this whole area. Individuals and their choices, job creators, investors, business people and entrepreneurs are very much involved in the whole area of employment.

Government being the whole entity, the whole vehicle or the whole answer is a very serious fallacy. We have seen that the state as nanny has not worked in many countries around the world. The state as the total agency for central planning, management of the economy and management of employment has failed miserably in eastern European countries and other countries where a total government system was in place.

When addressing these very serious, very real and very heartfelt concerns on the part of Canadians, the member would do well to recognize that the agency of government is not the whole answer. She would do well to remember that.

I am a little bemused the motion says that government should set targets and pursue them but does not say what measures should be taken to reach those targets. Setting targets and pursuing them is nice if they are realistic targets, which I suggest these are not, but also there have to be some practical measures to reach the targets.

I will talk about this a bit later, but I must say the hon. member did a wonderful job of pointing out the real lack of opportunity for Canadians to rise above poverty and to make sure there were adequate resources for themselves and their families. She made a very excellent case for Canadians who are not able to have employment opportunities that are needed and desired. However she failed to spend almost any time—she just barely touched on them—on measures which could actually achieve the goals the member sets out.

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• (2005)

It is nice to define the problem. It is nice to expand on the problem. It is nice to underline the problem. It is nice to complain about the problem. It would be a lot more helpful to the people involved if we as leaders and legislators actually laid out a plan of action to address the problem in a substantive way.

Rather than spending 18 minutes on the problem and 2 minutes on what we can do about the problem, it might be better to spend 2 minutes on laying out the problem clearly and practically and 18 minutes on what we might do to address the problem. We have to put a framework around what we are talking about. I have attempted to do that.

I would like to move on to what I believe would be helpful in addressing the problem of ensuring that Canadians have opportunities so they will not live in impoverished circumstances and will not be unemployed. I do not think there is any Canadian who wants to be in these circumstances. Nor do I think there is any Canadian who thinks this is acceptable.

I want to talk about the whole area of job creation and employment. The hon. member referred to the alternative budget put out by the Canadian Centre for Policy Alternatives and Choices. It is a very interesting document. The document recommends such popular measures as ending the capital gains exemption on family farms and small businesses. In other words, if someone has a capital asset and it gains in value, that gain should be taken away according to the alternative budget. I am not quite sure how that will help families and business people.

It recommends carbon taxes. It recommends a huge tax on banks, which will simply drive service charges through the roof. It recommends personal income tax rates should be increased. How are families supposed to not be impoverished if their money is taxed away from them when they manage to get some?

The member should be looking at measures that will give us less government spending and take less of our resources so that we have more to provide for ourselves and our families and more to expand business opportunities. We need lower taxes and less government intervention and over-regulation of businesses so that opportunities can be created.

We do not need to do some of the things the NDP is consistently suggesting. We need new measures to bring real prosperity to the country.

I recommend that to the member. I commend her for her motion and wish her well in achieving these goals along with the rest of us.

[*Translation*]

Mrs. Christiane Gagnon (Québec, BQ): Madam Speaker, I would like to thank my colleague from Vancouver East, who by

introducing this motion, has enabled me to participate in today's debate and to speak to a subject that I hold dear and that is of concern to the Bloc, namely the increase in poverty.

The motion by the member of the NDP proposes that the government set targets for the elimination of poverty and unemployment and that it should pursue these targets with the same zeal it has demonstrated for targets to reduce the deficit. The Bloc Québécois has no disagreement with the aim of this motion, but we would point out that the means proposed to fight poverty must respect provincial jurisdictions. We do not want flowery speeches on poverty, but action when we have the means to change things.

That is why I would like to point out today that the very same Liberals, now in government, criticized the government of Brian Mulroney in the 1993 elections for systematically weakening the social safety net. This is what the red book says. They accused the Conservatives of cutting hundreds of billions of dollars in health care and assistance to children, seniors and the unemployed. These fine words come from the red book of the Liberal Party, while it was in opposition.

• (2010)

It looks a lot like the criticism levelled at the present Liberal government. Since the Liberals have been in government, few specific measures have been taken to slow the rise of poverty in Quebec and Canada. Worse yet, despite its election promises, the current government refused to unleash a vigorous fight against poverty and to a large extent it has weakened measures taken by Quebec.

Tom Kent, one of the main architects of social programs under the Liberal government of Lester B. Pearson, is very critical of this government, accusing it of being largely responsible for the cuts in health and social programs in the provinces.

A few days before the Minister of Finance brings down his budget and with the little time we have, I would remind this House of what the government refused to do to improve the situation of the most disadvantaged and what the Bloc proposes in order to really fight poverty. The situation is not as rosy as the Liberal members in this House would have us think.

We strongly encourage the Liberal government to stop wandering about and to drop its obsession with looking after its own visibility before the interests of taxpayers. Otherwise, it will have to face strong opposition from the Bloc Québécois MPs.

There must be a proper strategy for dealing with the problem of poverty. The provinces need to have the necessary funds to put into place measures tailored to their realities, which may differ from one context to another. Is it too much to ask for this government to respect the need while respecting jurisdictions?

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What the Bloc is proposing first of all is that the amounts that were taken away from the provinces for social transfers be paid back. It is all very fine for the Liberals to boast that their cuts are over now, but I would like to remind them this evening that the cuts to health, education and social services cost the provinces more than \$6 billion a year, and will do so until the year 2003, for a total of \$42 billion.

To illustrate the unprecedented impact of these cuts, we need only remember that, in Quebec, out of every dollar cut from health, education and social assistance by the National Assembly in 1994 and today, approximately 75 cents are the result of the downloading done by the federal Liberals.

Clearly put, Quebecers must realize, and we cannot ever repeat it too many times, that it is through their efforts in recent years that the federal deficit was eliminated, as the Minister of Finance boasts.

Before starting up its spending again, it is imperative for the federal government to reimburse the provinces. This is why we are proposing that, to cancel out the effect of the cuts there have been since 1993, the government need only restore to the provinces tax points equivalent to 25% of the forecast surpluses for the next two years.

If the federal government gave the provinces \$2 billion in tax points in 1998-99, and an additional \$4 billion for 1999 and 2000, they would end up with the same amount of money they were getting at the start of the Liberals' term in office, when they were elected in 1993.

In the next budget the government will be tempted to make new expenditures, once again in the jurisdiction of the provinces. We therefore encourage the Minister of Finance to resist such temptation, but we know he will not.

In the 1997 throne speech, the federal government clearly announced its intention to create programs for children and young people in the areas of health, education and social policy. Should we applaud that? Not yet. The federal government is talking about looking after home care, community services, strategies for youth, bursaries, pharmacare, ways to interest young people in science, a national school nutrition program, Canada wide benefits for poor children, a Canadian foundation for innovation, and a partridge in a pear tree. All provincial jurisdictions.

It would be unspeakable for the government to use some of the savings from transfer cuts for hospitals, schools and social assistance to increase its visibility while putting its stamp on areas of exclusive provincial jurisdiction.

• (2015)

A number of representatives from different milieux are very critical of this government's approach. Its centralizing attitude without regard for the provinces has but one aim: to show it off in the best light and thus justify its existence.

Viewers must be wondering why the Bloc Quebecois is making such a kerfuffle over reimbursement of social transfers to the provinces. The reason is simple: the government's cuts to the transfers considerably hamper the establishment of real social policy.

Quebec already has policies in these areas. The Quebec government released its white paper on family policy in 1997. The Premier of Quebec emphasized that economic recovery had to be achieved through a better coalition of labour and family, through more equitable policies and more work incentives. A true redistribution of wealth and a genuine effort to combat poverty must place the focus on children and their families.

Some hon. members: Oh, oh.

Mrs. Christiane Gagnon: You would do well to listen, sir. When you were in opposition—

The Acting Speaker (Ms. Thibeault): Order please. I must ask the hon. member to please put her remarks to the Chair and not to colleagues across the way.

Mrs. Christiane Gagnon: Madam Speaker, I would like to put my remarks to you, but I am being addressed from the opposite side.

Some hon. members: Oh, oh.

Mrs. Christiane Gagnon: They would like to throw me off, so that I will not speak about the way the government is fighting poverty, but I will go on.

In six years, the cost of these new measures undertaken by the Government of Quebec will require \$235 million on top of what the Government of Quebec now spends on the family.

I urge members of the House to consult this white paper. They will be able to see how Quebec is better placed than the federal government to intervene in family policy. I must point out that the proposed policies will benefit all families, particularly those with low incomes.

This is why it is so important that we recover the amounts paid under the Canada social transfer so that we can implement real strategies, so that we can stop making the mistake this government is making of having no policy on poverty.

The Bloc Quebecois will therefore continue to call for full indexing of tax levels, personal exemptions and credits for GST, medical expenses and child tax benefits. Furthermore, \$2 billion is now needed for the child tax benefit, and not the mere \$850 million being touted by the Minister of Human Resources Development.

Two billion dollars must be invested now to help children. If there had been real tax benefits, the goals would already have been reached, but now, we are lagging behind. The federal government is missing the boat on poverty.

[English]

Mr. John Herron (Fundy—Royal, PC): Madam Speaker, it is with pleasure that I speak this evening to Motion No. 133 as put forward by the New Democrats.

I must compliment the New Democratic Party for submitting this motion which reads:

That, in the opinion of this House, the government should set targets for the elimination of poverty and unemployment—.

From 1993 to 1997 this House lost some of its social consciousness which was provided to a large degree by the New Democratic Party. I think we have a stronger and healthier Parliament since the return of the NDP which can now speak to these issues. I do not think there is a member in the House who thinks child poverty is funny. Individuals in this country are unemployed.

Statistics can describe the unemployment rate and the child poverty rate in Canada, but the big issue for many families in this country, whether they be from Atlantic Canada, British Columbia, the north or elsewhere, may not necessarily be the political philosophy they follow. It may actually come down to the issue of whether they have milk in their fridge or whether they actually have bread in their cupboard. Those are the greater issues for which we are here. It is a higher calling than actual political rhetoric.

• (2020)

There is an adage in business that is used quite often. It is what gets measured gets done. What the New Democratic Party wants to do with this motion is challenge the government to set benchmarks with respect to unemployment, challenge the government with respect to child poverty.

It was brought up by one of the hon. members of the NDP earlier that the poverty rate in Norway, a country I have been too as well, is such that it essentially has no child poverty and it is directly connected to its unemployment rate which is quite low as well.

I would advocate that children are not poor necessarily, it is their parents who are poor. Children are poor because their parents are poor. They do not have a job. They do not necessarily have the economic means to provide for their families, provide for their children to seek post-secondary education. It is those very issues which are our duty and responsibility as legislators to address.

We believe for too long, for over a decade, Canadians have not had any increase in disposable income. In fact, Canadians now

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earn 6% less after taxes than they did in 1990. Canadians are poorer than they have been in a decade.

I cannot fathom, and I know my colleagues in the NDP as well cannot fathom, why we tax individuals who only make \$9,000 a year. What we believe is our economy needs a plan for growth. We need to ensure that we have more individuals participating in the economy to have a better standard of living than they are experiencing now. We need to create more growth in the economy so that more individuals can participate and have a decent standard of living.

That is why earlier today the leader of the Conservative Party and our finance critic, the hon. member for Kings—Hants, tabled a plan for growth. Within that plan for growth there are initiatives that will help those individuals most in need. One of the things we want to do is raise the personal exemption on an individual's income tax form from \$6,500 to \$10,000. It would take two million Canadians off the tax rolls overnight. Those are two million Canadians who simply should not have been there in the first place. Because we have not indexed the personal exemption on income tax forms, today we have 500,000 Canadians paying tax who did not in 1990.

Another initiative we want to put forward in order to stimulate the economy and to help those in need is tax relief with respect to payroll taxes. It has been proven time and time again by economists that if there is one kind of tax that has a most negative effect on creating jobs it is that of payroll taxes. The reason we are having this debate about a fiscal surplus or a fiscal dividend is this government takes in nearly \$6 billion more in the EI fund than that program actually consumes. That is what is responsible for the surplus.

We have balanced the budget on the backs of Canadians and unfortunately on the poorest Canadians in that regard. We want to make sure the EI fund is sustainable. The chief actuary for the government points out that although the EI payment is \$2.70 per \$100 of insurable earnings, it is sustainable at \$2. I know the hon. member for Compton—Stanstead understands that as well.

• (2025)

Two dollars for every one hundred of insurable earnings would put \$6 billion back into the economy. The other thing it would do is stop taxing every new job that we create.

Another thing we put forward earlier today in our plan for growth, and I think my hon. colleagues in the NDP will be receptive to this, was with respect to the child tax credit. For too long it has not been indexed to inflation. What happens is we take money away from the poor families that need the money.

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We have to challenge ourselves. The intent of this motion is to measure our success. The NDP should be applauded for bringing forth such a motion.

What this government is not willing to accept at the moment is that we have had unemployment above 9% for well over 80 months. That is the longest single stretch of high unemployment since the depression. What the economy needs is a plan for growth through less debt, less tax and more jobs.

In conclusion, we need to ensure that we challenge the government to raise the personal exemption from \$6,500 to \$10,000 and take those 2 million people off the tax rolls overnight.

There is another social cost here which has a very negative effect on our economy overall. I said during my campaign in Fundy—Royal that for too long Atlantic Canada's best export has been our best and brightest young people.

Unfortunately it is not only an Atlantic Canadian phenomenon. Some of our best and brightest are now seeking opportunities in the United States. Why? There are those who have been successful enough to get a university degree who are now seeking opportunities in areas where they do not necessarily have a chance for employment. They end up going to the United States. They do not have to pay for the last 30 years of overspending, mom and dad's spending binge. They will be taxed less and they will have more opportunity.

What we need to do is ensure that more individuals have a chance to participate in the economy by growing the economy through less debt, less tax, more jobs and more opportunities. Above all we need to help those most in need, those in the margins of society. That is why we want to take 2 million people off the tax rolls overnight.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Madam Speaker, my colleague has just been saying that the labour movement ought to be involved throughout the entire process, so as to create youth employment.

I am pleased to hear that, on the other side of this House, the Liberals realize that there is a labour movement here in Canada, that they are prepared to talk to them, unlike the former Minister of Human Resources Development, who said that if he met the president of the CLC in the desert after wandering about for 2 weeks, he would not even drink a glass of water with him.

At last they are beginning to acknowledge that there is room for the labour movement, that it can discuss with government and employers to create employment.

Not long ago, I was talking with the people at a food bank in my riding. They told me "It would be nice if they came to visit, come to see how well we are operating. Even though there is nothing to get excited about, as the fact we exist is no reason to rejoice".

There is no reason to rejoice when we have food banks just about on every corner. There is nothing to rejoice about when, in the past, a person could walk the streets of Montreal and not see all those people—

[*English*]

Mr. Paul Szabo (Mississauga South, Lib.): Madam Speaker, I rise on a point of order. In view of the fact that the House is scheduled to adjourn at this time, I wonder if you would seek the unanimous consent of the House to extend the time by two minutes to allow the member who moved this motion an opportunity to reply before the House adjourns.

The Acting Speaker (Ms. Thibeault): Does the hon. member have the consent of the House?

Some hon. members: Agreed.

• (2030)

Ms. Libby Davies (Vancouver East, NDP): Madam Speaker, I would like to thank the members of the House for consenting to a further few minutes to conclude this debate.

I only regret that we could not have a longer debate beyond the designated time. I feel if we could have had some more debate in this House, we would have had an interesting dialogue and exchange of ideas about this motion that is before us today.

I listened very carefully to the members from the other parties in the House in terms of their response to this motion. I would like to say that while I hear the Liberal members say that they are sensitive to the plight of poor Canadians, I really believe that the programs that have been put forward by the Liberal government are very superficial and do not even begin to address the damage that has been done since 1993.

The hon. member from the Liberal Party spoke about the child tax benefit as being a positive sign that things are improving. However the reality is that if this is an anti-poverty measure, why does it not apply to people who are on social assistance? Why will the child tax benefit not be fully indexed? If it was an anti-poverty measure, it would be.

In my riding we had a round table on youth unemployment. One of the concerns was brought forward by young people themselves. Because many of the government programs are not sustained and because they do not have a continuity in terms of training and moving people into good paying jobs, young people become very frustrated. They get into a program, it ends and before they know it they are back on the street or they are back in the unemployed lines.

The issue before us today is to set timetables, to set targets for a full employment strategy. I believe this can be accomplished if the government is seriously committed to it by a program of fair

Private Members' Business

taxation, by a national housing program, by encouraging the provinces to adopt a minimum wage that is liveable, by ensuring that welfare rates are above the poverty line, and by reducing student debt.

We have not talked about the issues raised by the Royal Commission on Aboriginal Peoples, where we see the greatest poverty in this country.

I believe that these are things that can be done by the House.

The Acting Speaker (Ms. Thibeault): The time provided for the consideration of Private Members' Business has now expired and the order is dropped from the order paper.

[*Translation*]

It being 8.32 p.m., the House stands adjourned until 10 a.m. tomorrow, pursuant to Standing Order 24(1).

(The House adjourned at 8.32 p.m.)

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