



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, March 10, 1998**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Tuesday, March 10, 1998

The House met at 10 a.m.

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*Prayers*

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• (1005)

[*English*]

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## POINTS OF ORDER

### BUSINESS OF THE HOUSE

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I believe you would find unanimous consent for the following that I would now put to the House.

I know we are immediately dealing with the motion of the member for Pictou—Antigonish—Guysborough and I understand that after the Hon. Leader of the Opposition has spoken and one representative from the Bloc Québécois that the following order would take place.

I move:

1. That the business taken up this day under government orders be consideration of the budget;
2. That immediately after the aforementioned business, all questions necessary for the disposal of the motion of the member for Pictou—Antigonish—Guysborough for a reference to the Standing Committee on Procedure and House Affairs shall be put without further debate or amendment;
3. Immediately thereafter there shall be no proceedings pursuant to standing order 38, but a motion to adjourn shall be deemed to have been proposed and shall be debated no more than three hours, during which time members may speak on economic affairs for no more than ten minutes each, provided that no quorum calls, dilatory motions or requests for consent to propose any other motion may be received, provided that at the end of three hours or when no member rises to speak, whichever is earlier, the motion shall be deemed to have been adopted.

The changes from two hours to three hours is a small amendment to the draft I circulated to colleagues.

Just to further elaborate, this would mean that the vote on the motion proposed by the hon. member for Pictou—Antigonish—Guysborough, would be taken at 6.30 p.m. this evening, prior to

the adjournment debate, that I mentioned would actually take place.

I believe you would find consent for that, Mr. Speaker.

**The Speaker:** Does the hon. minister have permission to put the motion?

**Some hon. members:** No.

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

\* \* \*

[*English*]

### COMMITTEES OF THE HOUSE

#### SCRUTINY OF REGULATIONS

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the second report of the Standing Joint Committee on Scrutiny of Regulations concerning sections 56 and 57 of the Royal Canadian Mounted Police regulations, 1988.

It is the view of the joint committee that these regulations do not conform to our scrutiny criteria, Nos. 2, 9 and 12. Our concerns relate to the constitutionality of these regulatory provisions.

\* \* \*

• (1010)

### PETITIONS

#### PUBLIC SAFETY

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I have the honour to present a petition signed by a number of Canadians, including in my own riding of Mississauga South.

The petitioners would like to draw to the attention of the House that police officers and firefighters are required to place their lives

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at risk on a daily basis and that when one of them loses their life in the line of duty, employment benefits do not often provide sufficient compensation to their families and also that the public mourn that 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.

## PRAYERS

**Mr. Eugène Bellemare (Carleton—Gloucester, Lib.):** Mr. Speaker, I have the honour to present to this house a petition circulated by Iftikha Chan and members of the Islamic society of Cumberland.

This petition calls for the President of the Treasury Board to direct all federal departments and agencies to set aside space in the workplace for obligatory prayers for Muslims.

## NATIONAL DEFENCE

**Mrs. Claudette Bradshaw (Moncton, Lib.):** Mr. Speaker, I rise in the House today to present a petition on behalf of Rudi Saueracker, a constituent who resides in Dieppe, New Brunswick.

This petition urges the federal government to officially recognize the efforts of Canada's approximately 4,000 military members who served in the war and the gulf war instead of special duty area, Persian Gulf.

\* \* \*

[Translation]

## QUESTIONS ON THE ORDER PAPER

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, Question No. 60 will be answered today.

[Text]

Question No. 60—**Mr. Greg Thompson:**

Has the sale of Dunhill cigarettes been prohibited under section 27 of the Tobacco Act and if not, why?

**Hon. Allan Rock (Minister of Health, Lib.):** Section 27 of the Tobacco Act prohibits the furnishing or promotion of a tobacco product if any of its brand elements is displayed on a non-tobacco product that is youth or lifestyle oriented.

Rothmans, Benson & Hedges Inc. has been advised by Health Canada that the link between Alfred Dunhill non-tobacco products and Dunhill cigarettes is under review. The department has also informed the company that it may continue to distribute Dunhill tobacco products during this review. This approach follows the tobacco compliance policy which is consistent with compliance

policies for other acts that are the responsibility of the Minister of Health.

[Translation]

**Mr. Peter Adams:** Mr. Speaker, I would ask that the remaining questions be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

\* \* \*

[English]

## HOUSE OF COMMONS

## STANDING COMMITTEE ON PROCEDURE AND HOUSE AFFAIRS

The House resumed from March 9 consideration of the motion.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, I rise to speak against the motion before the House, against the very idea that an MP should be censured in any way for proposing that the Speaker resign, and against the spirit of partisan pettiness that would even inspire such a motion as the one before us.

While I am at it, I also rise to speak against any ruling that would curtail the use of the Canadian flag or the singing of O Canada in this House and against the spirit of timidity and fearfulness that would even contemplate such a ruling.

To put it more positively, I rise to speak in favour of freedom of expression as guaranteed by section 2(b) of the Canadian charter which includes freedom to fly the Canadian flag, freedom to sing the Canadian national anthem and freedom of speech for members of Parliament inside and outside this House.

Let me briefly recount the series of incidents that brought us to the point of this ridiculous motion. A member of the Bloc Québécois, a party dedicated to the break-up of Canada, travelled to the Olympic Games in Japan at Canadian taxpayers' expense. While there she publicly complained that there were too many Canadian flags on display.

Presumably, had these games been held in a separated Quebec, there would have been flag police to prevent such an exaggerated expression of patriotism, but fortunately these games wherein flag police exist are neither in Japan nor Canada. In any event, the member returned to this House of Commons and, exercising her right to freedom of expression as guaranteed by the Constitution of Canada, which the Bloc does not recognize, she rose to ask a question.

If the hon. member had been rising in the French National Assembly after insulting the French flag on foreign soil, she would have been booed and hissed out of the chamber. But this is Canada, the land of extreme moderation, the land of extreme tolerance, the land where we are all irrevocably, irredeemably nice.

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So the member is greeted not with boos and hisses but by a positive greeting from MPs waving Canadian flags and singing the national anthem, on key and in both official languages, so as not to be accused of being either musically or politically incorrect.

● (1015)

The member and her Bloc colleagues should have taken it all in stride, perhaps laughing it off and moving on. But no. Besides being devoid of any sense of Canadian patriotism or Canadian nationalism, the separatists, like the socialists, are also devoid of a sense of humour. Instead of tolerating, even celebrating, such an expression of freedom of expression, the Bloc House leader demanded that the Speaker of the House rule against the displaying of Canadian flags on the desks of Canadian members of Parliament.

Naturally the vast majority of members of the House were enraged at even the prospect of such a ruling. They find the very idea that a House, which imposes no limits on the Bloc's freedom to advocate the destruction of the country, would impose a limit on the freedom of Canadian federalists to express their commitment to Canada by flying the flag and singing the anthem.

The hon. member for Elk Island, as all members know, is one of the most affable and friendly members of the House. There is not a mean bone in his body. He is a nice man, in the best sense of the word nice. The member for Elk Island is also a Canadian patriot. He expressed the view, as members are free to do, that any Speaker who ruled to curtail the singing of O Canada or the displaying of the flag in the Canadian House of Commons could very well find himself unsupported by a majority of the members of the House, of whom he is the servant.

The Bloc House leader, whose very party represents a threat to the integrity of Canada, professes to see in these remarks a threat to the integrity of the House. Who would believe that someone who cares nothing about threatening the integrity of a country really cares at all about threats, real or imagined, to the House?

Then, to top it off, the House leader of the fifth party, the ragtag remnant of the once great Progressive Conservative Party, the same party that voted with the Bloc against application of the rule of law to the issue of secession, moved not a motion in support of freedom of expression in the House, not a motion in support of singing the national anthem, not a motion in support of the flag, but a motion that would send the words of other more patriotic and forthright members to a committee for censure or discipline.

We have asked before, and we ask it again because it is relevant, why it is that some members of the House are embarrassed and offended for the wrong reasons. Why are some members embarrassed or offended about things over which there should be no embarrassment and not embarrassed or offended by things which

should cause them to blush? In other words, why does the House blush when it ought not to blush and fail to blush when it should?

In the last parliament the government was embarrassed about the pressure put on the Speaker with respect to his ruling on the official opposition status of the Bloc, yet it was not embarrassed about having a separatist party as the official opposition.

Government members were embarrassed when Reform Party members wore buttons in the House regarding MP pensions but were not embarrassed about the exorbitant pension they gave themselves.

They were offended when the Reform Party questioned the appointment of His Excellency the Governor General but were not offended by the patronage appointments made by their government every day.

They are embarrassed when the Reform Party questions the legitimacy of the Senate, but they are not embarrassed when they continue to appoint unelected, unaccountable senators who are capable of voting down any decision of the House.

The Speaker does not feel that we should be offended when the government continues to mock parliament by implementing legislation before that legislation is passed by the House. Yet he is embarrassed to recognize members with a Canadian flag on their desks because it might offend the separatists in the House.

We are not expected to be concerned over the erosion of our influence in the supply process. We are not supposed to be offended when the House becomes a rubber stamp to an unelected Senate. Backbench members should just get over the degradation of the treatment given their private members' bills. Yet the Speaker is deeply troubled when the House engages in a brief and orderly demonstration in defence of the Canadian flag.

Here we are again today considering whether we should be embarrassed about certain members of the House voicing a strong opinion in support of displaying the Canadian flag in the Canadian Parliament. Yet in the last parliament the majority of Liberal members was not embarrassed by a letter written by a Bloc member to encourage military personnel to join an independent Quebec military.

● (1020)

I ask why it is that the House blushes when it ought not to blush and fails to blush when it should. What are we to think of all this? More important, what are Canadians to think of all this?

I will tell the House what Canadians think. They think it is high time we stopped being so confoundedly nice, that we not take our instructions on when and where to display the Canadian flag or

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sing the national anthem from separatists dedicated to breaking up the country.

Canadians think it is time the Speaker and the traditional parties stop falling over backward to accommodate separatists who want to break up our country and show some patriotic backbone. They think it is time, in the words of the national anthem which we sing so glibly after an enormous amount of pressure from this party to even get it sung in the House, “to stand on guard”: to stand on guard for freedom of expression, not to bend over backward for its violation; to stand on guard for the freedom to fly the flag; to stand on guard for the freedom to sing the national anthem; to stand on guard for these freedoms everywhere in the country including Quebec; and especially to stand on guard for those freedoms in the Canadian House of Commons.

I therefore advise that this motion be defeated; that the Speaker’s ruling affirm, not restrict the freedoms of expression that I have mentioned; and that we then get on with the business of making the country so strong, so united, so prosperous and so great that no one in his or her right mind, including the hon. member, would want to leave.

\* \* \*

**BUSINESS OF THE HOUSE**

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I rise on a point of order. I believe that you would find consent for the motion that I proposed earlier this morning. I am willing to read it again, if it is the pleasure of Mr. Speaker:

1. That, after hearing from the hon. member for Berthier Montcalm, the business taken up this day under Government Orders be consideration of the budget;
2. That immediately after completion of the aforementioned business at 6.30 p.m., all questions necessary for the disposal of the motion of the member for Pictou—Antigonish—Guysborough for a reference to the Standing Committee on Procedure and House Affairs shall be put without further debate or amendment;
3. Immediately thereafter there shall be no proceedings pursuant to Standing Order 38, but a motion to adjourn shall be deemed to have been proposed and shall be debated for no more than three hours, during which time members may speak on economic affairs for no more than ten minutes each, provided that no quorum calls, dilatory motions or requests for consent to propose any other motion may be received, provided that, at the end of three hours or when no member rises to speak, whichever is earlier, the motion shall be deemed to have been adopted.

**The Speaker:** Does the hon. minister have permission to put the motion?

**Some hon. members:** Agreed.

**The Speaker:** The House has heard the terms of the motion. Does the House agree with the terms of the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

• (1025)

**HOUSE OF COMMONS**

## STANDING COMMITTEE ON PROCEDURE AND HOUSE AFFAIRS

The House resumed consideration of the motion.

**Hon. Ethel Blondin-Andrew:** Mr. Speaker, I am proud to stand here today as a northerner, as a Canadian and as a member of the government to speak to what I consider to be a truly balanced budget. After a week—

**The Speaker:** We are on the question of privilege by the hon. member for Pictou—Antigonish—Guysborough. Is that what you are on?

**Hon. Ethel Blondin-Andrew:** Mr. Speaker, I have notes on both. As a member of the House I do not believe I have risen on a question of privilege in almost 10 years.

I find it quite disturbing when I think that Canadians are watching us as members of Parliament. We all have a certain responsibility to uphold the decorum that my colleagues spoke about. When they came to the House of Commons they said they would change decorum in the House because we who preceded them were apparently quite objectionable in our behaviour.

However, what I see being demonstrated here is something that is adding fuel to the fire. It is adding to a sense of intolerance. I am quite disturbed by the fact that a sensitive area is drawing me into this discussion. Members opposite seem to have the—

**The Speaker:** The understanding I had of the deal that was made was that we were going to hear from the Leader of the Opposition and one other speaker. Now I am faced with a dilemma. If the deal has been made then we will go with the deal.

I do not know all the understandings in the House. Would you please sort this out among yourselves for a couple of minutes.

**Mr. Chuck Strahl:** Mr. Speaker, I rise on a point of order. I think it has gone beyond sorting it out among ourselves. The House has passed a motion that the Leader of the Opposition and a member from the Bloc would be speaking next. We would then revert to Government Orders which is the budget debate.

I believe it is not really the opinion of me or you or anybody else in the House. A motion has been passed and we should now be listening to the Bloc member speak to the motion.

**Mr. Peter Adams:** Mr. Speaker, I agree with what the whip of the Reform Party said. I regret any error that has been made on this side. As was agreed, we will listen to the Bloc and then revert to the budget debate.

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**The Speaker:** That is the understanding. We have heard from the Leader of the Opposition and now we will hear from the member for Berthier—Montcalm.

[*Translation*]

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, it is a pleasure to speak following the leader of the Reform Party. After hearing what I have to say, I think Reformers will regret having fought to allow me to speak because there were things mentioned in the Reform leader's speech that need to be clarified. Having done that, I will very specifically address the motion.

The whole argument put forward by the leader of the Reform Party on how parliamentarians should behave in this place rests on his statement that the House ought not to blush over the incident that took place on February 26, when the Canadian flag was waved about and the national anthem was sung in this House. There are rules I will remind him of in a moment.

Perhaps I should start by saying that, if there is one man in this House who ought to blush at his own behaviour, it is certainly the leader of the Reform Party, with the political flip-flops he has been doing since becoming the Leader of the Opposition.

We remember the limousine incident in 1993. In front of the media, he gave the keys back. But what did he do the very next day? He got his party to buy him the limousine, with money raised by his party, which is funded to the tune of 75% by the federal government. He also had his suits paid for by his party.

• (1030)

Recently, he described Stornoway as a bingo hall, and now he is living there and renovating it to the tune of thousands of dollars. If there is anyone in the House who should be embarrassed today, it is the leader of the Reform Party.

On this topic, I have one last point. He mentioned pensions, and said that Bloc Quebecois members had revolted in the House because Reform members wore buttons protesting fat government pensions. I look forward to hearing what Reform members have to say in the upcoming re-examination of the pension system, and to seeing how many of them change their minds and want to opt back into the federal MPs' pension system. I look forward to seeing if these political flip-flops will embarrass Reform Party members.

But the matter raised by a member of the Progressive Conservative Party regarding the events that occurred in the House on February 26, 1998 is much more serious. I think that the House can tolerate politics of all sorts. I think that we can have opposing views on the future of the country, budgets, ways of approaching things, or whatever, but I think that all parliamentarians have one thing in common and that is our democratic system.

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

**Mr. Michel Bellehumeur:** And I urge the Reform members to listen. Perhaps—

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

**Mr. Michel Bellehumeur:** Mr. Speaker, if the members paid attention, they might commit fewer blunders in this House. I would like them to pay attention because, if there is one thing that all parliamentarians have in common—be they Reform, Conservative, Bloc Quebecois or NDP members—it is the democratic system.

We saw this in Quebec, when this vital element, democracy, was raised in connection with the reference to the Supreme Court. There was a huge consensus in Quebec on that democratic right. They criticize, they protest, but nevertheless there is a link between what is going on in the Supreme Court with respect to democracy and what happened here on February 26, 1998.

What were the hon. members trying to accomplish with their actions that day? They were trying to intimidate an MP who had been democratically elected by the people in her riding. Some Reform MPs even mocked us, saying we looked like deer caught in the headlights. They figured they had pulled a good stunt. But what they had done was something extremely significant, an anti-democratic act. They wanted to intimidate and frighten an MP, make her sit down, prevent her from asking the minister a question, and prevent the minister from answering her question.

What is more, when you stood up, Mr. Speaker, they started to sing the Canadian national anthem in order to prevent you from speaking. Two separate acts of collusion between Liberal and Reform members to prevent the Canadian democratic system from operating properly. That is extremely important.

Today, we see them acting outraged by what is going on in this House, yet they are the ones responsible for it. It is not the Bloc's fault if we have lost two days in discussion. It is the fault of Liberal and Reform members, as the Jacob affair was as well.

We must talk about the Jacob case. I expended a great deal of energy and time, both in committee and in this House, participating in debates and examining the legislation and precedents applicable to the situation, because once again an important principle was involved. Reform and Liberal members wanted to put the brakes on a Bloc Quebecois member, to stop him from doing his work, from acting democratically and fulfilling the democratic mandate he had been given. There is a common denominator in all of this. It is always the same. The hon. members today—

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

**Mr. Michel Bellehumeur:** It is hard to hear the truth so early in the morning. Yet—

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

**Mr. Michel Bellehumeur:** Yes, there you are. They are speaking of sedition, of high treason.

• (1035)

Yet, what did the hon. member for Charlesbourg, Mr. Jacob—we can name him since he is no longer a member of this House—say? He simply said that, following a victory by the yes side, and after holding negotiations, members of the Canadian forces who are from Quebec would be allowed to join the Quebec army should they wish to do so. Because a sovereign Quebec would have an army. It might not be like the Canadian army with big tanks, state-of-the-art helicopters and nuclear submarines like those it wants to buy, but Quebec would have its own army. Reform members felt this was high treason, sedition.

**Mr. Yvan Loubier:** Mr. Jacob was exonerated in that case.

**Mr. Michel Bellehumeur:** After weeks of proceedings, of hearings, of listening to experts. It cost hundreds of thousands of dollars to find out that Mr. Jacob had the right to say what he said. He was totally exonerated from the false accusations made by Reformers.

Today, these same Reformers are outraged by what is going on in this House. What are they saying? What did they say? What did some Liberal members tell the media? They directly challenged the decision-making authority of the Speaker of the House of Commons. This is unacceptable.

Reformers would greatly benefit from reading *Beauchesne's* sixth edition. Let me read article 167, on pages 48:

The Speaker as Presiding Officer of the House of Commons

167. The essential ingredient of the speakership is found in the status of the Speaker as a servant of the House. The Presiding Officer, while but a servant of the House, is entitled on all occasions to be treated with the greatest attention and respect by the individual Members because the office embodies the power, dignity, and honour of the House itself.

Some members made statements to the media; no one denies this. Yesterday, I was here during the debate and those who had been accused of making such comments to the media rose one after the other to repeat and expand on what they had said. They went even further. Look at their desks. Reformers still have Canadian flags on their desks. I understand Liberal members were given the word last night.

**Mr. Darrel Stinson:** Yes, you bet.

**Mr. Michel Bellehumeur:** Reformers never cease to amaze me, Mr. Speaker.

The Liberals understood overnight. They slept on it. They put away the Canadian flags. However, the Reform Party, just to

provoke the House a bit more and contrary to your ruling, because you did make a ruling—. Until you rule on the merits, we agreed that no members would have a Canadian flag on their desks or, at least, that you would not recognize them. However, yesterday, some members with Canadian flags on their desks rose in their places and spoke without a problem.

As you can see, Mr. Speaker, in addition to failing to recognize what you represent, they are continuing their provocation today. More importantly, Mr. Speaker, paragraph 168 on page 49 of the sixth edition of *Beauchesne's* provides, and I invite the Reformers to listen attentively:

168. —No member may rise when the Speaker is standing. Reflections upon the character or actions of the Speaker may be punished as breaches of privilege. The actions of the Speaker cannot be criticized incidentally in debate or upon any form of proceeding except by way of a substantive motion.

There are rules in this House. We do not always agree with rulings, but we do honour the rules of this House. We have always obeyed them, and I do not think anyone in this House can accuse the members of the Bloc Quebecois of not doing responsible work, of not obeying the rules in place.

It is like in the courts. It is like two lawyers arguing a case. Good arguments are used. We present arguments to express our point of view. I think the Liberals do so too. As do the Conservatives.

• (1040)

But there is one party that has not done so since 1993, for all kinds of reasons: the Reform Party. Today, they are scandalized because we want to apply the rules governing how this House operates. I think there is something abnormal in all of this.

We introduced an amendment to the main motion, stating that the matter must be dealt with as promptly as possible. When I began to speak this morning, I said that this was an extremely important question. I think it is the most important matter you will have to decide on since becoming the Chair of the 36th Parliament. It is a matter directly related to your powers. Your ruling will set a precedent for the future.

Precedents are often cited in this House in support of a position. I would not like to have to cite you in the future as ruling in support of the right to do just about anything here. I do not believe that is the objective. I do not think I need argue any further about proper procedure in this House. I think that the rulings you have brought down have been fair and have always advanced the cause of parliamentarism. Naturally, your vision of Canada and mine cannot be the same, but you have nevertheless brought down rulings based on the Standing Orders of this House, and they have never been disputed. We have taken note of your decisions and I hope that this House will do the same.

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



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**Mr. Michel Bellehumeur:** There they go again, the people who want to be Her Majesty Queen Elizabeth II's opposition. They wanted to be the official opposition and they have been patting themselves on the back since June 1997, but they are not even capable of respecting the most basic rule of order in the House, which is to listen when a member is speaking.

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

**Mr. Michel Bellehumeur:** Luckily we have a Speaker who ensures that order is observed in the House and that each member's right to speak is respected. I was very upset and hurt on February 26, 1998 when all members waved Canada's flag around like five-year-olds during a royal visit and sang the national anthem in the House. I think the Canadian flag was used for propaganda purposes. I think the flag and the national anthem were used to provoke and I find that unacceptable in our democratic system.

Whether members are federalists, or sovereigntists like the Bloc Québécois, I think they must show respect for the flag and the national anthem as we have. We are not saying we like this national anthem, but we respect it, as we respect the American national anthem. We respect the Canadian flag, as we respect flags of other countries. I think that is what tolerance is all about. I think that the Reform Party and certain Liberal members do not have the word in their daily vocabulary. I hope that your ruling on this matter will provide a bit of enlightenment for parliamentarians because, as you know, the 36th Parliament is still very young.

In the coming weeks and months, some extremely important meetings will take place in Quebec. I hope that Reform and Liberal members will adopt a slightly different attitude to Quebec, put aside their arrogance and vengefulness, and eventually be able to sit down with Quebec and work out problems that it would be timely and very useful to resolve as quickly as possible for the good of Canada and particularly for the good of Quebec.

• (1045)

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, first I want to congratulate the hon. member for Berthier—Montcalm for making such an eloquent speech in support of democracy and respect for parliamentary institutions.

If I am not mistaken, today, March 10, is the birthday of his father, Gilles Bellehumeur from Berthierville, whom we salute.

I want to ask the hon. member if he was listening when the Reform Party leader said, and I quote: "It is time we stop falling over backwards to accommodate separatists". They would have had to have been nice to us in the first place, which is far from obvious. In any case, we never asked these people to be nice to us.

I wonder if the hon. member for Berthier—Montcalm could elaborate on the comment made by the leader of the official opposition. Did he mean that, from now on, the Reform Party will no longer show respect—lack of respect and intolerance being

common traits of Reformers—in this House the voice of 44 duly and democratically elected members from Quebec, who represent a vast majority of Quebecers? Is this what the Reform Party leader meant?

Does this intolerant and, frankly, paternalistic comment mean that, in the future, whenever any of the 44 duly elected Bloc Québécois members will rise in this House, Reform Party members will neither recognize nor show respect that member? Will Reformers see to it that our right to speak is constantly interfered with?

Is this what was implied? If so, is such attitude not reminiscent of what used to be called fascism? It is something totally unacceptable that could be associated with the Reform Party. If we look at some action and comments made in the past, including some intolerance shown toward the Chair, we see a behaviour reminiscent of a group from the far right.

Could the hon. member elaborate on this.

**Mr. Michel Bellehumeur:** Mr. Speaker, in response to the question from the hon. member for Saint-Hyacinthe—Bagot, we need only think back to the last election campaign to answer the question as to whether Reformers have always been nice, or ever were, to Bloc members or to Quebec.

We need only remember that in the last election campaign, at least half of the time, they ran their campaign on the back of Quebec. Think of the slogans they were chanting during the last campaign. To win votes in western Canada, they did it on the backs of Quebecers. They did not want a Quebec leader. They did not want the big bad separatists to sit in this House, and so on.

They ran at least half of their campaign on the backs of Quebecers. We must bear this in mind, as I answer the hon. member's question.

As for not being nice to separatists any more, I think they never were, especially since they formed a coalition with the government, in particular on plan B, the hard line plan against Quebec, and sided with the Liberals over the reference to the supreme court to try to change the rules of the game and scare Quebecers. I think the leader of the Reform Party is an ally of the government.

In fact, on the whole reference issue, the Reformers are just about the Liberals' only allies.

In addition, I think the hon. member is justified in wondering how far the Reformers' intolerance will go. Where will this all stop?

I am very concerned—it all depends on how you will rule, Mr. Speaker, to put an end to this nonsense—that members of the Reform Party, along with some government backbenchers, may indeed attempt repeatedly in the future to interfere with our freedom of speech, interrupt our remarks and prevent the 44 members of the Bloc Québécois, who were democratically elected

*The Budget*

in their respective ridings, from doing their job. I think this is but the beginning.

There was an incident on February 26, but unless a momentous ruling is made by the Chair, I think worse may be yet to come, with harsher attacks on the Canadian democratic system, hence the important role you play in this matter, Mr. Speaker. The ruling you will be making is extremely important for the future of the Canadian parliamentary system.

• (1050)

[English]

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, I listened to the comments of the Bloc member with interest. He said that they respect the Canadian flag, yet they oppose even the waving of the flag in this House. They oppose the waving of the Canadian flag in other countries of the world where Canada is represented. I find that to be reprehensible. I assume from the comments of the member that they want the fleur-de-lis to fly instead of the Canadian flag.

Since they have so much respect for this country, for its institutions and its flag, I will ask the member if he will be singing O Canada tomorrow when it is sung in this House. Will he be here to sing O Canada tomorrow?

[Translation]

**Mr. Michel Bellehumeur:** Mr. Speaker, I think this indicates very clearly that the members of the Reform Party have understood absolutely nothing and have no comprehension of the Quebec fact, of Quebec's claims or anything at all.

First, on the subject of the flags at Nagano, or abroad, we were upset by the arrogance of the Canadian organizers in plastering the buildings with flags. There were too many. It was arrogant and provocative in terms of the other countries that were competing at the Olympic Games too.

It was arrogant and provocative behaviour on February 26 on the part of the Liberals and the Reformers, when the member of the Bloc Quebecois rose to put her question in this House. How did they interrupt her? With the Canadian flag. On top of that, how did they interrupt you, Mr. Speaker? With the national anthem. That was provocation and arrogance.

In response to his wondering whether I will sing O Canada here in this House, I tell him no—not because I have no respect for it.

**An hon. member:** It is in fact because we do respect it.

**Mr. Michel Bellehumeur:** It is because I respect it and because I am told I sing off key, but I simply will not do it, because I have no feeling for it. I feel no call when it is sung. I am not drawn by deeper roots; it is Quebec that calls me. However, I do not come

because I have no respect for the national anthem. I do not come because it is not what I am looking for.

However, I have great respect for the Canadian flag. No member of the Bloc Quebecois has behaved disrespectfully toward Canada's flag. We have never shown disrespect nor said anything against the national anthem. On the contrary, we hold it in respect, and it is not the focus of today's debate.

I will close on this. I would add that the national anthem was written by a Quebecker.

**An hon. member:** Hear, hear.

**Mr. Michel Bellehumeur:** Perhaps the members of the Reform Party did not know that, as they do not know a lot of things. I will close by quoting the remarks our leader made in the House yesterday. I think they summarize the debate very well, and perhaps the Reformers should pay attention to what I am going to say. The Bloc leader said:

Members of this House must not make the Speaker feel that, should he rule in favour of the separatists and against the flag, he would have to resign or be replaced.

He also said, Mr. Speaker, that you must not rule in favour of the flag over the separatists but rather in favour of compliance with the Standing Orders over failure to comply with them. That is the issue, and I dare to hope that your ruling on the matter will be enlightened.

• (1055)

[English]

**The Speaker:** Pursuant to the order made earlier today, this terminates the debate on the question of privilege. We will now proceed to orders of the day.

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## GOVERNMENT ORDERS

[Translation]

### THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from March 9 consideration of the motion that this House approves in general the budgetary policy of the Government.

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, I am pleased to have this opportunity to comment on the budget brought down by the Minister of Finance on February 24. The budget sets out the federal government's priorities for the coming years. Unfortunately, this government's priorities are far from being Canadians' priorities.

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This budget does not address the concerns of Canadians. It says nothing about job creation, nothing about our crumbling health system, and contains but a few crumbs when it comes to the serious problem of poverty and education.

I would like to begin by looking at job creation. The Liberals were elected in 1993. During their campaign, they spoke about job creation. Now we hear in the House that it is not the government's responsibility to create jobs, but it was a different story before they got elected: "We are going to create jobs. Elect us and we will create jobs". Once in office, it was no longer their responsibility. That was what the Liberals said in 1993, and now they are saying it is no longer their responsibility.

Today, five years later, 9% of Canadian workers are receiving EI benefits, not to mention how many are on welfare. Yesterday, it was pointed out that 730,000 people who used to qualify for EI had had to turn to welfare. This is a national disgrace.

Today they rise in their places and tell us how wonderful they are. It is unbelievable, completely unbelievable.

It is the government's responsibility to build infrastructures that will lead to job creation. Take the natural gas line in New Brunswick. Why have it go from Nova Scotia, and then turn at Moncton and continue on to Saint John and then Boston, instead of having it go through New Brunswick, benefiting the whole province, connecting it to Bernier in Quebec, and going on to make it a national line? Why not do that? But no. They are going to have it turn at Moncton and then go through Saint John to Boston, so they can sell gas to the Americans. But Canadians are not going to reap the benefits.

I suppose, for example, that not everyone can benefit from the arrival of a company in New Brunswick, in terms of the jobs created. Residents of northern New Brunswick, where the unemployment rate is 19.9%, will not benefit from it. They will not benefit from companies coming to our province because it costs these companies less to operate their business. Of course not. But the government has a responsibility. It is the government that gives the green light. "We are not concerned about you, even though the unemployment rate stands at 19.9%, not to mention the number of people on welfare. We are not concerned about you".

We have to be careful about the budget. The government is boasting about a zero deficit. Great, but at whose expense has this been achieved? It was done at the expense of the poor.

A lady phoned me last week. Yesterday, I listened to a Reformer who mentioned the case of a lady in his riding and wondered what would happen to her because she must pay \$800 in taxes. It may be that Reformers only get one such call, but I get 50 every day. So, a lady phoned me and said "Yvon, what can you do for us? My husband and I are on welfare. The wood in our house is rotten all

the way up to the windows. In the bathroom, we have to be careful not to fall through the floor and end up in the basement. The kitchen floor is not even covered with linoleum and the fridge is empty".

• (1100)

That is more worrisome than someone who cannot pay \$800 in income tax. I had a call from another lady who said "Mr. Godin, yesterday my husband and I thought about shooting our kids and then ourselves, because we can no longer feed them". That is more of a concern than reaching a zero deficit, far more.

I cannot bear to watch our country get into debt, but neither can I bear to watch the country pay its debts at the expense of the poor. That is not what the Liberals said while they were campaigning. They talked about job creation, and now today that is no longer their responsibility. They have the responsibility to administer the country justly, not to impoverish people still further. That is their responsibility.

Those hon. members from northern or southern Ontario whom I hear telling us that all their constituents are in favour of the federal budget, very much in favour of it, let them come down to New Brunswick and they will see people who are far less in favour of it.

The provincial health minister stated on tv or radio, and in the press, that there is absolutely nothing in the budget for health in New Brunswick. The provincial education minister was quoted in the newspaper and interviewed on television—and we cannot claim he was misquoted by the journalists because he was the one speaking—as saying there is nothing for education.

The New Brunswick finance minister appeared in print and on television stating that there is nothing for New Brunswick. Their counterparts in Newfoundland said the same thing, as did the premier of PEI. Are they all lying? These are all Liberals.

The New Brunswick finance minister, Edmond Blanchard, is a Liberal. Russell King is a Liberal. What have they done? They have put money into health and have tried to defend their actions in the area of health. They were given money and they do not know how to manage it.

There was a time when provincial money was spent on health. The provinces were not given the chance to spend it on whatever they wanted, to pass it on to their friends, as we have seen in our province with Doug Young for the four lane toll highway. That was not the case in the past. The money went into health.

If money was given for education, where did it end up? In education. Not any more. The government is administering the country badly, I can assure you of that, because their own Liberal counterparts in the provinces are saying so. So was it because they have not read the budget or do not know how to read, or because they cannot count or do the math? They are trying to shift blame to

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others, but who created the system that allows this? The Liberals did.

But the bottom line is that people are suffering. I get calls, and I know that people from my riding are listening today and know what I am talking about when I say that I am getting 50 calls a day and cannot even get back to everyone. They are destitute but they want to work. They are courageous people, not lazy like a former minister in this House would have us believe. Our people are hard-working. When a company starts up and says it wants to hire 300 people, 2,000 to 3,000 people apply. Then it turns out to be a false alarm because the company is not starting up after all. We are talking about hard-working people who want to go out and work.

And then there is the business with EI. Yesterday, the Minister of Human Resources Development turned around and said they were not his changes, that the three reforms had begun with the Conservatives and the Liberals had followed on. Two weeks ago, he said it was too soon to say what was happening, to know how many people were affected.

I urge the minister to come with me and visit homes in my riding where there is nothing on the floor but holes and no food in the refrigerator. I issue an invitation.

Then the government boasts about all the money it has set aside for education. Only 7.1% of students attending university will benefit from the fund; the remaining 92.9% will get zip. And they are so pleased with themselves.

• (1105)

Imagine trying to convince Canadians that this is a good budget. When we look at what is happening in hospitals, when we see the elderly and the young in the corridors, that is the health system the Liberals have given Canadians. Before the budget, Canadians' message was clear: "We want money to be put into the health system. Nothing is more important than Canadians' health".

The Liberals did not listen. They let Canadians down, paid no attention. For the good of this country's inhabitants, I call on the Liberals to examine their conscience.

[English]

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, the member who just spoke has outlined an scenario where the government should take a posture where it is responsible for all things and the solution to all things. In my experience in corporate life and in government life, for every complex problem there is a simple solution, and it is wrong.

The member has suggested that this is a bad budget and that the government has forced Canadians into poverty. Yet the member did not concede at any point that Canadians have a role to play as well. The member talked a lot about education. I would raise with him the issue of education. As he knows, the budget contains substantial provisions for assisting Canadians to improve their educational background so they can acquire those jobs they need so they will not be in poverty. I would raise specifically for him the issue of the level of education with regard to youth unemployment.

For a university graduate under 25 their unemployment rate in Canada now is about 6.5%. For a high school graduate their unemployment rate is approximately 15%. But for a high school drop-out their unemployment rate today will be somewhere in the range of 23%. The member is from New Brunswick. He probably should know that the drop-out rate in New Brunswick approaches 30%.

That directly relates to the level of unemployment and certainly the level of poverty and difficulty that some Canadians have. As the member also knows, the jurisdiction with regard to high school education is provincial. He should look very carefully at what each of the provinces has done to invest in those young people to provide for their future.

The member also talks about families and I praise him for raising the issue of families. It is very important. He knows that the budget brought in an important first step, a care giver tax credit related to home care for those who prefer care in the home for the infirm or the aged. He knows that there is a commitment on behalf of the government to home care and to pharmacare and to those kinds of issues.

He must also recognize that we have just balanced the budget and we are now turning a critical corner in which we will be able to reinvest. Those items are there.

I would ask the member philosophically whether he would agree that there is an important role for all to play to invest in things like early childhood development and the early education of children, et cetera, so that some of these problems like unemployment, health care and social programs would be alleviated in order that all Canadians, regardless of their status in life, have a role to play in ensuring that we have Canadians who are physically, mentally and socially healthy.

[Translation]

**Mr. Yvon Godin:** Madam Speaker, I would first like to thank my colleague for his question. It gives me an opportunity to elaborate on my ideas a bit. I honestly did not come to Ottawa to play games. I believe in our people. I think they are hard-working people.

Supposedly at home some 30% of young people drop out of school. But those who go to school and university end up with

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debts of \$25,000 or \$30,000. They cannot repay them, and their parents are stuck with them. There is no work, and that has to be taken into account.

• (1110)

What does February's budget have to offer? Perhaps a \$3,500 exemption on a loan, but people who are unemployed will still have \$22,000 to pay back. They come out of university and have no work. That is one of the major problems.

I will give you an example of what happens at home. With the employment insurance surplus—since there is the \$5 million the federal government gave—we should be able to resolve the problems with employment insurance, but things are done always at the last minute. There is no way to get organized ahead of time to give our people a good education. It is a last-minute band-aid approach that is badly organized. I said there are things we can do, and we will do them by working together.

[*English*]

**Hon. Ethel Blondin-Andrew (Secretary of State (Children and Youth), Lib.):** Madam Speaker, as the member of Parliament for Western Arctic, I am proud to stand here today as a northerner, a Canadian and a member of this government to speak to the budget debate.

First, I want to commend the Prime Minister and the Minister of Finance for their leadership which has brought our nation to this turning point. Canadians can look to the millennium with hope and anticipation of still better things to come.

Unfortunately the whole debate that preceded this casts a long dark shadow over this debate. It is quite unfortunate that some members of this House feel they have a hierarchy that is higher than the ordinary Canadian, better than most members of Parliament, that they are in a preferred category of having the ideologies that speak better to all Canadians than other members.

This is unfortunate. No one is more godly than God, more Canadian than Canadians. When we are all sent here by Canadians to work with one another to co-operate and to share a great sense of duty to do what is right for the Canadian people, we should not be appealing to the dark sides of one another. We should not be appealing and speaking to each other's weaknesses. We should do something quite unusual. We should be helping one another to promote the ideals of Canadians. It is unfortunate that we have this kind of blatant arrogance and ignorance that seems to be predominating in this House.

Unfortunately this affects our work. It affects the kind of work that can happen in committees. It affects the kind of relationships we can build to do good things for Canadians.

Maybe after 10 years I see things a little differently. My primary role is not to self-aggrandize but to try to promote what Canadians

want us to do. If I look at the budget I see something that is quite relevant to my mandate. My mandate is for children and youth. What I find in this budget is that we have done what no federal government in Canadian history has done. We have followed an economic policy and undertaken the kind of specific initiatives that are more in tune with the hopes and dreams of young Canadians and their families.

Speaking of young Canadians and on the issue of young, I had the privilege of working with Doug Young, the former minister of human resources development. Mr. Young is a very accomplished Canadian. Mr. Young is the minister who allowed the department to double the funding for youth summer employment. We went under minister Doug Young's leadership from \$62 million a year to \$120 million because he believed that young people across the country should have that privilege. I have no doubt in my mind that the former minister will create many jobs out there in what he does. Those were his parting words, I was doing that and now I am going out there to try to help people create jobs to help people. I believe that.

Let us look at youth unemployment. Unemployment is one of the most serious problems facing young Canadians. We are moving on many fronts to help young people to prepare to find and to keep jobs. Last year we introduced our youth employment strategy with a budget of \$315 million. To encourage employment for young Canadians in this budget we offer an EI premium holiday to employers to hire persons between the ages of 18 and 24 in 1999 and 2000. This measure will pick up and expand the existing new hires program. It will make it more attractive for employers to hire young people.

• (1115)

The budget will also help youth at risk, particularly those who have not completed high school and have difficulty finding and keeping work. This is very important. It is important that we make an investment in the education of young people. It is important that we do early intervention.

Like many of my colleagues from all sides of the House, I spent last week in my constituency and in other parts of Canada. I evaluated what we are doing as a government in terms of policy and programs and services and how they affect the lives of children, youth and communities that work in early intervention programs.

I started in Inuvik, Northwest Territories. I visited a whole round of programs and services and ended with town halls where I heard people's concerns. There are some difficulties and challenges but good things are happening as well.

In Inuvik we visited a child care program and saw infants to preschool age children. They were working with their mothers in child development in a setting that was conducive to proper nurturing. We also visited a computer lab. Students who had had

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difficulties in pursuing education are all gainfully occupied in learning new skills, in working together and in getting themselves into the system. It is quite marvellous and we had a chance to experience that. We shared with parents and other people in the community their concerns about the future of their young people.

Then we travelled to another isolated community, Fort Simpson. We were able to see the benefits of what is happening with prenatal nutrition. There is a lot of talk about child poverty and rightfully so. We all have that commitment and dedication.

In Fort Simpson, Northwest Territories we saw a centre that is working with young people. We talked to people who are undertaking a youth service Canada project that speaks to community service. These are young people who have essentially failed in the regular system, the institutionalized form of education. These young people went out on the land. They worked, hunted and shared their kill with the community. They did community service. They cut a lot of wood for the elders who needed it cut. These are things that are really hard to institutionalize but need to be done. This is the kind of community service young people are undertaking but which is not recognized. We only hear about the bad things about young people.

There were 12 points in Fort Simpson at which programs and services were being undertaken in early childhood development. The open door society does wonderful work there. Government cannot go in and save communities. Communities that organize themselves are the ones that are able to do it. We can best accomplish what we need to accomplish by empowering them and assisting them.

Then we went to Hay River, Northwest Territories. We met with various groups. We checked some snares with the preschool and head start children from the reserve in Hay River. These young people have had many kinds of cultural experiences that are very good for their nurturing and development.

We went to a youth service Canada project. Young people with the Metis nation were working in various communities. One set up an elders visitors centre. Another did the layout for a magazine which talked about what young people were doing. Others carried on with other projects. Some of the young people were moving on to other experiences.

We visited a group of young people in another program. They were on the verge of dropping out but are now getting quite high marks because an investment was made and an instructor was hired. They are now prepared to reintegrate into their regular high school and they are going there with special skills. They are able to take life skills. They are able to have discussions about complicated and sensitive issues. They are also able to write their own resumes. These are basic functional skills which are needed to get into the workplace. They are all things that these young people experienced.

• (1120)

To round out the week I met with a hard working and dedicated group of professionals. They work on the whole issue of fetal alcohol syndrome and fetal alcohol effects. This is where we need to continue to work.

Previously the Stan Wilbee report was done in a standing committee of the House of Commons. We need to revisit some of the goals and recommendations in that report. Perhaps it might be advisable that we do a national survey of best practices of what is happening.

The group is guided by the leadership of Dr. Geoff Robinson. He is one of the foremost experts on FAS and FAE and works with other professionals in B.C. They do very good work. This has to be promoted.

Perhaps what is needed is a national committee or working group to dedicate itself to some broader issues related to FAS and FAE. We also need to work into the national children's agenda and the centres of excellence a cornerstone piece of research on FAS and FAE.

If people are wondering how fetal alcohol syndrome and fetal alcohol effects relate to their particular area of concern, look at the young offenders who are filling the juvenile delinquent centres. Many of them suffer from FAS and FAE. There is a direct correlation. It is very relevant to what we are trying to do in other areas.

We need to seriously look at an approach that is going to promote the work that is happening on this particular issue.

To end the week on Sunday, I joined Senator Landon Pearson and a young lady by the name of Cherry Kingsley at an international conference on the sexual exploitation of children.

Under the tutelage of Senator Landon Pearson and others, Miss Cherry Kingsley, who is a young aboriginal person originally from Alkali Lake has taken the leadership. She has taken charge of how to change the world into a safer place for her and her colleagues and to perhaps find a different path and if not, to at least have security for those persons who are affected by all of these things.

This was an international conference. There were people from Bolivia, Guatemala and representatives from the UN.

It is a very serious issue which all members should consider.

All this is to say, yes, there are many challenges we face but I also know there is much happening.

Most of what I have just said refers to youth at risk. This is a very important issue. In 1995 more than 160,000 Canadians between 22 and 24 years of age had not completed high school. They are at risk of repeated unemployment because the workplace

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continues to demand ever higher levels of education and skills they do not have.

There are many such programs. We have doubled money for the youth at risk program because we have experienced an 85% success rate with youth service Canada. Most participants have either found permanent employment or have gone back to school full time or part time. It is the reintegration of young people who were totally socially marginalized because they were not in the education loop or any other social milieu that would help them advance in society.

Everyone knows about the Canada millennium scholarships. There has been much talk about that. There are 100,000 students per year with scholarships averaging \$3,000 a year. This will provide relief to graduates who are having trouble managing their student debt load. There are other measures which will make it easier for students and their families to finance higher education.

• (1125)

In the budget there is the opportunities strategy which equalizes access in another way. There is increased funding for SchoolNet and the community access program. There is also \$205 million of increased funding to connect Canadians which will help young people, especially those in rural communities.

We talked about child poverty. One of the ways we thought we could augment our efforts was to invest \$850 million in the national child tax benefit. That will happen in July. Furthermore we will invest another \$425 million in July 1999 and another \$425 million in July 2000.

These measures will mean cost savings in social assistance. Our big battle is how to reinvest that money with our provincial partners in youth programs.

Perhaps the whole area of FAS and FAE, fetal alcohol syndrome and fetal alcohol effects, is one of special need. Other special needs children are falling between the cracks in regular learning institutions. We need to give further consideration to that issue. Perhaps this would be an opportunity for us to integrate it into the national children's agenda which is currently being undertaken.

I would like to talk about the north a bit. I deal very much with child and youth issues and I would like to give some consideration to the area I come from. I would like to point out how the opportunities in the budget will affect northern Canadians.

At page 61 of the budget the government commits to working with territorial governments and other partners to develop a modern economic development strategy which will recognize the dynamics of the north and the need to establish more diversified

economies. The government recognizes that the economies of Canada's territories are undergoing significant change.

Everyone knows that in April 1999 we will face the division of the territories into the western part and Nunavut. Northern governments must embrace diversification by pursuing all forms of sustainable development from traditional economic activities such as hunting, trapping, arts and crafts, and the development of other art forms to the new knowledge based industries and to Canada's first diamond industry.

As many know, the Northwest Territories are on the verge of becoming a major source of diamonds with the first production expected this October. Northerners are now exploring how to maximize northern participation in all aspects of the diamond industry. A secondary or a value added industry is very much on the minds of many northerners and very much the debate of the day in the north. Throughout the north, diversification, full participation and sustainable development are watch words for economic strategies which will bring us into the new century.

I look forward to working with my colleagues in cabinet and my colleagues in the north to make this commitment a reality which will have a real impact on northerners. Canada has an opportunity to map a blueprint for a more secure future for northerners from which all of Canada can benefit.

There are other measures in this budget which northerners will find beneficial, such as increases in funding for First Nations and Inuit health services. These are necessary to keep pace with population increases. We have committed to similar increases in transfer programs which will be administered by the Department of Indian Affairs and Northern Development.

I must point out that the north has a very young and growing population compared with the rest of the country. These increases are absolutely essential in maintaining the progress we have made in the health of northern peoples.

All of the budget commitments demonstrate a balanced and compassionate approach by this government to our young people, to health care, to social services and to the economic well-being of Canadians from all regions while maintaining the kind of fiscal responsibility Canadians expect.

We could not have done it without Canadians. Canadians helped us carve this path and make the commitments we have made to children and youth. As the Secretary of State for Children and Youth, I feel we are on a very good path with our young people. We are fixated on early intervention, childhood development and parenting skills. These are the essentials for building healthy citizens in our society.

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• (1130)

In terms of the Northwest Territories, we are undergoing a huge change. As of October we are essentially going to become the largest diamond producing centre in the western hemisphere but we need the resources and the infrastructure to help businesses take advantage of the opportunities there.

From our visits across the Northwest Territories, we know that the highest form of building on capacity is to empower people. We cannot do for people what people can do for themselves. Governments are facilitators and catalysts, not doers. It is the people in the community at the grassroots who will make the difference for themselves and their sense of self-determination.

**Mr. Nelson Riis (Kamloops, NDP):** Madam Speaker, I know there are others who want to ask questions so I will keep my questions very short.

Last week I had the opportunity to meet with a number of aboriginal leaders from central British Columbia. They pointed out two serious concerns that they faced, recognizing the need for empowerment and the fact that they feel they can solve so many of the challenges facing them on their own, but they do need further education and training. A number of individuals living on reserves indicated that they simply are not able to access funding for education, particularly at the post-secondary level. It is a serious problem.

Second, native young people who see part of the answer to be through friendship centres are complaining about the dramatic lack of funding to support the programs in the friendship centres.

Could my hon. friend comment on these two areas where yes, there is support today, but I think she would also agree that the funding is seriously underfunded in terms of the challenges and the needs there? What hope can she give that changes are in the offing?

**Hon. Ethel Blondin-Andrew:** Madam Speaker, I am very pleased that my hon. colleague asked this question. It gives me an opportunity to share some information with him that he or some of the young people he spoke about may not be aware of.

For three years, ending in 1999, we have invested \$200 million for a labour market training program called the regional bilateral agreements which were done under national frameworks. All the labour market development programs have gone to the provinces or territories except in the case of First Nations, Inuit and Metis. We did framework agreements with them and then struck regional bilateral agreements so that money could flow to the people from those boards that are designated by those people who make those decisions. An amount of money has been out there and it is a lot of money.

I was involved with the negotiations in B.C. We cannot guarantee that every single individual who wants to be served at a certain level will be served because we have removed that responsibility from ourselves.

Post-secondary education is an issue that has, I believe, some crossover. There have been some sponsorships. In fact, the Metis from Ontario took some of this money and did a scholarship program with their partners so there was a lot of leveraging going on.

Further to that, we have just built what we call the aboriginal human resources development strategy. It will be funded to a higher amount, I believe, than the current arrangement. However, as soon as this one ends in 1999 another one kicks in for another five years. It does not quite meet what the royal commission wanted which was 10 years but we did not feel we could do that so we did it for an additional 5 years. There will be more money there than there was previously. It will be for training in labour market development. This is not necessarily post-secondary education but it does not necessarily exclude that either.

The national association of friendship centres get their core funding from heritage, so I cannot speak to that. Because the centres were not under the \$200 million, we set aside a separate provision of \$26 million under which the friendship centres benefited.

• (1135)

They were the beneficiaries. I cannot remember their exact amount but they are beneficiaries under the \$26 million and I am not sure how they spend that money but that is entirely within their purview on setting their priorities and what they should do.

There is a cry about core funding but that is not something that I have the responsibility for or can speak to.

**Mr. Myron Thompson (Wild Rose, Ref.):** Madam Speaker, in 1993 when we first came to this Parliament, I remember the statement on several occasions that there were somewhere in the neighbourhood of one million children in this country living in poverty and suffering.

In 1994 I heard the same thing. In 1995, 1996, 1997 and now in 1998 I still hear the same thing. Over one million children are living in poverty in this land and we need to address that. I know that the children aid societies in most of the cities that are trying so desperately to take care of so many people are struggling in terms of dollars and cents. We have not seemed to have gained anywhere because of the million children figure we keep hearing about continues to exist each and every year.

The education the member was talking about is good to hear and the opportunity to expand on that is great. But right now I am



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referring to young people, young children and families across this land who do not know for sure where their next meal is going to come from, who do not have proper clothing to wear in some of the wicked winter months that come through. There is genuine suffering going on and yet each year nothing seems to change.

We find millions and millions of dollars to give away for free flags which is a nice thing to do, nobody would deny that, but surely \$25 million for flags would have fed a lot of hungry kids. There are kids out there who need dental work and they cannot get it done. Nobody can afford it, yet convicts in our penitentiaries eat three square meals a day, they are very comfortable at night in terms of getting out of the weather. A dentist visits the institution and takes care of their teeth. They are getting better treatment than our young people out there in that million who are starving.

This budget does not do anything to address that, nor any budget in the past since I have been here. I would like to know why. I would like the member to answer that.

Second, I would like to know why, by the auditor general's reports and everything through Indian affairs, for every dollar funnelled in at the top here only about 20 cents reaches the reserve where it is mostly needed. In the Stony reserve where I have toured around many times, there are people suffering and I would like to know why these budgets do not address those very basic needs. The education and the at risk programs I understand. That is all good. Nobody denies that. But what about the very basics?

**Hon. Ethel Blondin-Andrew:** Madam Speaker, I am really pleased that my hon. colleague has risen on this issue. It shows his commitment and concern and I would like to just let him know that we have had great opportunities in the last little while. His representatives at the provincial level as well as federal partners in terms of our minister and the Minister of Health are working on a national children's agenda.

It is unfortunate that we do have a child poverty issue but let me tell the member what is the basis of this. We have to empower and engage parents in order to deal with part of the problem. If the hon. colleague cared to be so informed we could provide him with an overview of some of the most successful programs we have that have made a difference in the lives of children. Those are the programs I saw this week when I travelled in my riding and they are prevalent, hundreds of them across the country. He should take the opportunity.

There are community action plans for children's programs and prenatal nutrition programs. There are headstart programs, there are First Nation Inuit child care programs. There are many other initiatives. The community action plan for children's programs, the centre of excellence for children and the \$850 million that we talked about that kicks in in July will give more money to low income families.

We have also done a bit of debt relief for those low income families as well and we were not going to book until the next

budget week but we have booked the additional, doubled that \$850 million. This will accrue in savings on social assistance which should be able to be reinvested back to children. This is the agreement we have with our provinces.

• (1140)

Regarding the auditor general's report, I cannot speak for Indian affairs but I can speak for what human resources development does.

The agreements that we have struck are based on client to service. We will not prop up the industry of poverty. We will not prop up the industry of employment. What we are doing is giving the money directly to the people who are affected. The \$200 million I spoke about earlier, that is the way we administer it. There is an element of risk. We know that but we have a strong accountability framework. We give them money directly so they can serve the clients. It does not go to a middle person or a middle organization. It goes directly into servicing the clients we have.

Our youth programs are like that. We put a very small percentage of our money into youth programs which results in complaints. We do not provide core funding. We believe the organizations wanting to engage have the ability to do so and have the infrastructure for that. We give them money that goes directly to the young people who are affected.

With Youth Service Canada many of our youth who participate end up with a completion bonus fee. If they finish the program, they get some money at the end to take a supportable wage subsidy, tuition paydown or another form of credit note for starting a small business.

[Translation]

**Mr. René Laurin (Joliette, BQ):** Madam Speaker, I would like to inform you that I will be sharing my time with my colleague, the hon. member for Trois-Rivières.

The message I would like to share with the citizens of Canada and those of Quebec in particular is that the budget tabled by the Minister of Finance has left a bitter taste in our mouths as it is very generous with other people's money. For years now, the federal government has been saving money on the backs of the provinces, the disadvantaged and the workers.

Statistics show that, between 1994 and 1998, federal transfer payments to the provinces were cut by 52%. While the federal government reduced its own spending by only 12%, cuts in tax relief and transfer payments to individuals amounted to 37%. At the same time, the federal government gave itself a 51% share of any new spending to be incurred between now and the year 2000.

After impoverishing people and lessening the power of the provinces, putting them in a situation I would describe as perilous, the government then tries to pass itself off as a saviour and tells people "See, were it not for us in the federal government, you

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would not be getting the help you need right now". The fact of the matter is that, were it not for the federal government, we would not be in this situation in the first place, a situation the government itself has dragged us into by spending wildly left and right in the past few years.

The federal government, which is primarily responsible for this situation, would have individual taxpayers believe it is their saviour.

In an editorial comment in *Le Devoir*, renowned journalist Jean-Robert Sansfaçon gives the following analysis of the situation:

In an effort to save about \$6 billion a year, Ottawa presumably sent a \$2.5 billion bill to the provinces. To add insult to injury, the Chrétien government cut transfer payments intended to cover part of the costs of social assistance.

• (1145)

On the one hand, there is the classic example of employment insurance. What has the federal government accomplished with it? It has given less money to the unemployed. In reality, there are far fewer unemployed persons eligible for employment insurance. What do people do when they are not eligible for employment insurance? They turn to welfare, which is a provincial responsibility.

Indirectly, through its employment insurance reform, the federal government has imposed an additional financial burden on the provinces, because people turn to welfare in order to survive. As we know, welfare is a provincial responsibility.

Provincial expenditures are increased because of the welfare burden, yet their transfer payment revenue from Ottawa is cut. The provincial governments therefore have more responsibilities, but lower revenues to meet them. Why is this? Because of federal government actions.

That is why it has always been said that this country had one government too many. One government—the federal—never stops trying to acquire powers, with the result that the powers of the provincial governments are increasingly becoming merely symbolic. I am certain that the underlying intent of this federalist government is to one day end up with a single government in this country, the one in Ottawa.

This is what Quebec has been opposing for years, because it knows that such a system would result in Quebecers being assimilated. They would see their culture assimilated, their traditions assimilated; their language, their fundamental values and everything that makes Quebec different would be drowned out under a single government, which would be called the Ottawa government, the Canadian government.

This is sadistic; every time the government, from one budget to another, from one election to another, gains a year, or four or five

years, this is just one more step toward subjugation of the provinces to the federal government. This is the ultimate objective of this government, one that never changes, regardless of which party is in power.

Right now, we have a Liberal government, but the situation would be exactly the same if the Conservatives or the Reformers were in office. This is because the underlying objective is not to create a true partnership with the provinces, as could have been developed and implemented since 1867, but to subject the provinces to the authority of the federal government.

Here is another example. I just referred to employment insurance and welfare, two areas of provincial jurisdiction the federal government has encroached upon. Another example is that great initiative announced in the Liberal budget, the millennium scholarship fund.

As was said, and it is worth repeating again, this is a spending initiative in an area of provincial jurisdiction.

Quebec already has a loans and grants program that is the envy of all the students and stakeholders in the other provinces, whether at the elementary, secondary, post-secondary or university level. These people are unanimous in praising Quebec's loans and grants program, which is unique in the sense that the other provinces do not offer grants.

The federal government, under the pretence of helping less fortunate students, decided to spend \$2.5 billion in the country, with the obvious goal of being able to tell students "What the province cannot do for you in education, the federal government can, thus helping you continue your education".

• (1150)

Why are the provinces hard pressed to resolve the educational problem? Because the federal government, since 1993, has cut billions of dollars from education and health care. It has cut money to the provinces and now wants to give back some—and I mean only some—to individuals, like students, so they will realize the situation they would be in were it not for the federal government. That is what is ironic about the situation.

Everytime the government has a chance, it deprives the provinces of real and potential revenues, which it should be giving back to them as transfer payments, and then, it uses that money for other purposes.

The millennium scholarships are simply a means for the government to raise its visibility and the number of votes for federalism. That is all. The average debt of students in Quebec is \$11,000. In the other provinces it is \$25,000. The problem is really different in Quebec. There a system of loans and grants already in existence. In

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the other provinces it is not as well developed or sometimes there is none.

Quebec is calling on the federal government to allow it to withdraw from this program and to give it financial compensation to enable it to set its own educational priorities, wherever it has identified them. It considers it is better placed to identify its own priorities.

Children arrive at school in the morning without eating or having a glass of milk. For the most part, these children live below the poverty line. I hope to have an opportunity through questions and comments to finish explaining the example I wanted to give you.

[*English*]

**Mr. Paul Szabo (Mississauga South, Lib.):** Madam Speaker, I do have a comment and a question for the member. I would like to state on the record that I was delighted that the secretary of state who spoke previously raised in the House again the issue of fetal alcohol syndrome and fetal alcohol effects. It is a very important issue to Canadians. It costs us \$2.1 billion a year to deal with this problem. I appreciate her raising this in the House.

The member who just spoke has raised a number of issues. I would like to focus on the thing that he raised with regard to the federal government, as he put it, grasping power for itself. The member will know that Canadians look to leadership from the federal government on a broad range of issues. In partnership with the provinces on a wide range of areas such as health care, post-secondary education and social security, the provinces are the front line and administrators and deliverers of those services. That partnership is extremely important.

The member also referred to what he called downloading and offloading and that the transfers under the Canada health and social transfer have been reduced. There is no question that that is true. He also should acknowledge that with the federal funding of the health care system, post-secondary education and the social security system, the provinces were granted taxing authority called tax points.

Under the tax points, although the cash transfers may have gone down by some \$7 billion, the value of the tax revenue to the provinces has gone up about \$3.5 billion. The net effect is that the burden that the provinces were asked to share in dealing with the \$42 billion deficit was much, much smaller than the federal government in its programs absorbed.

The provinces were asked to do a very small share of it. Indeed we have many provinces now which have balanced budgets and which have granted tax breaks to their constituents and not correspondingly shown that health care and post-secondary is a priority for their government. The member should well know that there are two partners in this.

My question has to do with the direct issue of the millennium scholarship fund.

• (1155)

There is no question that education is important and one of the most significant elements with regard to the success of people having a job. The member will know that university graduates have an unemployment rate of only about 6.5%. He will also know that high school drop-outs in Quebec approach almost 40%. It is the highest number in all of the provinces.

I would ask the member simply to answer the direct question whether or not he feels that students in Quebec should say no to the millennium scholarship fund in their best interest?

[*Translation*]

**Mr. René Laurin:** Madam Speaker, the hon. member opposite demonstrated the federal government's inability to understand the problems confronting the provinces when he spoke of partnership. But what kind of partnership is there in the millennium scholarship fund? The federal government plans to consult the provinces after the millennium foundation has been established. In a partnership, people sit down with their partners and discuss the best ways of dealing with problems.

He mentioned as another example the fact that zero deficit has already been achieved in some provinces; therefore, the measures put forward by the federal government will help all the provinces. This is not exactly the case in Quebec and Ontario. These are the only two provinces that do not have a balanced budget as of yet. Their circumstances being different, it is normal that their priorities and the solutions contemplated are different.

Perhaps students in Quebec will not say no to millennium scholarships. But when the hon. member describes the suicide rate in Quebec as one of the highest, does he think that the introduction of these scholarships will result in fewer students dropping out and fewer suicides in Quebec? Whether or not there are millennium scholarships has nothing to do with the dropout rate. We already have a loans and grants program in Quebec.

The cause lies elsewhere. That is why Quebec asked the federal government for compensation to help it address problems identified in education, problems like children who have nothing to eat before leaving for school in the morning or children without appropriate supervision who are suicidal or those who need psychological treatment that cannot be subsidized because of the cuts in transfer payments. That is what partnership is about, when one understands what it means.

**Mr. Yves Rocheleau (Trois-Rivières, BQ):** Madam Speaker, I am very pleased to take part in this debate on the budget. I will direct my remarks primarily at the millennium scholarships which, while little has been said, are evidence of the federal government's

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wish to change the rules of the game and shift the focus of decision making from the provinces to Ottawa in the next century.

We would enter a new era in Canada, and the millennium scholarships are a very good example, where centralization will be complete and Canada will behave like a unitary country, where provincial governments will increasingly be viewed as regional governments, thus flouting the Canadian Constitution, which gives the provinces very specific jurisdictions.

This is a direct attack on the whole issue of Quebec, because we are a people, not just a province, although a province is all we are considered to be right now. The debate is not over, because these issues are fundamental to the development of our societies.

As for the millennium scholarships, some context is required. The federal government wants to set up a special \$2.5 billion fund, that would provide for approximately 100,000 scholarships averaging \$3,000 over a ten-year period beginning, as it happens, two years from now. There are a number of criteria for awarding these scholarships, notably merit and mobility.

What people need to know is that, as this fund is being contemplated, tuition fees in Quebec are approximately \$1,700, while they are about \$3,200, or almost twice that amount, in Canada. In Quebec, student indebtedness stands at an average of \$11,000, while it is \$22,000 in the rest of Canada.

• (1200)

It must also be realized that, from 1993 to 2003, according to the federal government's budget, transfers to the provinces for education will have been reduced by \$10 billion, including \$3 billion for Quebec alone. These cuts have already greatly increased the debt load of students in Quebec and in Canada and of post-secondary institutions.

Just this morning I read in the paper that the CEGEP of Trois-Rivières is calling for help, because it is at the end of its rope. Who is listening? The MNA for Trois-Rivières, a Quebec minister, and not the federal government, which does not care and keeps making cuts at the expense of the provinces.

There are cries for help in my riding because the federal cuts have made it impossible to provide the services college students used to get. It is almost indecent on the part of the federal government to take cover in this fashion, while all the pressure is on the Quebec government, considering that federal measures contributed to the problems we are now facing.

We already have the Canada student loan program, but the federal government is adding the millennium scholarship fund, which will be based on merit. Quebec is being denied the right to

opt out of that initiative, contrary to what was agreed in 1964 between the Lesage and Pearson governments, when the Canada student loan program was established. This right to opt out of the millennium scholarship fund is being denied to the people of Quebec. This is unacceptable. If the federal government respected the letter and the spirit of the Canadian Constitution, it would promptly congratulate Quebec on its good management of this provincial jurisdiction—the loans, grants and financial assistance sector—and automatically give Quebec the amount it expected to spend in that province through its millennium fund.

The underlying philosophy of the two programs is totally different. The millennium scholarship fund is based on merit, while the Quebec loans and grants program is based on the desire of students to pursue their education. Quebec then provides support to the students, based on their material and financial needs.

The Canadian scholarships, on the other hand, are going to be awarded according to merit, a pernicious notion contrary to the philosophy of the Quebec government loan and bursary program. So we will, obviously, end up with still more federal-provincial quarrels, stirred up by the Canadian government's trampling over the field of education because it is shaping the Canada of tomorrow, which involves all of the people of Quebec.

The Canada of tomorrow will have Quebec as a region, no longer a provincial government, and this will be the result of a decision made here in the Langevin Block with no consultation, particularly not with Quebec.

Speaking of debt, I would like to refer you to the words of Martin Roy, student association president at UQTR, the Université du Québec campus in my riding of Trois-Rivières. On February 5, when he learned of the federal government's plans relating to students in need, he said:

The needs are increasing every year. So far in 1997-98, UQTR's financial aid office has already handed out close to \$400,000 in emergency funds to this clientele. They are increasingly in need of financial assistance to meet their basic needs for survival, not merit scholarships to finish their studies. At UQTR alone, these merit scholarships total close to \$1.8 million.

Those merit scholarships, moreover, come from the private sector. Speaking of the private sector, a kind of near-privatization is taking place. This \$2.5 billion is being entrusted to a foundation to be directed by none other than Yves Landry.

• (1205)

Six months ago, on October 22, 1997, in a speech to our Chamber of Commerce in Trois-Rivières, Yves Landry, who was not aware, I think, of the federal government's plans, said, and I quote:

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—there was an urgent need to leave behind the old-style politicking slowly destroying us in Canada and to allow the provinces more power. It is suggested that the federal government give them authority in their respective fields of jurisdiction.

I do not understand Mr. Landry. He was either misinformed or conned. Nothing is impossible with these people. He was either misinformed or conned. Given Mr. Landry's views, I cannot understand why he agreed to serve as president of this foundation, which is completely at cross-purposes, because we never asked the federal government to look after this kind of scholarship.

In conclusion, I would like to read some passages from a remarkable and extremely perceptive article by Lysiane Gagnon that appeared on February 26. Mrs. Gagnon is known for views that are not normally very favourable to us. The article is entitled "A demagogic and provocative project", and I quote:

Future generations will find no better illustration of the reign of Jean Chrétien than these millennium scholarships: the perfect example of a superficial and demagogic policy, of window dressing that does nothing at all about the real problems and that may even create a few new ones.

These scholarships will swallow up money that should have been put towards improving the school system, and they will contribute to the further deterioration of relations, if they can possibly get any worse, between Quebec City and Ottawa.

Further on, she says:

The decent thing—would have been to substantially increase provincial transfer payments, now that Ottawa has put its fiscal house in order. This would not have been a question of generosity, but rather repayment of a blatant debt. But there was the vanity of Jean Chrétien, who wants his name associated with some sort of government handout, not to mention the deep-seated need of any government for maximum visibility. A direct gift to taxpayers brings in more votes than turning money over to the provinces.

And further on:

If the Liberal Prime Minister was even remotely sincere in his wish to stimulate education, he would have provided assistance to schools, through the responsible governments. But obviously, when it comes to votes, it is more productive to distribute maple-leaf bearing cheques to post-secondary students—all the more so because they, unlike primary school students, have the right to vote.

The millennium scholarships will be grafted, God knows how, onto an already existing grant system. Either they will be based on different criteria, and this will thwart provincial policies, or they will be based on the same criteria used for existing scholarships, and this will be a patent case of duplication of services.

With that, I conclude my remarks. I would like to thank those who helped with the pre-budget study in my riding and, on budget night, with the study of the finance minister's budget. Rapidly, they are: Michel Dupont, of the FTQ; Michel Angers, of the CSN; Yves St-Pierre, of Action-Chômage; Jean-Louis Lavoie, of the Mauricie St-Jean-Baptiste society; François Brunette, of the AQDR; Martin Roy, of the UQTR students' association; and Brian Barton, of the Trois-Rivières Solidarité populaire.

[English]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the member from the Bloc Québécois commented on a number of

issues but concentrated substantially on the jurisdictional role in education and specifically on where the Canadian millennium scholarship foundation fits in.

I believe the member was in error on one aspect which I would like to lay out for him. As he knows, now that we have turned the corner and balanced the budget, education was an important theme. The Canadian opportunities strategy was the prime theme in terms of directing funding toward the education of Canadians.

The member will also know that the Canadian millennium scholarship fund is the centrepiece of the Canadian opportunities strategy. It is designed to create new opportunities for Canadians by expanding access, knowledge and skills for the jobs they need and a higher standard of living for Canadians as a whole.

The area with which he dealt and in which I believe he was in error was the concept of eligibility for merit.

● (1210)

The Canadian millennium scholarship is intended to remove barriers for low and middle income Canadians. It is intended to get the post-secondary education or advanced technical training they need. The issues here are directed to low and middle incomes and accessibility.

Beginning in the year 2000 the scholarships will be awarded to over 100,000 full and part time students each year over 10 years, with the initial endowment of \$2.5 billion. This is the single largest investment ever made by the federal government in support of access to education. We are speaking conceptually of the principle of access.

There is no question the provinces are responsible for the delivery of the post-secondary system. When it comes down to who was unemployed, youth unemployment and general poverty, it is the federal government that cannot stand back and leave it up to the provinces to be fully responsible. The federal government must play a role in ensuring Canadians have accessibility to education and an opportunity to have jobs.

If the member is so insistent that the funding is necessary for the school system in Quebec, could he explain to the House why the Quebec provincial government is spending millions of dollars annually on embassies abroad?

[Translation]

**Mr. Yves Rocheleau:** Mr. Speaker, I thank the hon. member for his question. I remind him that, on page 14 of the budget speech, reference is clearly made to criteria, and I quote:

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—In particular, the Foundation will have the authority, subject to mutually agreed needs, merit and mobility criteria—

So, when we say the fund will be based on merit, it is not a figment of our imagination. The budget speech clearly alludes to needs, merit and mobility criteria.

As for mobility, one wonders what it means for Quebeckers. It may be a good thing for Canadians, but it is not necessarily the case for Quebeckers.

We also believe that Canadians should get to know their country better. Therefore, recipients of the Canada Millennium Scholarships who want to travel to study outside their home town or province will be provided help to do so.

I do not believe such opportunities are a priority for Quebeckers.

Since I could not do so earlier, I remind the hon. member that when the Minister of Human Resources Development says the federal government makes an enormous contribution to loans and grants in Quebec, he may not realize it but he should know that this supposedly enormous federal contribution has been of the order of 15% to 20% since 1990.

This is no big deal, particularly because every time the government gets involved in education, health and social programs, it directly contravenes the letter and the spirit of the Canadian Constitution, which it is supposed to respect. It is like the rules of the House of Commons, which are trampled whenever it suits certain people.

The same goes for the Canadian Constitution. When it does not suit the needs of this Parliament, of this government, it is simply flouted. This is probably one of the main reasons why it is in the interest of Quebeckers to leave this country and to deal with Canada on an equal footing, so that the rules of the game can be redefined, that we can be recognized as a people and that our province is no longer the laughing stock of this country.

[*English*]

**Mrs. Brenda Chamberlain (Parliamentary Secretary to Minister of Labour, Lib.):** Mr. Speaker, I will be sharing my time today with the Parliamentary Secretary to the Prime Minister.

It gives me great pleasure to rise today in support of the 1998 federal budget. When we took office on October 25, 1993 our government was faced with a very difficult decision. In 1993 our government had three choices. The first was to continue spending without any concern for the future as the past Conservative government had done. We could have continued to add to the deficit. This choice would have been irresponsible and our country's future would have been at risk.

The second choice could have been to make deficit elimination our number one goal. This was the Reform Party's position. The most vulnerable in our society would have been abandoned. The young, the elderly, the sick, they would all have been abandoned by this approach. Instead, what choice did our government make back

in 1993? We chose the most difficult option. Our choice was to reduce the deficit while preserving social programs. This approach required sacrifice from all Canadians.

• (1215)

Where are we today, five years later? We are in this House discussing a balanced budget for the first time in 30 years. It is the first time since 1969 and 1970 that there is no deficit.

Not only are we committed to balancing the budget this year, it will be balanced the next year and the next. It is the first time in almost 50 years the budget will be balanced for three consecutive times. I am delighted to be a part of a debate highlighting our dramatic and historic balanced budget.

This budget of balance addresses the needs and concerns of residents of Guelph—Wellington. Guelph—Wellington asked for a zero deficit. They got it. Guelph—Wellington asked for tax relief. They got it. Guelph—Wellington asked for increased spending on education and health care and they got it.

By dedicating 80% of this budget spending to health care and education, the government is addressing the priorities of all Canadians. The first and largest increase was for health care. This increase in funding acknowledges the many people in Guelph—Wellington who have asked us to make health care a priority.

When the Minister of Finance announced that assistance for advanced research had been increased, he was speaking directly to the University of Guelph and Guelph Conestoga College.

In this budget the minister increased the funding for the three granting councils. It was an increase of more than \$400 million over three years.

Who in this House is going to stand up and say no to research and development? I should hope no one. The Liberal government recognizes the importance of research and development. These new research and development resources will provide increased support for the many students and faculty at the University of Guelph.

In a letter to the Minister of Finance, this is what Mordechai Rozanski, the president of the University of Guelph, had to say about this funding increase: "I am writing to applaud the initiatives you announced in today's budget to reinvest public funds. The University of Guelph is a research intensive institution with a growing reputation world wide. We appreciate the leadership shown by the federal government in today's budget announcement".

The 1998 budget provides \$1.4 billion in tax relief to 14 million low and middle income Canadians. This is good news for Guelph—Wellington and for Canada. Beginning July 1, 1998 the amount of income that low income residents of my community can receive on a tax-free basis will be increased by \$500. This means that

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residents of Guelph—Wellington will be among the 400,000 Canadians that will be taken off the tax rolls.

Beginning July 1, 1998, 13 million Canadian taxpayers will no longer pay any federal surtax. This means that 83% of all Canadians will pay no surtax whatsoever. This type of tax relief is directed at those whose needs are the greatest. It is tax relief for Guelph—Wellington's working parents with low incomes, for students, for the disabled and for our local charities. Again, how can anyone fight against it? How can anyone oppose it?

The federal government has always recognized the importance of volunteers. For this reason the 1998 federal budget announced that the tax-free allowance for volunteer firefighters would be increased from \$500 to \$1,000. Not only that but the tax-free allowance has been extended to other emergency service volunteers.

I ask this House, why is the government taking such progressive action? The answer is simple.

• (1220)

We know that volunteers are important. Volunteers are what make many, many communities go round.

Our government has always recognized the importance of self-employed business people. Starting in 1998, those who are self-employed will be allowed to deduct premiums from supplementary health care and dental costs against their business income.

This measure addresses concerns residents of Guelph—Wellington had with the inequity that allowed owner-managers to receive tax exempt private coverage, but not the self-employed.

Since being chair of the Liberal economic development caucus a year and a half ago, I have been working hard to combat the underground economy: many, many meetings.

This budget ensures that mandatory subcontracting income is reported. This measure has been included to ensure fairness and equity in the tax system for all contractors. There are many contractors in Guelph—Wellington who will benefit from this measure.

With this budget, the Minister of Finance has made the job of the opposition extremely difficult. How do you criticize a balanced budget? How do you criticize tax relief that assists 90% of all Canadians? How do you criticize 80% budget spending on health care and education? The answer is you don't.

The opposition should be congratulating the Minister of Finance who took an out of control deficit, balanced it as promised and, may I add, one year before the Reform had promised—the Reform had promised much, much harsher measures—while protecting our social programs. There is the key. We are protecting our social

programs. That would not have happened under the Reform's proposition.

This budget stays the course. Canadians are now seeing the results of all the hard work and sacrifices they have made since October 1993. This budget takes a balanced approach that is delivering real benefits for the residents of Guelph—Wellington and all Canadians together are making a stronger country. We are making a difference.

I hope every member in this House is willing to stand up and applaud this budget. It is an important one and it is unique.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, I thank the hon. member for Guelph—Wellington for her speech, but I do want to take issue with some of the assertions she made.

I heard her say a minute ago that we should be congratulating the finance minister for balancing the budget. Surely the member knows it was the Canadian taxpayers who balanced the budget. Revenue is 70% higher than when the government took power.

We have a situation now where the government has completely reversed its stand from 1993. I point out in the 1993 election campaign we had the Prime Minister, the then Leader of the Opposition, saying zero deficits, zero jobs, zero hope.

What conversion on the road to Damascus did the Prime Minister go through? All of a sudden, it sounds as though the member for Guelph—Wellington is somehow suggesting that a balanced budget was the government's idea all along. Quite the contrary. In fact, they spoke against it in the election campaign.

I want to point out, leading to my question, that the hon. member does not intentionally want to lead people to believe that somehow they are going to get a tax break under this government. I am certain that is not her intention.

I simply want to point out by way of a question that the member is mistaken if she believes Canadians are going to be getting tax relief under this government's proposals. I point out that if the CPP increases that came into effect January 1 are included, if the effective bracket creep that takes place every year is included, amounting to just over a billion dollars in tax increases that Canadians face, and this is all netted out, we find that we in Canada will pay \$2 billion more in taxes in 1998-99, \$2.15 billion more in 1999-2000 and \$2.8 billion more in taxes in 2000-2001.

• (1225)

Given those facts, will the member acknowledge that Canadians will be facing higher taxes, not lower, because of this government's actions?

**Mrs. Brenda Chamberlain:** Mr. Speaker, I am very pleased that the hon. member for Medicine Hat started off his debate with the

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fact that there are more revenues coming into Canada. That is the reality. More Canadians are working now.

In 1993, and I am glad he pointed this out, when we took office the unemployment rate was almost 12%. Now we are down to 8.6% nationally. It is wonderful that we all recognize that there has been an almost 4% decrease, and I thank the member for pointing that out. That does mean that the economy and everything else works better. We do have more money to support our social programs.

When the hon. member talked about the finance minister and gave him credit, it is true, all Canadians shared in this. My speech did reflect that. Perhaps the member missed that part of it.

What I also want to say is we do also need to have leadership shown at the federal level. We do need to have somebody directing and saying that we are on a course. Clearly the finance minister did. He has said right from the beginning that we will balance the budget, we will have no deficit. Along with that he also made a very clear statement that we must preserve our social programs, that we must invest in health care, we must invest in education, we must invest in research and development. This budget does reflect those very values.

Ever since the Reform Party came to this House, it has said consistently that the bottom line is to reduce taxes at all costs. We are Canadian. Our vision in who we are is the fact that we believe in social programs. We believe that health care is important. We do not believe in a two-tier health care system like the Reform Party.

We have clearly stood up and said no to the Reform Party's agenda. We will balance the budget. We will and have reduced the deficit.

Clearly it is a budget we all should be proud of.

**Mr. Rey D. Pagtakhan (Parliamentary Secretary to Prime Minister, Lib.):** Mr. Speaker, I am pleased to participate in this budget debate.

Let me start with what the Prime Minister and the finance minister have said. I quote: "The victory over the deficit is due to the hard work and sacrifice of Canadians over the past four years. Therefore, achieving a balanced budget is a win not for the government but for Canadians. This is their victory".

The only way to measure the significance of this achievement is to look at where we started. First, when we came to office four years ago our deficit stood at \$42 billion, the highest in Canada's history. At 6% we had the second highest deficit to GDP ratio of any G-7 country. Second, the federal debt to GDP ratio was almost 72% and rising. Third, the unemployment rate was 11.4% at the beginning of 1994. Last, our interest rates were above rates in the United States. That is where we were in 1994. That was our dismal starting point.

Where do we stand today? Today the deficit is dead, dead for 1997-98, 1998-99 and 1999 and the year 2000. This is the first time Canada has had a balanced budget in almost 30 years. What a monumental accomplishment. I believe that all Canadians, and I hope that all the opposition parties, will applaud. Canada has the only balanced budget of any G-7 nation.

That is not all. This shall be the first time in almost 50 years that the Canadian government will have three consecutive balanced budgets. Last year the debt to GDP ratio fell, the first meaningful decline in 20 years. It will fall again even more. By the turn of the century, the debt to GDP ratio is projected to fall just over 60%, the biggest percentage decline of any G-7 nation again.

• (1230)

What about jobs? More than a million new jobs have been created since the government took office in 1993. Last year alone some 372,000 jobs were created. Employment has risen in every region of our country during the past 18 months.

We admit that the unemployment rate is still high, but it has dropped remarkably since 1994 and the downward trend definitely is clear.

What about interest rates? For the first time ever both our short and long term interest rates are below those in the United States. That means that a home owner who gets a five year term \$100,000 mortgage will save more than \$3,000 a year on mortgage payments compared with three years ago. It means that a consumer who gets a car loan of \$18,000 will save \$320 a year. It means a saving of some \$7,500 on a \$25,000 small business loan over 10 years.

That is not all. According to a Statistics Canada report issued a couple of weeks ago the economy grew by 3.8% in 1997. Inflation is at its lowest level in three decades. Consumer confidence rebounded in 1997. Business confidence achieved record levels in the same year.

Let me quote what others have said. From the *Globe and Mail*, a longstanding and acerbic critic of federal budgets, Jeffrey Simpson, said: "This week's budget was the best in a generation. It got priorities—right. It helped redefine the proper role of government in a modern economy. It balanced revenues and expenditures. It opted for prudent forecasts".

It is a major accomplishment. In a four year period we have gone from a \$42 billion deficit to zero.

The CTV Ottawa bureau chief was poetic when he said Canada was the *Titanic* that missed the iceberg.

I would like to read quotations from my province of Manitoba. The headline in the Winnipeg *Free Press* read: "In the black. Surpluses rolling in after 28 straight years of deficit spending".

There is more from the *Free Press*: "Door opens to tax relief. Measures benefit 90% of taxpayers".



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I remind members of the opposition that means tax relief for about 14 million Canadians.

The president of the Canadian Federation of Independent Business said: "The biggest thing in there for small business was the income tax reduction. Putting more money into people's hands is good for the economy".

Another headline in the *Free Press* read: "Students' debt pains eased". It will ease the crushing student debtloads. It will increase interest relief and make post-secondary education more accessible for Canadians.

Indeed praises for the budget come from a cross-section of people across the country. They come from the Canadian Alliance of Student Associations, from the Canadian Youth Foundation, from the Association of Universities and Colleges. I hope that opposition members will share the sentiments of those people who are truly concerned and interested in the budget.

The chairman of the Association of Universities and Colleges, Paul Davenport, said: "The millennium fund is going to help students. So for student assistance, this is the best budget that I've ever seen in my 20 years of university life. This is a breakthrough budget for universities, a tremendous boost for accessibility in Canada. This is going to help our young people participate in the knowledge based economy".

• (1235)

Why do they praise the budget? Perhaps the best quotation has come from a Toronto *Star* editorial: "This budget tells the nation how the Liberals see Canada in the 21st century. Their vision rests on the principle that every Canadian should have the right to learn". With those praises I really cannot understand how opposition members can still find things that are not in the budget. If they focus on what is not in the budget they will miss the great things that are in the budget.

The research granting councils receive an extra \$400 million. This will certainly prevent our best scientists from leaving the country. This is of benefit to our scientists and students and it is good news for all Canadians, for the fruits of the labours of our researchers will certainly spill over for the benefit of all Canadians.

Another quote in the papers was by the social critics: "The finance minister heads in the right direction". Perhaps another article I will quote from in the *Free Press* will sum up the social vision of the Liberals and the social conscience that we can see in this budget, in addition to transferring \$1.5 billion for health care and social transfer for the years far ahead. The finance minister said there are those who seem to believe there is nothing government can do and nothing government should do, that we should just unleash the market and let loose the forces of change and abandon

those whom opportunity has passed by. That view is not ours. A rising economic tide does not lift all boats.

In conclusion, I am very glad to see the Prime Minister and the finance minister working on a coherent tangent and vision for the country. I have one last quote from the Winnipeg *Free Press* editorial: "This budget is a milestone in Canadian politics. It is the first time we have had a surplus in almost 28 years. It is the first time since 1970 that the federal finance minister has been able to talk about long term choices, not short term choices. This is the first time that we are able to build a country instead of just holding it together".

**Mr. Rick Casson (Lethbridge, Ref.):** Mr. Speaker, while I have been listening to the people opposite congratulate themselves and the Minister of Finance, calling this a historic budget, there are a few things that are historic. We have historic high taxes. We have historic high unemployment rates for youth. We have a historic amount of families living on the edge of poverty.

I remind the member that the people who are to be congratulated here are the people of Canada, the long suffering taxpayers of Canada who have balanced this budget. It was not the Minister of Finance or that government, it was the people of Canada. I just want to keep reminding him of that.

They keep bringing up the fact that we would, as an opposition, destroy social programs. I would like this member to explain to me how, by not addressing the debt and the fact that some 30 some cents of every dollar that comes to Ottawa goes to service that debt, the projections in the Liberal budget for the next two years do not reduce that debt by \$1. What is that doing to social programs in this country? If that were reduced could we not have more money for social programs? Could we not make it truly a historic budget? I would like to hear his comments on that.

**Mr. Rey D. Pagtakhan:** Mr. Speaker, I will answer the question directly, but first let me state very clearly that the member who asked the question was not listening at all. When he said that instead of congratulating ourselves we should congratulate the people of Canada, did I not begin my speech by saying what the Prime Minister and Minister of Finance said, that the victory over the deficit is due to the hard work and sacrifice of Canadians over the past four years?

• (1240)

To even start a preamble to the question without recognizing what I have said in the beginning meant that this member was not listening at all. If he does not listen how can he get the right message to his question, whether in fact by reducing the debt we would be able to spend more on social programs?

We have an amount of money and we have a need at this time for health care and education. If we put all this money into the payment

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of the debt where will be get the money for health care and education? It is simple arithmetic.

[*Translation*]

**Mr. Jean-Paul Marchand (Québec East, BQ):** Mr. Speaker, my hon. colleague is surprised that no one is listening. That is because he is basically repeating what has been said by every other Liberal speaker these past few days. It is as if they all had the same person writing their speeches in praise of the budget. We know full well that the budget did not meet all the expectations of Canadians, especially in the area of education.

He went on and on about the great millennium scholarship program. But let me quote Professor Trent, a professor of political science at the University of Ottawa, who had this to say about the Prime Minister's millennium scholarships:

[*English*]

"It amounts to the rape of federalism. It is also politically egocentric, administratively inept and strategically stupid. Moreover, it is unnecessary".

[*Translation*]

This is what John Trent wrote. Professor Trent is right, because everyone knows full well that, with this budget, the government is once again trying to encroach some more on the provincial jurisdiction over education, especially since Quebec has the most sophisticated loans and grants program in Canada. Quebec students have the smallest debt load, with an average student debt of \$11,000, compared to \$25,000 in Ontario.

I ask my colleague this: Does he not agree that there is duplication, that the federal government is once again encroaching on the provincial jurisdiction over education?

[*English*]

**Mr. Rey D. Pagtakhan:** Mr. Speaker, to the observation that the Liberals are repeating almost the same speech, we cannot help it. The Liberals have the same message.

We have to keep repeating the message if the opposition refuses to listen. We also know that not all expectations have been achieved. The job of this government has not been concluded yet, and that is why we have three phases in the plan for our budget.

The first phase has been completed. We are now in the second phase and we will go to the third phase. If the member will wait he will see all the beauty of our budget.

On his question about the millennium fund, I am glad to say that Quebec has a loans program as well for its students. Does it hurt for the students to get extra help from the millennium scholarship fund? Let Mr. Trent tell his message to the students and I would like the students to reply. The students will criticize Mr. Trent.

**Mr. Gerry Ritz (Battlefords—Lloydminster, Ref.):** Mr. Speaker, I will be splitting my time with my colleague from Nanaimo—Cowichan.

The Parliamentary Secretary to the Prime Minister said in his speech that this is a milestone. I am here to say my constituents regard this more as a stone in your shoe than a milestone budget. Millstone is another good word.

It should be a great honour to stand here today and deliver my first speech on a federal budget. I am honoured but I have serious reservations about the honour reflected in this budget.

My constituents and I certainly understand what budgets are all about, making choices. Inevitably there will be people on both sides of the debate. Some will be pleased and many will find fault no matter what you do.

I would like to sympathize with the government on that point but I cannot because what we see in this budget is that it has made no tough choices at all.

The Liberals claim their approach is balanced but I think the more accurate term for them would be indecisive or unimaginative. What we see here is a major disappointment, a huge flop and a missed opportunity that Canadians will continue to pay for, for decades.

• (1245)

Canadians made it clear in our prebudget deliberations that the tax burden on them and their economy was excessive. That tax burden drags on job creation. We see that reflected in our permanent persistently high unemployment figures.

Not only has the finance minister ignored the opportunity to create real sustainable jobs, but these policies continue to penalize the unemployed. Thousands find themselves ineligible for benefits or have had their benefits cut to minimal levels while the finance minister shovels billions of dollars into an EI surplus fund. He announced nickel and dime cuts to premiums late last year but continues to operate that EI fund as a cash cow rather than the insurance program it was intended to be. I do not find much honour in that.

The minister's colleagues will quickly point out that there is money in the budget for job creation but experience with government shows these programs are at best short term fixes with excessive bureaucratic costs that still leave not thousands, not tens of thousands, but hundreds of thousands of Canadians outside the targeted groups.

This is the choice they make when they try to be the magic bullet that aims itself at narrow agenda items instead of creating broad policies that treat all Canadians equally and treat the economy not as a revenue generator for government excess but as the public trust that belongs to all its citizens and their descendants.

We have seen programs across the political spectrum that reflect the choices the Liberals have made to be always the party of the

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special interest groups as opposed to being the party of the whole Canadian community. We see them choose to base their programs on race, language, gender or regionalism rather than on creating equal opportunity for everybody.

A government must create an environment where people are not set at each other's throats in a competition for rights and benefits that excludes their neighbours. We on this side of the House know there are localized or specific problems that must be addressed by directing programs but too often these directions are given by the special interest and lobby groups with agendas that do not reflect the values held by the majority of Canadians.

The finance minister said that the time has passed when a government could be all things to all people. By having so many priorities it in fact has none. The finance minister was trying to paint the budget as a point in the nation's history when we would turn from the irresponsible, misdirected, wasteful spending of the past and open a new chapter where every tax dollar would be spent in such a way that it would always reflect focus and balance. I am not saying these buzzwords are meaningless, but I am saying that the actions of the government drain them of any real meaning.

The finance minister rejected the notion that the treasury could afford broad based tax relief. He rejected the advice of many finance committee witnesses who said that decisive debt reduction was not only prudent but would pay large dividends almost immediately for all Canadians and their descendants. Instead he made the choice to be many things to many people. In the process he rejected the values of Canadians by ignoring the polls that said people wanted debt reduction and tax relief most of all.

The minister left many important things out of the budget. There is no mention of the crisis in agriculture or transportation on the prairies, no mention of crisis in the east and west coast fisheries, no mention of the tax burden carried by our small business owners who are the real job creators in the economy. He says to them that they will have to wait, but can they afford to wait for this tax relief?

We can afford \$600 million for an office of official languages. We apparently cannot afford to attack the debt, but we can afford to subsidize our own heritage to the tune of \$440 million per year. I am not saying that there are not worthy causes in there somewhere but these expenditures are never questioned. Would Canadians abandon their own culture or a second language if these things were not subsidized? I think the evidence would point to the contrary. The evidence suggests that the majority of Canadians being compassionate and reasonable will do many things on their own without being bribed with their own money.

What are the Liberals afraid of? The budget shows what they are afraid of. They are afraid that if they give Canadians the freedom

to make their own choices they will choose to support common values; they will strengthen their families, contribute to their communities and naturally gather into a strong country with a shared vision of our future.

By failing to make any courageous choices, the government has not changed anything from the previous three decades of its irresponsible predecessors. Canadians will continue to finance massive programs. They will continue to spend 30 cents of every dollar on nothing more than interest on the national debt. They will continue to hear from Ottawa that bureaucrats know better than they do how to run their own lives. I see nothing honourable in that.

● (1250)

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, I would like to take this opportunity to ask the member opposite for some clarification of his comments.

He talked about having an exclusionary budget and then he went on to talk about regional initiatives. I see those two things as cross purposes. I would like to hear his response as to the lifting of the surtax and the benefit that is to all Canadians.

How could he possibly speak against an initiative such as that, as well as the contingency fund which when it is not needed will go toward paying down the debt? That is exactly what Canadians asked for and this government delivered.

**Mr. Gerry Ritz:** Mr. Speaker, I thank the member for her question. She is also a member of the finance committee so she knows what we heard on the road from people talking about debt and tax relief.

Many regional programs that we have seen governments direct are always mistargeted. The cost of bureaucracy is excessively high and never create the long term sustainable jobs we would like to see.

She talks about a reduction in the surtax. We think that is great. It should apply to everybody. It is great that they started off and targeted a few people, but the complexity that they have added into the system with this budget takes a tax accountant and a Philadelphia lawyer to figure out the idiosyncrasies of this system, which certainly is at cross purposes to pandering to the poorest sectors of society that are not able to afford an accountant to begin with.

In addition, that complexity flies in the face of the target they are trying to make. When they take the huge CPP increases, which certainly affect Canada's working poor, and balance them off with the nickels and dimes we see tossed their way in the budget, the end result over the three year program shows the working poor as being worse off than they are now. I do not see that as helping that sector of society.

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**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, during the member's speech he said something that caught my attention. It is quite unfortunate that he used these words, but he said that the government was pandering in the budget to special interests and was somehow providing special attention based on race, language, gender and region rather than equal opportunity.

I do not know what part of the millennium scholarship fund falls into the special interest envelope he painted. I do not know what part the tax relief to low and middle income Canadians falls into the special interest envelope he painted. I do not see where the caregiver tax credit for those who provide care in the home to the elderly and the infirm falls into this special interest envelope the member painted.

The member stated very clearly in the House that the budget somehow pandered to special interests, in his words, specifically on the basis of race, language, gender or region rather than equal opportunity. I would like the member to stand in his place this instant to tell the House one example where race, language, gender or region is the basis of the budget.

**Mr. Gerry Ritz:** Mr. Speaker, we covered quite a bit in that and I am sure I do not have time to cover it all.

One thing that pops to mind for race right off the bat is that a short time ago the department of Indian and northern affairs announced \$350 million to address the abuse suffered by natives at the hands of aboriginal schools years ago. Even the aboriginal community was not consulted in that. I know the chief of the grand council is having a terrible time trying to sell it to his people. It is a day late and a dollar short in their estimation. Maybe he should have consulted with them a little more than he did.

The member talked about the millennium scholarship fund. In reality that fund addresses 6% to 7% of students in Canada. What do the other 93% or 94% of students do? Do they sit and wait? This does not kick in until the year 2000. Students in our universities are in a crisis now. They need some help today, not two years down the road. That is a little too late.

He talked about the caregiver tax credit of \$400. Fantastic. My elderly inlaws are living with us and \$400 do not even cover the cost of putting in a bathroom rail so they can get in and out of the tub. At an \$11,500 income that tax credit disappears. It just does not go far enough.

**Mr. Reed Elley (Nanaimo—Cowichan, Ref.):** Mr. Speaker, it is with a great deal of pleasure that I take part in my very first budget debate since having been elected by the voters in Nanaimo—Cowichan this past spring.

• (1255)

One might have hoped that it would be under much better circumstances. However, having seen what the finance minister has

brought down, I can only draw one conclusion. Canadian taxpayers have been robbed of debt and tax relief and the Liberals are going on a spending spree once again. It is a shame. In fact the budget is not just a shame. It is a sham.

I could not believe my ears when the finance minister stood in the House to declare that in effect the deficit battle had been won by his government. I know they go to great pains to disclaim that but that was said.

Nothing could have been further from the truth. It is incumbent upon us as opposition members of Parliament to keep pointing out that the government was able to hopefully balance that budget only on the backs of working men and women. They are the ones who have been paying an extra \$33 billion in taxes since the Liberal government took office in 1993.

What is the reward for the sacrifices Canadians have made? What are taxpayers getting now that the books are supposedly balanced and the government expects to start running surpluses? One short word, nothing. What they should be getting is broad based meaningful tax relief. They deserve nothing less. They are telling me as their representative when I go back to the riding that they are disappointed in the budget because they did not get that relief.

In 1993 Canadian taxpayers paid \$107 billion in income tax. This year we will pay close to \$140 billion in taxes to fund the big red tax and spend Liberal machine. The chequebooks are out again.

In order to be in a situation where the government could even contemplate a balanced budget, let alone a surplus, program spending for 1998-99 came in at about \$103.5 billion. Just as taxpayers have eliminated this deficit the government is resorting to the same tax and spend policies that got us into this mess in the first place.

This year the Liberals will spend \$161 billion. In fiscal year 1999-2000 they will spend \$167 billion. Finally, projected spending for 2000-01 will be about \$173 billion. Most of the money being spent over 1997 levels is money that could go toward paying down the debt or providing Canadians with real meaningful tax relief.

The Liberal government does not seem to get it. Canadians are being squeezed and they desperately need tax relief. Is it any wonder that come tax time each year more and more of us feel like we are taking one step forward and two back?

Take, for instance, my son in Calgary who has a wife, a little girl and another on the way. As a construction worker at the low end of the wage scale he has had trouble making ends meet even in boom town Calgary which knows something about eliminating debts and deficits and having the lowest taxes in Canada. Why? It is mostly

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because the federal government still takes so much out of his paycheque that he does not have anything left over.

The deficit battle is won on the backs of people like my son and other Canadian taxpayers who have endured 33 tax increases by the government since 1993. The budget holds hardly any hope for any change.

The most insidious tax of them all is the bracket creep. It was a present from the Tories and one which the Liberals have enjoyed using against Canadians as well. By keeping the Tory bracket creep tax, the Liberals have turned a blind eye to preprogrammed tax increases. Why could they have not done something about that?

Bracket creep, since the Liberals have taken office, has taken an accumulative \$13.4 billion in new and higher taxes out of our pockets. That is not acceptable. Indexing for inflation in 1997 would have prevented an automatic \$860 million personal income tax increase. This represents an increase totalling \$4.3 billion over the next five years. This tax just keeps on taking and taking out of the pockets of Canadians.

Statistics Canada reports that between 1989 and 1995 real after tax family incomes fell by \$3,461 from \$41,084 to \$37,623.

• (1300)

Here is another graphic example of bracket creep. An individual taxpayer earning \$30,000 a year in 1993 whose income increases just at the rate of inflation will end up paying \$1,581 more in federal income, CPP and EI taxes after he files his return this year.

We have to see that there are social consequences to this budget as well. By not providing tax relief and by failing to pay down the debt, the government jeopardizes the social programs that we have in this country. After adjusting for the government's liquid assets the net public debt will stand at around \$583 billion by the end of fiscal 1997-98.

This mountain of accumulated federal debt requires interest payments. Interest payments on the Liberal and Tory mortgage amount to \$46 billion for this fiscal year. Canadian taxpayers will pay approximately the same next year to service the debt.

Think in terms of social spending what \$46 billion represents. It represents the entire annual budget for the four western provinces. It represents the entire annual budgets of Quebec, P.E.I. and Newfoundland. It represents enough to pay for all Canadian hospitals, physicians and drug costs for an entire year.

We have to do something about the interest payments on this debt. It represents enough to provide every poor child in Canada with a \$30,000 a year endowment. Do you see how important this

is? As I said at the outset, this budget is both a shame and a sham because it fails Canadians.

Until we pay down the debt, we cannot free up that money which is being used to pay interest on the \$583 billion debt. Surely the lost opportunity that these interest payments represent should be reason enough to commit 50% of any surplus to debt reduction.

I urge my colleagues across the way to think of what this means to Canadian taxpayers. Those of us over here are intent on finding out what our constituents feel about this. I asked for people to write to me and let me know how they would spend the surplus, if there ever was a surplus in this country. I would like to read a letter.

Dear Sir:

I would like to give you some input from some taxpayers in your riding on the issue of what to do with any government surplus (if in fact one ever occurs). In short, think deficit reduction. Yes we feel heavily taxed and yes we feel some services have been cut a little too far and our take home pay buys less than it used to, but the \$600 billion national debt is a disgrace and a millstone around the necks of all Canadians. It will be even worse for future generations if we don't face reality and deal with this debt.

That is from Bruce and Deborah Maher in my riding.

Public debt charges will eat up 33 cents of every revenue dollar in the current fiscal year or 69 cents out of every personal income tax paid by Canadians.

In 1997 the average Canadian taxpayer will pay about \$3,285 a year in taxes just to pay interest on the debt. Large debt burdens also force interest rates higher. This increases the cost of mortgages, automobile loans and household items like washing machines and refrigerators, and carrying credit card balances.

Debt reduction frees up a fiscal dividend for reinvestment in the Canadian economy. This can be done in the form of strengthened social programs, lower taxes or a combination of both.

Cutting the debt in half would put about \$1,600 back into the pockets of every average taxpayer in this country. Or the government could even give a mix of tax relief. Anything would be better than what we have.

The government could provide an 8% reduction in personal income taxes, or something it promised a long time ago, the total elimination of the GST. The Liberals could finally honour their 1993 election promise to scrap that hated tax. This could only be done if the Liberals reduced the accumulated federal debt by half. Given the most recent offering by the Prime Minister, I do not think this is likely to occur at any given time.

Sadly this budget does nothing to help ordinary taxpaying Canadians. If anything it impoverishes them further by increasing the tax burden. If that fact is not now readily apparent to taxpayers, when we all sit down and start filing our income tax in the next month or so, then reality will hit us once again.

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I cannot support this budget.

• (1305)

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I want to deal with a couple of the errors, or misconceptions maybe, that the member has indicated in his speech.

First of all he left the impression that since the tax revenue of the government is going to increase from \$107 billion to \$140 billion that somehow, and members opposite use the phrase over and over again, this is being done on the backs of Canadians. The hon. member is using a little bit of smoke and mirrors.

There are a million more people working in Canada than there were in the prior year or since the mandate of this government commenced. That means there are more taxpayers working, more taxpayers paying their taxes and there is more revenue for the government. It is absolutely erroneous to suggest that somehow this is a greater tax burden on the individual Canadian.

The member also talks a lot about bracket creep. He had a lot of fluff in there about all the editorial commentary. The member should probably well know, and I think Canadians should well know that this bracket creep issue has to do with the indexation of the basic personal amount as an example, which is \$6,456 and an inflation rate exceeding 3%. Given what the inflation rate was for instance last year and taking the federal rate, what we are talking about is approximately \$12.46 for an ordinary taxpayer in terms of the federal coffers.

The member goes on and on about 33 tax increases since this government took its mandate. We are talking about small items. We are not talking about the substantive items.

I want to ask him a question about tax relief. Tax relief in the amount of \$7 billion was provided to Canadians in this budget. It included items like increasing the provisions under the basic personal amount. It included a number of measures, but it accumulated to some \$7 billion. That is included in the determination of a balanced budget. The member may suggest that the tax relief is nominal, but it was \$7 billion.

If the member is going to make the argument, can he stand up and explain to the House exactly how or what he is going to change in this budget? What item is he going to change specifically to provide which tax benefit? I want him to say exactly what tax benefit he is going to provide to Canadians. How much is it going to cost? And is he still going to be able to deliver the balanced budget that Canadians have asked for?

**Mr. Reed Elley:** Mr. Speaker, the most important person to consult in this whole thing is the Canadian taxpayer.

I went back to my riding last week and held town hall meetings all across my riding. I sat down with Canadian taxpayers to whom I give a lot of credit and who have the intelligence to look at this budget and say whether it is really helping them. All I can say in answer to the member's question is that those people have told me that the ordinary average Canadian on the whole feels they are not getting enough tax relief out of this budget. For 27 years they have been paying for these deficit budgets by Liberal and Tory governments and they feel it is time that the government finally rewarded them.

**Mr. Paul Szabo:** How much?

**Mr. Reed Elley:** I cannot tell the hon. member how much, but I can say that they felt that it would certainly have been a whole lot more if this government had been listening to Canadians.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, I just heard the Liberal member comment on the tiny impact of bracket creep. Actually it is about over \$1 billion a year that it takes from taxpayers' pockets. But I point out to my friend that the government's tax reduction strategy next year will only be \$880 million. In other words, bracket creep completely eliminates the tax relief the government is so proud of.

Will my friend from Nanaimo—Cowichan comment on this? Will he also comment on the huge impact that CPP tax increases will have on the pocketbooks of average Canadian taxpayers?

**Mr. Reed Elley:** Mr. Speaker, my hon. colleague has hit the nail right on the head. This government is taking money out of Canadian taxpayers' pockets, whether it is giving minimal tax relief or not. It is taking money out through things like the CPP. I suspect this government will find other more innovative ways to take more money out of the pockets of Canadian taxpayers through user fees. Things which we used to get basically free from government we will now be charged for. The government will find other ways to do this so it can continue on its big spending spree.

• (1310)

How could the government do it otherwise? It would not be able to do it. It has to have more money coming in to pay for the money that is going out. It will do it somehow.

**Mr. Lynn Myers (Waterloo—Wellington, Lib.):** Mr. Speaker, I will be sharing my time with the hon. member for Miramichi.

I welcome the opportunity to participate in today's budget debate and to congratulate the Prime Minister and the Minister of Finance for leading us and all Canadians into the era of balanced budgets.

To me it is not the applause of economists and accountants that makes our first balanced budget so historic. It is the fact that our fiscal progress allows us to begin an equally crucial journey and that is to relieve the heavy tax burden which Canadians must

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shoulder. The residents of Waterloo—Wellington are grateful for the very steady course which has been taken by the government.

I am also very proud of the way the budget has launched this journey with reasonable prudent steps. The increase in the basic exemption and the elimination of the general surtax for Canadians earning under \$50,000 a year will benefit 14 million citizens. They also ensure that our hard won fiscal progress is not put at jeopardy.

Of course we have already heard the squawks and the screeching that our tax initiatives should have gone further. As opposition parties it is always easy to advocate broader based tax relief, but this government has come too far in the fiscal battle to let that type of political grandstanding jeopardize the progress we have made to date and for which Canadians have worked so hard.

The challenge we must continue to meet and master is clear. We can only begin moving to even larger tax cuts when the attack on the fiscal mess left by the previous governments is truly over. That means not just continuing to run balanced budgets but also ensuring that the debt itself is set on a real downward course.

I am confident that most Canadians know that wider tax relief today would have been paid for in one of two ways: either by pushing us back into a deficit, or by cutting back on our investments in vital social programs. The increased funding we are providing to the provinces under the Canada health and social transfer as an example, or our funding for the Canadian opportunities strategy as another example would have been cut.

What about that funding, especially the Canada millennium scholarship fund? I know it is tempting for critics to look at this \$2.5 billion endowment and suggest that it might better go toward augmenting our \$1.6 billion personal revenue tax relief for low and middle income people. However, the fact is that the scholarship fund is a one time investment. Its payouts will be spread across the 10 years in which we will be providing the scholarships. The general tax relief announced by the minister is much more permanent.

As a result of the two measures, the increase in the basic exemption and the elimination of the surtax, single people earning \$30,000 a year will see their tax burden reduced by 3%. For single people earning \$50,000 a year, they will see a 2.4% reduction. For families this is an important measure. Taxes will fall by 3.3% at \$50,000. This means that a family with an income of \$30,000 will receive a 31% reduction in taxes, with its total federal income taxes falling to about \$300 or 1% of income.

Let us look at the saving to the total number of taxpayers. The combination of the increase in the basic exemption and the elimination of the general surtax will deliver \$880 million in savings in the first year. As the economy and incomes grow, that saving will increase to almost \$1.7 billion by the year 2000-01. In

fact in over just three years the bottom line saving to taxpayers will exceed \$4 billion. It will continue to grow year after year.

That is the fair and honest comparison which critics should make: our scholarship endowment with its one time \$2.5 billion cost, equal to \$250 million a year; and our tax relief, saving consumers \$1.7 billion year after year.

To me this reflects the fair and balanced strategy which has become our hallmark since coming to office. We are not the party which tries to play Canadians off against each other. Our philosophy centres on acting where the need is greatest and where the government can do the most good. Surely taxpayers and students meet those criteria.

• (1315)

Let me emphasize, as the minister did in his budget speech, that this government's goal continues to be lower taxes and lower taxes even further. That is a pledge that Canadians can trust as our track record clearly shows and makes clear.

Remember, from our first days in office we have understood the economy and the social problems that are caused as a result of Canada's high taxation levels. That is why we did not increase personal taxes in any of our budgets.

You would probably have to go back a long time to find any comparable period when personal tax rates stayed unchanged, much less dropped as with this budget.

From the start, where we could afford it and where it could do the most good, we have implemented targeted tax cuts. These are cuts that this budget also builds on.

For example, it is our government that in 1998 lowered the employment insurance premium rate for employees from \$2.70 per \$100 of insurable earnings from the previous \$2.90 rate. For workers, this means paying up to \$78 less in premiums in 1998 than in 1997. For employers, it means paying up to \$109 less per employee.

In fact, the 1998 premium rate reduction is the second largest drop in EI premiums since the 1970s. It will reduce premiums paid by employers and employees by an estimated \$1.4 billion.

It was our government that in the 1997 budget proposed a two-step enrichment for the current \$5.1 billion child tax benefit to create a new \$6 billion Canada child tax benefit by July 1998.

Overall, more than 1.4 million Canadian families with 2.5 million children will see an increase in federal child benefit payments as of this July.

Also, it was this government that took concrete actions through the tax system to assist Canadians with disabilities. For example, a list of expenses eligible for the medical expense tax credit has been significantly broadened and the customs tariff amended to provide

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duty free entry for all goods designed to use for persons with disabilities.

It was this government that acted through the tax system to enhance initiatives for charitable giving. These are already before this House in Bill C-28.

Once passed, this legislation will reduce the income inclusion rate on capital gains arising from charitable donations from 75% to 37.5%. This puts Canadian charities on an equal footing with those in the United States.

Let me highlight just a few more tax reduction measures we have implemented over the last four years to help Canadians and sectors most at risk or in need.

We have eliminated the seven-year limit on unused RRSP room so that Canadians who face short term economic problems do not have to feel that their retirement saving is in jeopardy.

We have raised the annual limit on the transfer of the tuition fee and education amounts to those who support students from \$4,000 to \$5,000. We have increased the annual limit on contributions to registered education savings plans from \$1,500 to \$2,000 and the lifetime limit from \$31,500 to \$42,000. Through Bill C-28, we are increasing the annual limit another \$2,000.

We have broadened the eligibility for the child care expense deduction to assist parents who undertake education or retraining. We allowed most charitable and public organizations to raise funds without collecting and remitting GST on sales. We have provided a 100% GST rebate on books purchased by public libraries, educational institutions and other specific bodies.

We still have no illusions that these measures are more than very small steps in addressing a very large problem but they are real steps, steps designed to do the most good with the resources we have available. Most important, most of them are steps that reflect our national values, providing mutual support for Canadians in need or who face real disadvantage.

That is why our 1998 budget keeps our red book II promise to further enrich the Canada child tax benefit. This enrichment will be made in two steps, an increase of \$425 million annually beginning in July 1999 and a second increase of \$425 million annually commencing in July 2000.

Next, as the Minister of Finance told us to help working Canadians with children, the 1998 budget proposes to increase the limit on the child care expense deduction.

• (1320)

Beginning in 1998, the limits for the child care expense deduction will increase from \$5,000 to \$7,000 for children under age seven and from \$3,000 to \$4,000 for children between the ages of

seven and sixteen. This measure will benefit some 65,000 Canadian families with children.

We have also been a government that recognizes the challenge of the aging population. We have had to address this in connection with the Canada pension plan. We will be addressing it further with the seniors benefit, but this budget takes it a further step.

There are other tax measures in this budget that I could highlight and other examples of actions in previous budgets that we can be proud of but I think my point is clear. Our performance on behalf of the average taxpayer is concrete, credible and consistent. I look forward to our future budgets as our fiscal strength expands, when this government will further broaden and deepen the tax relief that Canadians not only deserve but also desire.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, my friend across the way just put the best possible face on the budget, which I had expected. However, in fairness, the official opposition has to put things in perspective here.

My friend did not mention that Canadians face the highest taxes in the G-7 today, 56% higher than the G-7 average. He did not mention that in the last 15 years, between 1980 and 1995, we saw taxes in this country increase relative to GDP by 29% while they went down in the U.S., Japan, the U.K. and Germany. Our taxes have gone absolutely through the roof.

What my friend did not point out is that it is people at the low end of the income scale who pay the highest price because of this huge rise in taxes.

My question to my friend across the way is, given that the government has introduced targeted tax relief but also introduced broad based tax increases with the net effect of raising taxes by close to \$7 billion over the next three years, notwithstanding its tiny \$7 billion in tax relief, the net effect is still a \$7 billion increase, how does that help Canadians and in particular how does it help low income Canadians?

**Mr. Lynn Myers:** Mr. Speaker, I would ask the hon. member to look at the budget and read it very carefully so that he understands fully that low and middle income Canadians have in fact benefited from the kind of progress that we as a government are making. The member should consider the evidence. We have some of the lowest interest rates in historical perspective. We have generated an incredible amount of activity which has created the kind of climate that Canadians not only want but deserve.

The member makes reference to the G-7. We are leading the G-7 in terms of the kind of economic activity that we are doing. We have selectively noted that there will be tax reductions for low and middle income Canadians which is a good move and one that is very much deserved. We will see more of that. As time progresses there will be an opportunity for those kinds of initiatives to kick in.



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I look forward to that because it is important that we as a government move on that front.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I congratulate the member on his speech concerning this very historic budget.

One of the important elements of this budget, after we consider the impact of balancing it, is the theme of education as it relates to preparing our youth for their place in the workforce as they move through their lives.

The member well knows that under the Canadian opportunities strategy, the Canadian millennium scholarship foundation is the centrepiece. In addition to that, the tax relief on interest payments on student loans, the tax free RRSP withdrawals for lifelong learning and an education credit and child care expense deduction for part time students are certainly some of the others.

I thought I would just ask the member if he would like to comment a little bit on the issue of education, maybe from the perspective of his own riding, concerning the reception that Canadians have been giving to the investment that we are making in our youth.

**Mr. Lynn Myers:** Mr. Speaker, as a former educator, I can say that I was absolutely elated in terms of the kinds of initiatives that we see for our young people especially, for our youth who deservedly need that kind of assistance.

• (1325)

The reception not only in my riding but in Ontario and across Canada has been overwhelming in terms of the kind of reception people, and especially our young people, have given. They know full well this was an important historic budget that will sustain them into the year 2000 and the 21st century. It is very important that we give our young people those all important first chances and opportunities to enable them to carve out the kind of thing they require in terms of their lives and futures. I am proud to be part of a government that has been able to do that.

**Mr. Jack Ramsay (Crowfoot, Ref.):** Mr. Speaker, I was moved by the member's comments about the benefit this budget provides for young people. My wife and I have raised four young people. My son Spencer has worked for a low paying income that most young people are forced into or it may be just a matter of growing up. He made \$14,613.32 in the last fiscal year. He paid \$393.16 in UI, \$1,572.45 in income tax and \$296.83 in Canada pension plan for a total of \$2,262.44.

Could my hon. friend across the way tell me if this is being fair to the young people of this country?

**Mr. Lynn Myers:** Mr. Speaker, I thank the hon. member for his question. This government has created the kind of climate for the

economy that will enable all our young people to excel and proceed into their futures with not only confidence but also knowing full well they will have an opportunity we used to take for granted and now they should too.

We have been able to do that in a way that is commensurate with the kinds of dreams young people have. It is important that we proceed accordingly and carve out that kind of opportunity for all Canadians and especially our young people.

**Mr. Charles Hubbard (Miramichi, Lib.):** Mr. Speaker, it is certainly a privilege today to speak on behalf of all the good citizens of Miramichi riding. I congratulate the Minister of Finance and our Prime Minister for a budget that finally addresses the terrible problem of the annual deficit in Canada.

As I listened to the members opposite, I heard concerns being expressed that it was not the Minister of Finance but rather the Canadian people who balanced this budget. I assure them that it was the Canadian people who balanced this budget, but the Canadian people did this after receiving strong leadership, direction and a commitment to make sure the finances of this country were brought under control.

Fifty-two months ago when our party took control of the government, we were faced with a terrible situation in terms of our country almost being on the verge of bankruptcy. The annual deficits were in the vicinity of \$40 billion to \$50 billion each year. The international bankers were almost on our doorsteps.

It is interesting to note that members opposite do not seem to recognize the necessity of saying to our Minister of Finance that he has done a very good job in bringing our deficit under control.

In 1993-94 the government recognized that a comprehensive strategy was needed in order that our government and our country could be brought back to a fresh new direction. It had to bring confidence back into our economy. It had to bring forward programs that would eliminate waste, that would develop new markets, that would attract new investment and above all that would restore some hope and confidence for our Canadian people.

This budget in 1998 is a continuation of the plan that was set forward in 1994. On February 24, for the first time in 30 years, the Minister of Finance brought forward a budget that was balanced in terms of our Canadian nation. That is an outstanding accomplishment.

• (1330)

All Canadians can take pride in the fact that we now have brought our economy and our government spending under control. We are facing an opportunity now to enter the 21st century with a sound economic and fiscal approach to our government and to our country.

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This ever improving financial situation for Canada has helped drive down interest rates. Those wanting to invest in our country today have some of the best interest rates that they have had in the last 30 years.

We have heard today about employment and unemployment. Being from the Miramichi I have to be continually concerned with the need for our people to seek employment. We have had difficulties in the Miramichi. In 1996 we saw the closure of base Chatham. We saw a lot of people lose their jobs. That along with the difficulties that we have in Atlantic Canada was a major concern for us and the province of New Brunswick.

I am happy to report today on the outcome. Great efforts have been put forward by our former premier Frank McKenna, by members of the legislative assembly of the province of New Brunswick and by our community leaders in the Miramichi. All of us have worked together to enhance our economy and to provide more job opportunities for our people.

The member opposite alluded to youth. In our country we have to be continuously concerned that our youth are provided with opportunities where they can obtain successful and rewarding employment.

In the last few years we have seen the unemployment rate in this country drop from 11.2% to approximately 9%. This has certainly been an achievement. Our government must work diligently to make sure that unacceptable levels of unemployment especially among young Canadians remains a very great concern.

Recently we announced the internship program. Some 3,000 people will be offered an opportunity to take part in internship with governments and private industry.

We also see in this budget that employers who hire young people between the ages of 18 and 24 will be given an employment insurance benefit holiday for the youth they hire in the years 1999 and 2000. Every member of Parliament has to make sure that our young people, our most enthusiastic workers in many cases, are given opportunities to get gainful employment.

We talked about the great national debt which approaches some \$600 billion, a legacy of overspending particularly by the governments before us. This debt is affecting the lives of all Canadians. Some 28.3 cents of every tax dollar are committed toward paying the interest on that debt. All of us on all sides of the House must make sure that we continually approach the concept that reducing that debt will be in the best interests of all Canadians.

The debt has to have a rigorous program to make sure that it is maintained and kept under control and above all, eventually brought down to a minimum. We hear people casting stones about the debt. All Canadians have some degree of debt, whether it be a mortgage, a car loan or some personal loan. As Canadians, even though we have to look at the debt in different ways, we must

assume that the debt generally has been used to pay for some worthwhile assets that our country now has.

We find that more than 14 million Canadians will only get a minor break in tax relief, but it is a start. It is a beginning. We have the \$500 increase in the amount of dollars people can claim on a non-taxable basis. This will benefit most Canadians, especially those in the lower and middle income groups.

We also have to recognize that money is being put into the child tax benefit program by which Canadians of lower incomes, below \$20,921, can receive \$1,625 for the first child and \$1,425 for each additional one.

I am also happy to see the great attention being placed on education in this budget. We have certain breaks now for those who are having difficulty with their student loans. We have the concept of Canadians being able to invest in their children's education. The Canada education savings grant program will mean the government too will contribute toward the annual amount that each taxpayer can contribute into an RESP.

• (1335)

I see my time is running out and I have to shorten my speech. Overall I would say that most young people in this country, most university students, most of our youth see this budget as a very favourable beginning.

University programs have been good. We also see the concept of money being offered in terms of tax breaks to those who volunteer as firefighters and members of local fire departments.

In general even though we may hear criticisms from the other side of the floor, I think this is only part of our governmental process. We on this side of course are doing our best to make sure that the programs are well explained. On the other side, and I see some members nodding, it is their duty to point out what is difficult in the budget.

I would like to see more positive solutions instead of negative criticisms which really add very little to our debate. Hopefully before the vote is held tonight, we will hear some more positive remarks from those members who are sitting opposite.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, I want to thank my friend opposite for his speech. I want to point to a statement he made when he praised the finance minister for his leadership, as he phrased it, in battling the deficit.

I want to point out to my friend that in 1995 when the finance minister brought in his budget he did make a commitment to reduce spending by \$5 for every dollar in new revenue that he brought in. Imagine the surprise of Canadians when three years later they found out what actually happened was that the government brought in \$2.10 in new revenue for every dollar it cut. In fact the

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government actually reversed completely the promise it made in 1995.

I think that is a betrayal. I think Canadians believe in a small limited government, a government that lives within its means and understands its limitations, understands that it can only do a certain amount of things.

It was taxpayers through revenues who really beat this deficit down. If we look at the numbers, we will find that 69.1% of the improvement in the government's fiscal position was due to new revenues. A very, very minor portion, about .6% of the improvement in the government's fiscal position was due to departmental spending cuts and the rest was cuts in transfers to the provinces.

Would my friend agree that the rewards of the surplus should be distributed to people on the basis of that formula? In other words, two-thirds of the surplus should go to taxpayers, .6% back to bureaucrats for increases in government spending and the remainder back to the provinces to fix the health care and higher education that this government helped destroy.

**Mr. Charles Hubbard:** Mr. Speaker, it is always good to hear my hon. friend because I think he has almost as many facts as the computer that sits near my desk and we have to judge them accordingly.

We have to recognize that some 700,000 or more new jobs have been created and that we have a great number of new taxpayers. That is what this government is all about. We are out there trying to get more Canadians employed. I mentioned that some 9% today are unemployed. I would like to see that figure at 5%. With that, our revenues would increase accordingly. We would be able to restore more people working in terms of our economy, building a greater confidence in their ability to invest and to purchase goods. We would have a tremendous economy. The hope is there as we approach the 21st century.

**Mr. Dick Proctor (Palliser, NDP):** Mr. Speaker, the member opposite indicated unacceptable levels of unemployment. If I heard him correctly, he used the figure of 11.2% as being unacceptable. It is down to about 9%. I think it might be at 8.9%.

I am wondering whether he could shed some insight into why this government is so reluctant to set some targets for unemployment levels. The government has done it on reducing the deficit. It did it over a period of years.

• (1340)

I am wondering why there is such reticence on the government side to set realistic targets to reduce unemployment, particularly among young people because their level is nowhere near the 11% or the 9%. It is in the high teens if they are lucky. Perhaps the member opposite could answer that question.

**Mr. Charles Hubbard:** Mr. Speaker, certainly the levels of unemployment among our youth are of great concern, but in terms of our goals, I think all of us should aim toward seeing that everybody who wants to work is able to get a job. We cannot really set 5%, 4% or whatever the structural amount might be. We eventually have to provide an opportunity to every Canadian who wants to participate in our economy to have work.

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, I have listened for the most part to the member's presentation.

Job creation is the key to the thinking of most Canadians that would satisfy them in earning and contributing to this big country of ours and feeling productive. Of course the jobs are not out there. Even with the rates of unemployment that we now have and this spurred economy, many people are concerned that they will still remain unemployed or underemployed.

We have a projected debt that will remain at \$583 billion. This debt will cost every Canadian family \$6,000 a year. How can the Liberal government justify its position of not reducing that debt and tax burden on Canadian families and continuing on its route of spending the surplus?

**Mr. Charles Hubbard:** Mr. Speaker, there is an old saying in a book on statistics, which I think was written by Lord Ashley, that figures lie and liars figure. Some 14 million Canadian families are being offered some degree of tax relief. To try to assume that each Canadian family has \$6,000 of debt on average may be correct, but it is really not a fact. Hopefully, as big corporations such as our banks and other groups improve and contribute more to our economy we will see that overall general debt being reduced.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am pleased to have the opportunity to speak to the most historic budget in Canada in almost 30 years.

After the budget was presented all members of Parliament had the opportunity to go back to their constituencies and hold town hall meetings and to have consultations with their constituents concerning this historic budget.

When I was back in my own riding of Mississauga South I received a few phone calls and a number of letters. I spent time walking through the neighbourhoods and talking to businessmen. The one thing that became very clear was that there was a great pride in the fact that we as a country had managed to put our financial house in order and balance the budget. That was the clear message I received in my riding.

• (1345)

There is no question that Canadians were asked to step up and do their share to deal with a \$42 billion deficit. They were asked to bear some of the hardship. Members across the House have raised a number of points. I think all Canadians understand that if we did not get our fiscal house in order nothing could be done in terms of

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backfilling areas of health care, education and social programs. We had to get the fiscal position under control. We had to balance the budget.

I would like to indicate that I will be splitting my time with the Minister of Industry.

The clearest indication of what the budget has done is the signal international financial markets gave to Canada in terms of their assessment of the job we had done in managing the fiscal situation of this country.

For ordinary Canadians the clearest indication that was happening had to do with interest rates in Canada which dropped to the lowest levels in some 30 years. There was a point at which short term rates were some 4% lower than they were in the United States.

An environment was created in Canada which led to massive initiatives to stimulate job creation in Canada. It was not by the government. The government does not create jobs. In fact as part of getting the fiscal situation in order there was significant downsizing of the federal public service. Spending of the government had to decline significantly. There were people who had to bear that pressure and that burden. It was very tough for many Canadians and many public servants.

The fact that interest rates came down represents one of the single largest tax breaks to Canadians that they have seen in a long time. It means that Canadians now have the opportunity provided by lower interest rates. Since house prices and mortgage interest on houses started to go down more Canadians were able to buy houses.

Let us look at the figures, at housing starts, at the number of families that finally have an opportunity to buy houses, and at the sale of cars. The automobile sector represents 30% of the economy in my province of Ontario. Automobile sales went up.

In addition to the issue of balancing a budget and turning that corner, this is the first budget of this new mandate. This is not the only budget. There are things yet to do. There are commitments to be made.

Certainly we have in the budget an emphasis on education, tax relief and debt relief. The stage has now been set for further changes to be made. In the absence of an economic downturn, I am absolutely sure we will see continued benefits for Canadians both in terms of tax relief and social programs as well as the important reduction of Canada's debt.

I will conclude my comments because I am sure members will have some questions.

**Mr. Nelson Riis (Kamloops, NDP):** Mr. Speaker, I have a quick question.

My friend stated that governments did not create jobs. While I say that is true to a point, could my hon. friend tell us who pays doctors, nurses, teachers, members of the RCMP, people who work in our trade offices overseas, our armed forces and our parole officers?

Canadians and the Minister of Health are calling for more home care and for more opportunities in hospitals. Will my hon. friend tell me who pays for these very essential people in society?

**Mr. Paul Szabo:** Mr. Speaker, I do not exactly understand the point of the member's question, but I would say that the remuneration of doctors comes from the provinces. The remuneration of the nurses comes from the provinces.

● (1350)

The member wants to debate whether we are talking about another level of government or this level of government. I am sorry, but we are playing with semantics.

The key thing for Canadians to understand is the solution the NDP has to all of our problems is to throw money at them: hire everybody and pay for everything. That is not the way to manage an economy in a fiscally responsible manner.

NDPers have their way. I understand where they are in the political spectrum. I understand where they are in the House. That is why the Liberal Party is the governing party. It has demonstrated time and time again that proper fiscal management translates into a balanced budget, tax relief and debt reduction for which Canadians asked. We promised those things and we delivered.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, I thank my hon. friend for his speech and I have a question for him.

My friend is a defender of families. He has written a book about families. He advocates that all families be treated fairly in the taxation system.

I wonder how he would respond to the government's measure to increase deductibility for child care expenses only for those families who take their children to day care. The government did absolutely nothing for all those families who choose to look after their children at home. How does the member respond to that?

**Mr. Paul Szabo:** Mr. Speaker, I thank the member for plugging my book. It is called *Strong Families Make a Strong Country*.

I understand the thrust of his question. In the budget there is an increase in the child care expense deduction from \$5,000 to \$7,000 and from \$3,000 to \$5,000 for older children. Indeed that benefits Canadian parents who choose to have others care for their children while they go to work, earn income and pay taxes.

As I said earlier, this is the first budget of the mandate. We brought in the caregiver tax credit. I put forward a motion to

implement a caregiver tax credit for those who provide care in the home to preschool children, the chronically ill, the aged or the disabled.

We have delivered on the disabled. We have delivered on the chronically ill, the infirm and the aged with regard to the caregiver tax credit. We now have an opportunity to look at providing some sort of caregiver tax credit to families who choose to provide direct parental care to their children.

I still support that. I want the member to know that I continue to discuss it with the finance minister and have his assurance the House will be dealing with the issue of unpaid work in Canada.

**Mr. Tony Valeri (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I thank the hon. member for his hard work on the finance committee as well as for his work in his constituency on prebudget consultations. He certainly had a dramatic impact on the budget. He is very learned in terms of tax issues.

Would the hon. member draw upon his tax experience and comment on the tax system in general? Would he also provide some input on what he has heard from his constituents with respect to the opportunities program that was put in place by the budget? That program will be essentially for families, on which the hon. member continues to focus.

The hon. member for Mississauga South has consistently been a strong promoter of families. He has done a fair amount of work in that area and continues to do so. He has spoken with me on the issue, as well as with other members of our caucus.

Could the member tell us what he heard from his constituents after the budget was presented? I am sure he has talked to a number of people. I would be very pleased to hear what his constituents had to say.

**Mr. Paul Szabo:** Mr. Speaker, it is important for Canadians to know that parliamentarians listen carefully to their constituents with respect to government actions or proposed actions. With respect to the budget, as I indicated, the aspect of balancing the budget was first and foremost in the minds of Canadians.

As the parliamentary secretary has outlined, the whole issue of the Canadian opportunities strategy has been extremely well received by my constituents of Mississauga South and others across the country, as others members of this place have seen.

• (1355)

The millennium scholarship fund, the increased funding for the council on advanced research, the tax relief measures for student loan interest and the improvement of the Canada Student Loans Act are very important parts of the budget. As well there are tax measures for promoting life-long learning, EI premium breaks for employers hiring young Canadians and funding for SchoolNet and

Internet projects. There is an opportunity for families to provide future education for their children through the RESPs.

Many Canadians are unaware of some of these programs. The job of members of Parliament is to pass on this kind of information to their constituents through householders and otherwise to let them know about the opportunities that have been made available.

The theme in the budget has been preparing our young people for the knowledge based economy of the 21st century. I thank the member for his kind words. There is no question there is an appetite in the House to see that families have all the flexibility, options and choices they need to ensure we invest in our children, the future of Canada.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, I listened to the member comment on the new millennium fund his government introduced.

If it is such a good idea to have scholarships available for Canadian students and if the program is being front ended by \$2.5 billion this year, why can Canadian students not access it this current year?

**Mr. Paul Szabo:** Mr. Speaker, the member asks an interesting question. I noted that provision. Certain accounting rules of the Government of Canada are not discretionary. There are accounting rules as there are for any business. The auditor general is the one who determines whether or not charges to a particular fiscal period are appropriate.

With regard to the millennium scholarship fund and the \$2.5 billion, it is clear a decision was taken. Once the legislation is dealt with that endowment will go forward and start earning income. It will have the value that will be necessary to provide 100,000 scholarships for needy Canadians who show the merit of post-secondary education over the next 10 years.

The member asks a particular question as to the propriety of the charge which would be better posed to the auditor general.

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## STATEMENTS BY MEMBERS

[English]

### SOULPEPPER THEATRE COMPANY

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, yesterday in Toronto, 12 of Canada's leading theatrical artists joined forces for the launch of that city's first classical repertory company.

Martha Burns, Susan Coyne, Ted Dykstra, Michael Hanrahan, Stuart Hughes, Robyn Stevan, William Webster, Joseph Ziegler and artistic directors Diana Leblanc, Diego Matamoros, Nancy Palk

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and Albert Schultz are the founding members of the Soulpepper Theatre Company.

This company will present vital Canadian interpretations of the classics while providing professional training for classical theatre.

The company's inaugural season will be directed by its first guest master director, Robin Phillips, and produced in association with the Harbourfront Centre. Joining the company for the inaugural season are two of Canada's most celebrated actors, Brent Carver and Peter Donat.

I wish the members of Soulpepper the best of success on this very exciting initiative.

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**CRIMINAL CODE**

**Mr. Chuck Cadman (Surrey North, Ref.):** Mr. Speaker, section 745, the faint hope clause, is alive and well in Ottawa. Brett Morgan was convicted of murdering Louise Ellis. He also killed an Edmonton woman and is a suspect in another murder. An Ottawa judge recently sentenced him to life with no opportunity for parole for 25 years.

Yesterday I had lunch with Susan Ashley whose 16 year old sister, Linda Bright, was murdered by Donald Armstrong 16 years ago. Like Morgan, Armstrong is believed to have killed before. Like Morgan, Armstrong was sentenced to life with no chance of parole for 25 years.

Linda Bright's family was shocked and angered when Armstrong applied under section 745. I expect Louis Ellis' family will also be shocked.

It is time for the government either to scrap section 745 or be honest with Canadians by admitting it believes that murderers should serve no more than 15 years before being eligible to apply for parole.

We all know what our Canadian police have been saying in our offices this week: "Scrap section 745".

\* \* \*

● (1400)

**WINTER OLYMPICS**

**Ms. Aileen Carroll (Barrie—Simcoe—Bradford, Lib.):** Mr. Speaker, it is with great pleasure that I rise in the House today to congratulate the athletes and coaches who honoured their community of Barrie by participating in the Olympic games at Nagano.

As member of Parliament for Barrie—Simcoe—Bradford, I hope this House will allow me some bragging rights.

Last night the city of Barrie and the Barrie Sports Hall of Fame honoured these Olympic athletes, coaches and other participants

who live, work and train in Barrie. These include Olympic silver medalist and world figure skating champion Elvis Stojko, figure skater Jeff Langdon, Shanye Corson on the men's hockey team and Stephen Cousins, British figure skating champion.

Also honoured were figure skating coaches Robert Tebby and Doug and Michelle Leigh, co-operators of the world renowned Mariposa School of Skating in Barrie and the training quarters for skaters from 17 countries.

I am proud to express my appreciation for the distinction these Olympians—

**The Speaker:** The hon. member for London—Fanshawe.

\* \* \*

**CANADA-IRELAND INTERPARLIAMENTARY FRIENDSHIP GROUP**

**Mr. Pat O'Brien (London—Fanshawe, Lib.):** Mr. Speaker, I am pleased to inform the House that the Canada-Ireland Interparliamentary Friendship Group has been officially formed.

I wish to thank the hon. members from Egmont and Victoria—Haliburton for their good work in helping form this association. Also, thanks to former MP Mary Clancy who in the 35th Parliament chaired an informal association which helped prepare the ground for our formal friendship group.

The Canada-Ireland association has been formally launched with 56 members from the House and Senate. All five political parties, even the Reform Party, in every region of Canada are represented.

I am honoured to be elected first president of this association and I look forward to welcoming many more members.

Our major goal is clear, to maintain and strengthen the historic bonds of friendship between our two great nations, Canada and Ireland.

\* \* \*

**PARALYMPICS**

**Mr. Reg Alcock (Winnipeg South, Lib.):** Mr. Speaker, I rise today to remind the members of this House that the winter Olympics are not over.

This week in Nagano the Paralympics are taking place. Canada has sent a team of 32 athletes as well as coaches and medical support staff to the games. Our athletes are competing in four of the five sports, alpine skiing, biathlon, cross-country skiing and sledge hockey.

This past Sunday Canada won its first two medals of the games. Collette Bourgoneya of Saskatoon won a silver medal in cross-country skiing and Dan Wesley of New Westminster, B.C. won a bronze in men's alpine.

Like the athletes who competed in Nagano in February, Canada's Paralympians also personify the Olympic motto: higher, faster, stronger.

I would like the members of this House to join me in recognizing the superlative achievements of all Canada's Paralympians.

\* \* \*

#### CANADIAN ARMED FORCES

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, hundreds of Canadian forces personnel have once again answered the call, packed their bags and headed for the Persian Gulf. The brave Canadians who sign up for military service do so out of a sense of duty to their country. It is a terrible shame that our government does not have the same sense of duty in return.

On February 11 the defence minister rose to assure this House that Canadian personnel in the gulf were being inoculated forthwith against anthrax. Time was of the essence for that vaccine to work. It was only this past weekend, however, that the first sailors actually started getting inoculated against such a threat, which everyone knows exists in the region, almost too late.

Was it because the defence minister could not get organized? Or was it because he did not care? In either case, his assurances were hollow.

The defence minister should be ashamed of himself. We need to pay the highest respect to our forces. We need to give them all the protection they need to do their job.

\* \* \*

[Translation]

#### SALIMA GHEZALI

**Mrs. Maud Debien (Laval East, BQ):** Mr. Speaker, to follow up on International Women's Day, I want to pay tribute to Salima Ghezali, a teacher turned reporter, who distinguished herself as a leader in the struggle of women in her country, Algeria.

This opponent of religious fundamentalism and winner of the Sakharov human rights prize awarded by the European Parliament and the Olof Palme award was honoured for her courage in bearing witness against the violence inflicted upon the Algerian people while herself under constant threat of death.

This straight talking woman who is the manager and editorialist of the weekly *La Nation* does not hesitate to condemn the situation in Algeria.

• (1405)

The problems of the Algerians are beyond description. Tens of thousands of people have died because of the murderous destruction of terrorism. Human rights violations are also a major problem in that country.

*S. O. 31*

Let us salute this woman who has the courage to stand up for her beliefs, in the face of adversity and in these troubled times in Algeria.

\* \* \*

[English]

#### GUN CONTROL

**Mr. John Maloney (Erie—Lincoln, Lib.):** Mr. Speaker, congratulations go out to the Quebec Court of Appeal for its good sense in ruling that the four year minimum penalty for committing an offence with a firearm does not violate the Canadian Charter of Rights and Freedoms. The automatic sentence was part of the federal government's tough gun control package that was introduced in 1995.

Prior to the amendments, the one year minimum penalty for using a weapon while committing certain crimes was supposed to be in addition to the sentence for the crime itself. The new provision was challenged by a first time offender and the judge wisely ruled that the four year minimum did not constitute cruel and unusual punishment contrary to the Canadian Charter of Rights and Freedoms. The judge continued to say that the mandatory sentence was severe but it was not disproportionate and did not offend the standards of decency.

I welcome this decision as we try to cope with the rights of victims. The victim is much more traumatized by robbery with a firearm than without. The four year mandatory is the right way to deal with the trauma imposed. The four year mandatory is the right way to go.

\* \* \*

[Translation]

#### ASSOCIATION FÉMININE D'ÉDUCATION ET D'ACTION SOCIALE DU QUÉBEC

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, I add my voice to those of the members of Quebec's Association féminine d'éducation et d'action sociale, or AFEAS, in making recommendations to the government with respect to the new legislation that will be introduced regarding the seniors benefit.

The AFEAS wants the government to respect the principle of individuality in paying every man and woman benefits calculated on the basis of their personal income instead of family income; to maintain a universal basic benefit recognizing the unseen work done by women for children and other relatives; and to provide substantial financial assistance to the disadvantaged instead of a small handout, which is cancelled out by a series of tax measures that reduce available income.

These are recommendations worth looking at, and they are in contrast with the confusion cultivated by the government on this issue.

*S. O. 31*

[English]

### INFRASTRUCTURE

**Mrs. Claudette Bradshaw (Moncton, Lib.):** Mr. Speaker, I am glad to see that the member from the fifth party representing Tobique—Mactaquac is now embracing the infrastructure program after his party refused to support it.

[Translation]

The infrastructure program is not a Mulroney program where members' staff would have been imposed on their communities. Instead, this program is designed to ensure that local communities determine their needs themselves and set their own priorities.

[English]

The decision making process of the infrastructure program has always reflected the needs and priorities set by local communities and will continue to do so as long as this government remains in power.

Due to the previous success of the initial infrastructure program, this government decided to introduce a second infrastructure program which is now enjoying the same measure of success.

\* \* \*

### THE SENATE

**Mr. Rick Casson (Lethbridge, Ref.):** Mr. Speaker, in 1989 Albertans proudly chose Stan Waters as their first elected senator in Canadian history. In Edmonton last week Albertans, their provincial government as well as their federal government representatives reaffirmed their overwhelming support for an elected Senate, the first step toward a triple E Senate, elected, equal and effective.

The Prime Minister is on record saying: "I pledge to work for a Senate that is elected. As Prime Minister I can take steps to make it happen".

Talk is cheap but unfortunately an unaccountable, out of control Senate is not cheap. Canadians can ill afford the status quo of unaccountability and absenteeism.

I urge the Prime Minister to heed the democratic will of the people to end backscratching patronage appointments to the Senate and to make good on his pledge for an elected Senate, or is the pledge for an elected Senate just one more in a long line of broken promises?

\* \* \*

### MEMBER FOR EDMONTON NORTH

**Mr. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.):** Mr. Speaker, as the youngest member of caucus in this government, I am obliged to stand in defence of senior citizens in this country.

I and all other members of this house who recently read an article in the *Victoria Times* were shocked at the comments made by the Reform member for Edmonton North when she spoke of a 73 year old, Mr. Archibald Johnstone. In questioning Mr. Johnstone's energy level at the age of 73 she said: "Sir, retire, get a motorhome and go to Florida". What a message from the Reform party to senior citizens.

• (1410)

I just want to ask one question. If Senator Johnstone's age was not a factor when he served Canada at the age of 16 as a crew member of the Royal Air Force heavy bomber squadron during World War II, there is no reason why Senator Johnstone cannot serve his country in the Senate.

Senior citizens across the country are outraged to note—

**The Speaker:** The hon. member for Kamloops.

\* \* \*

### THE SENATE

**Mr. Nelson Riis (Kamloops, NDP):** Mr. Speaker, one issue that unites Canadians from coast to coast to coast is the issue of Senate reform.

It costs Canadian taxpayers approximately \$60 million a year to run the Senate. In overwhelming numbers Canadians want the existing, unelected, unaccountable, undemocratic Senate abolished.

A Senate filled with political hacks, flacks and bagmen has no place in a modern day democracy, but despite his rhetoric the Prime Minister refuses to initiate any process of real Senate reform when opportunities occur.

Recently in British Columbia a Senate vacancy provided an opportunity for the Prime Minister to begin the process of real Senate reform.

The premier of British Columbia supports Senate abolition and Senate reform. The people of B.C. want to abolish the Senate. B.C. is fed up with the Senate. With 13% of the population of Canada it has less than 6% of the seats.

Why does the Prime Minister continue to ignore B.C.? Why does he not listen to the people of British Columbia? Why does he ignore the government and the premier of British Columbia calling for abolition of the Senate?

B.C. does not want another appointed senator. B.C. wants this Senate abolished.

\* \* \*

[Translation]

### QUEBEC FLAG

**Mr. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, on January 21, 1948, the National Assembly adopted the fleur-de-lys as the



official flag of Quebec, and an order-in-council to that effect was enacted on March 9, 1950. The premier of the time made it perfectly clear that this flag was to be the flag of all the people of Quebec.

The fleur-de-lys is a symbol of the pride of Quebecers, and their sense of belonging to a society which has developed within a context of respect for all cultures, and defence of the French language and culture.

The fleur-de-lys is also a symbol of a people whose duty it is to jealously guard this treasure of their society and to take great care that no government whatsoever will take it over for partisan purposes.

I repeat, it belongs, not to one party, but to all the people of Quebec. This flag is the symbol of past battles for freedom, for the defence of democracy, and for the determination of the people of Quebec to achieve their full potential within a North American cultural context.

Long live the flag of Quebec!

\* \* \*

[English]

#### ROYAL CANADIAN MOUNTED POLICE

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, today Canadian police forces across this country have been meeting with parliamentarians to discuss issues of great concern to them.

One issue relates to the RCMP. And in my province of New Brunswick the provincial government has unilaterally replaced municipal police forces in the city of Moncton with the RCMP. And it plans to do the same in two other municipalities, the villages of Grand Bay and Westfield.

Our municipal police forces are worried, and rightfully so. When the RCMP comes in and takes over there is no guarantee that municipal police officers will be hired. Those who are hired do not enjoy the same employee rights that they once did under the provincial law.

Today these officers are in the gallery and are asking for a very simple measure from this government. On behalf of them, I urge the solicitor general to instruct the RCMP to adopt a takeover and hiring protocol similar to that employed by the Ontario Provincial Police.

\* \* \*

[Translation]

#### INVESTMENTS IN CANADA

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, after the federal budget's prediction that the deficit would be eliminated, Statistics Canada has released some interesting figures on investment forecasts.

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Businesses and public administrations predict record investments of \$120 billion in facilities and equipment in 1998, which is 5.5% more than last year. Quebec's performance should exceed the Canadian average. This is a good argument in favour of keeping Quebec within Canada.

In the private sector, the situation will also be favourable. For example, shipping companies project investments of \$6 billion in 1998, \$1 billion more than in 1997. In Quebec, investments will exceed the Canadian average for the first time in three years, and should increase by 8.4% this year, compared to 6.2% for the country as a whole.

Such reports destroy the sovereigntist myth that the Canadian economy—

**The Speaker:** We will now proceed to oral question period. The Hon. Leader of the Official Opposition.

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### ORAL QUESTION PERIOD

• (1415)

[English]

#### CUBA

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, yesterday a prominent Liberal MP compared life under Cuba's dictatorship to life in Frank McKenna's New Brunswick. After all, he said, both Castro and McKenna held all the seats in their legislatures. This MP was speaking as a representative of this House and these remarks might even be viewed by some as the position of the government. Does the government agree with these outrageous statements?

**The Speaker:** Colleagues, I would judge that question is quite borderline. I would ask the hon. Leader of the Opposition to be very judicious in posing his other questions. I will permit the question if the hon. Deputy Prime Minister wishes to answer it.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, the Leader of the Opposition did not identify the member in question but I can say if he is referring to press reports that the individual in question was not speaking on behalf of the government and was not expressing the position of the government.

**Mr. Preston Manning (Leader of the Opposition, Ref.):** Mr. Speaker, Cuba has no freedom of the press, no real political freedoms and Castro throws his political opponents in jail. But this prominent Liberal MP whose views could be construed as those of the House or the government denied that human rights in Cuba were a problem, saying it was an internal matter that we should not criticize. He said that Castro's jailed political opponents were just so-called political prisoners—

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

**The Speaker:** In the preamble of the question, although no member was mentioned, I find that any statements made by the

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Speaker do not fall under the administrative responsibility of the government. I had asked the hon. member to please be judicious in his words and I will pass on. The hon. member for Fraser Valley.

**Some hon. members:** Hear, hear.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, today Canada hosts U.S. Secretary of State Madeleine Albright, a representative of one of our closest allies and our strongest economic partner. She is here to discuss issues of mutual concern including human rights issues. So imagine our surprise to wake up this morning to see the headlines in our national newspaper that scream out outrageously "Speaker lauds Cuban democracy".

What is the Prime Minister—

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

\* \* \*

• (1420)

[Translation]

**EMPLOYMENT INSURANCE**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, on March 4, in Rivière-du-Loup, the Minister of Human Resources Development acknowledged that an employment insurance plan covering only 42% of unemployed workers was inadequate.

According to Mr. Fortin's study, not only is the plan inadequate, but it encourages people to leave the labour market and go on welfare.

Will the minister acknowledge that a very high proportion of the 58% of unemployed workers excluded from his plan have no choice but to turn to welfare?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, as I said yesterday in this House, I am delighted that the number of people on welfare in Quebec is at its lowest in the past five years.

This is certainly the result of the economic reforms in this country, which have led to improved growth in the labour market. Because we have a dynamic market and we have corrected certain systems that were operating very badly, our economy is running better.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, while the number of welfare cases has dropped in Quebec, the minister neglected to say that it would have dropped even more had it not been for his plan, because people no longer entitled to unemployment insurance end up on welfare. This was eloquently demonstrated by Professor Fortin.

Does the minister, who is always talking about his active measures, realize that the measures he is proposing have contrib-

uted to reducing participation in the job market to its lowest point in 50 years because people are hesitant to take jobs that are too precarious? They know that they will no longer be entitled to employment insurance and so they turn to welfare. That is the reality, not what the minister's technocrats see.

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I find it staggering that the government is being criticized for the additional million jobs in Canada we now have. This means our economy is running smoothly.

Second, people on welfare in fact do have the opportunity to benefit from active measures, because we broadened access to these measures, as people, whether they be on welfare when they qualify or on employment insurance when they are unemployed, want active measures to be able to return to the labour market.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, yesterday the minister was patting himself on the back for having made it possible, through his so-called reform, for 450,000 more women to have the pleasure of contributing to employment insurance.

The real question, however, is this: Does the minister admit that, according to his own department's estimates, only 10% of these 450,000 women contributors will one day have any hope of gaining access to EI benefits?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the improvements we have made to the employment insurance system met the aspirations of women, who are far more likely to be part-time workers.

What we are pleased to have accomplished is that people can now accumulate hours worked, sometimes in two or three different jobs, so that they are insured, where they were not in the past.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, a mistake has to be acknowledged before it can be corrected. The minister's problem is that he is determined to deny the evidence.

How can the minister continue to defend his reform, when it is clear that far fewer unemployed people will draw benefits than in the past, that a large number of them will have no choice but to go on welfare, and that Ottawa will save billions of dollars yearly at their expense, as a result of this reform?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, we are greatly concerned by the fact that participation in the employment insurance system has dropped, and I have acknowledged this in the House on numerous occasions.

This is something we need to understand more thoroughly before decisions are made, because that is how we operate. We need to

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understand why this drop has occurred, before we can find an effective solution to the problem.

**Mr. Michel Gauthier:** You are not helping unemployed workers.

**Mr. Yvan Bernier:** Including unemployed women.

**Hon. Pierre S. Pettigrew:** But if people want us to return to an obsolete system which penalized our country's workers and its economy, that is not what we are going to do. We are going to continue to serve Canadians properly.

\* \* \*

[*English*]

**HEALTH**

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, the Minister of Health said yesterday that home care is the most urgent element of modernizing and enhancing medicare.

• (1425)

**Some hon. members:** Hear, hear.

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, I do not know why they are clapping across the way because the finance minister obviously does not agree. There was not one penny in his budget for home care.

My question for the Minister of Health is why did he make those earnest statements yesterday when he does not have the support of his own government?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, this is so typical of the New Democratic Party. According to that party, we should spend first and find out why afterward.

What we prefer to do is identify priorities, make a plan, develop a partnership with the provinces and then invest wisely to get the job done. That is exactly what we are going to do. Yesterday we set out the priorities and now we are going to create the plan and develop the partnerships. We will then solve the problem.

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, the Minister of Health will know that the issue of a national home care plan has been studied for many, many months, including an in depth analysis by the National Forum on Health Care. Canadians do not want more studies. They want cash on the table.

If home care is such an urgent priority, why is the Minister of Health promising only to study this idea for another 12 to 18 months? If it is such an integral part of medicare, why is there no money for home care now?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, had the hon. member attended the conference she would have seen, as I did, that 400 knowledgeable people from across the country who know the subject agreed that the important thing to do is to plan wisely and invest carefully if we are going to solve the problem.

The hon. member's leader attended yesterday only long enough to go to the microphone and play politics instead of trying to be part of the solution.

**Hon. Jean J. Charest (Sherbrooke, PC):** Mr. Speaker, when we asked the government about health care spending last week, the Prime Minister blamed Ontario and the province of Quebec. I understand that yesterday the Prime Minister blamed Manitoba.

The Prime Minister said there would be further cuts in health care funding in Manitoba, but when we checked we found that not only have there been tax cuts in Manitoba, the government of Gary Filmon included \$100 million more for health care.

Could the Prime Minister and the government tell us why health care seems to be a priority only for the premiers and not this Liberal government?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the hon. member will have seen in the budget two weeks ago the importance of health care. The first thing this government did when fiscal circumstances improved was to cancel the intended reduction in transfers to the provinces. This resulted in \$1.5 billion more in transfer payments this year. We have also given \$60 million for a new blood system and investment in medical research.

It is clear that the priority for us is health which is reflected in the budget this year as it will be in the future.

[*Translation*]

**Hon. Jean J. Charest (Sherbrooke, PC):** Mr. Speaker, the Minister of Health would do well to listen to the Canadian Medical Association, which said the health care system was in crisis. Seven out of ten provinces will see a drop in the funding they receive from this Liberal government.

I want to know if the minister, along with the Prime Minister, is prepared to repeat the remarks he made in the House of Commons to the premiers, who are now calling for a federal-provincial conference on the health care crisis. Will they accept the invitation from the premiers to sit down with them to discuss the future of health care?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, as I have just said, we increased transfer payments to the provinces in this year's budget.

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

**Hon. Allan Rock:** It is also very important to point out, as I did yesterday, that the crises are, in most cases, the result of home care needs. Yesterday, in Halifax, during a pan-Canadian conference,

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we put forward a co-ordinated agreement to tackle home care and improve the health system.

• (1430)

**The Speaker:** The hon. member for Skeena.

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

**The Speaker:** The hon. member for Beauharnois—Salaberry.

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

\* \* \*

**KOSOVO**

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, another major conflict appears to be brewing in the Balkans with the crisis in Kosovo, and once again the international community is being asked to come to the aid of peoples threatened by massacres.

My question is for the Minister of Foreign Affairs. Does he consider that the bilateral sanctions he announced and the multilateral sanctions proposed by the U.S. Secretary of State, Madeleine Albright, are truly effective ways to restore peace to Kosovo?

[English]

**Mr. Ted McWhinney (Parliamentary Secretary to Minister of Foreign Affairs, Lib.):** Mr. Speaker, the Minister of Foreign Affairs at this very moment is in discussion with the Secretary of State of the United States on measures to resolve the Kosovo crisis.

The measures announced are those that are within our present grasp, that is to say the termination of the export credits to the Export Development Corporation, the cessation of discussion of bilateral arrangements with Yugoslav airlines and the interdiction of any export of arms to the region.

Other measures can be discussed further. We are in continuing contact with countries in the region which are also directly affected.

I would ask the hon. member—

[Translation]

**The Speaker:** The hon. member for Beauharnois—Salaberry.

**Mr. Daniel Turp (Beauharnois—Salaberry, BQ):** Mr. Speaker, will the minister recognize that it may be necessary to expand the role of SFOR, the stabilization force in Bosnia, that was set up to restore peace there, which may well be needed to restore peace this time in Kosovo?

[English]

**Mr. Ted McWhinney (Parliamentary Secretary to Minister of Foreign Affairs, Lib.):** Mr. Speaker, that rests as a possibility, but I would also remind the hon. member that there are other countries not so far present in the resolution of the Bosnian issue that are involved. It may well be that the peaceful resolution will

require widening the boundaries of discussions to include these too.

\* \* \*

[Translation]

**HEALTH**

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

Last week the minister stated that the provinces' priorities for health were not the right ones. Yesterday, the minister indicated that the priority was to establish a national home care program.

• (1435)

How can the minister responsible for billions of dollars in cuts in health care, via the Canada social transfer, be so arrogant as to contend that provincial governments have set the wrong priorities regarding health?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, yesterday, I identified what the priority was for the federal government, that is, to strengthen the health system in Canada, especially in the area of home care.

I said yesterday that, in the months to come, I intend to work with my partners at the provincial level, my provincial counterparts, to find a way to meet the challenge of home care and remedy obvious flaws in the current system in Canada. That is what the priority is for the Government of Canada.

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, are we to understand that, after infringing upon education with the millennium scholarship, the federal government is now set to repeat its feat in health with a national home care program, in spite of the fact that health is an exclusive provincial jurisdiction?

**Hon. Allan Rock (Minister of Health, Lib.):** Not at all, Mr. Speaker. It is not a matter of infringing upon a provincial jurisdiction. The federal government has an important role to play and we intend to play that role and honour it.

\* \* \*

**DECRIMINALIZATION OF MARIJUANA**

**Mr. Bernard Bigras (Rosemont, BQ):** Mr. Speaker, my question is for the Minister of Health. Polls tell us that a majority of Canadians and Quebecers now support decriminalizing marijuana for medical purposes.

Is the minister prepared to set up a parliamentary committee to conduct an in-depth review of this issue, so that recommendations can be made regarding the decriminalization of marijuana for medical purposes?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the issue is under consideration by my department and by the Department of Justice. Along with my colleague, we are reviewing all the

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aspects of the issue, particularly the use of marijuana for medical purposes. We hope to present our policy in the coming months.

**Mr. Bernard Bigras (Rosemont, BQ):** Mr. Speaker, my supplementary is for the Minister of Justice.

Will the minister recognize that, by refusing to take a stand and to assume her responsibilities in this matter, she is leaving it up to the courts to make the decision?

[*English*]

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I would not concede that I am shirking my responsibility in this matter. In fact, as the Minister of Health has indicated, he and I have put our officials to work to develop a position that we will bring forward for consideration by all members of the House.

I think the Minister of Health and I concede that the possible decriminalization of marijuana for medicinal purposes is an important issue. It is one that we are studying. It is one that we are going to continue to look at.

\* \* \*

**RESEARCH AND DEVELOPMENT**

**Ms. Susan Whelan (Essex, Lib.):** Mr. Speaker, expenditures on research and development in Canada are lagging behind other countries, particularly our major trading partners such as the United States and Germany.

I have a question for the secretary of state. What is this government doing to invest in Canada's future?

**Hon. Ronald J. Duhamel (Secretary of State (Science, Research and Development)(Western Economic Diversification), Lib.):** Mr. Speaker, the budget provided \$405 million additionally over three years for our brightest and our best graduates to conduct leading edge research throughout Canada to ensure that we continue to be competitive and additionally so.

[*Translation*]

I could mention several other initiatives, but I will stop here.

\* \* \*

● (1440)

[*English*]

**DISABILITIES**

**Mr. Rick Laliberte (Churchill River, NDP):** Mr. Speaker, last week the Prime Minister received an international award for Canada's progress on disability issues. At the same time in Spiritwood, Saskatchewan, Mr. Maurice Bourassa, a man missing

both his legs and an eye, was again denied disability benefits from the government.

Does the minister of human resources support the CPP decision that losing two legs and an eye does not meet severe prolonged criteria? What is his answer to Mr. Bourassa today?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, of course all Canadians are quite proud that the United Nations recognized our country and our great efforts toward disabled Canadians.

The Prime Minister received recognition for the work and the progress we have made as far as disabled people in Canada are concerned.

I commend the work of the Minister of Finance as well who worked with our ministry of human resources. I have been able to promote a number of very positive improvements for disabled Canadians in the country.

**Mr. Rick Laliberte (Churchill River, NDP):** Mr. Speaker, further to this issue, Mr. Bourassa has tried for years to be self-sufficient. He has been taking courses and working hard but his injuries keep preventing him from succeeding.

He is left with student debts and little hope. He is betrayed by this country and abandoned, a victim of bureaucratic loopholes and budget targets.

Will the minister responsible admit that his department is making a mistake and tell Mr. Bourassa today that he will not be a statistic and his claim will be accepted?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, of course there is an element of confidentiality. I would not begin to discuss the precise file of a Canadian citizen in the House.

I will look into the file. I will look into the situation and I will make sure that we do the proper thing.

\* \* \*

**HIGHWAYS**

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, it is time for a good highway question. In September 1995 the Minister of Transport put \$16.2 million into a highway project in New Brunswick on one condition, that the province of New Brunswick put \$16.2 million in as well.

As soon as the federal money was in the province pulled its money out. The people of Canada entrusted the minister to look after their \$16.2 million.

Will the minister now call the province of New Brunswick to put the money back as it agreed?

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, I have answered the question before. I have talked at

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length on this matter with the hon. member. I assure him that as far as the Government of Canada is concerned this agreement was executed faithfully.

New Brunswick discharged its end of the bargain. The federal government only paid for work once it was audited and the work was done in compliance with the contract.

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, clause 5.2(d) of the agreement says that any modification of the financial agreement requires the approval of the federal Minister of Transport in writing. If the minister did not approve this change in writing, in effect the federal government has broken a contract as well.

Did the minister agree in writing and will he table that agreement today?

**Hon. David M. Collette (Minister of Transport, Lib.):** Mr. Speaker, I think I have gone out of my way to give the hon. member all the details as far as the federal government is concerned on this highway agreement.

I will try to get more answers for him so that he is satisfied. He knows, and I have acknowledged it in the House, that there is an issue that has to be dealt with in future agreements, that is the application of tolling arrangements.

I invite the hon. member to give his ideas on how we could effect a better policy for a national highway program.

\* \* \*

**FISHERIES**

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.):** Mr. Speaker, my question is for the Parliamentary Secretary to the Minister of Fisheries and Oceans. It is my understanding that Canadian approved inflatable personal flotation devices, PFDs, will soon be available for Canadian boaters. How will these new inflatable personal flotation devices help to improve safety for Canadians?

• (1445)

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, safety is a primary concern to the Canadian coast guard.

The initiative my hon. colleague talks about is about saving lives. Current research indicates that many people when they are in the water and boating do not wear PFDs because of their bulkiness. The new devices will differ from current devices in that they are lighter and more comfortable to wear and it is assumed people will use them.

**IMMIGRATION**

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, my question is for the minister of immigration.

The minister is now seized with a report which recommends that people who cannot speak French or English should not be allowed to immigrate to Canada. Is the minister prepared today to categorically reject this racist recommendation?

[Translation]

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, I think the hon. member should have listened to my statements on the consultations I am currently holding across the country.

I personally expressed some concerns regarding such a recommendation. Strict adherence to these criteria would, I believe, prevent some very good potential citizens from immigrating to our country. This is true not only for the language requirement, but also for age and education. I have made it very clear that I myself have some reservations.

[English]

**Mr. John Nunziata (York South—Weston, Ind.):** Mr. Speaker, I did not hear a categorical rejection of that recommendation. Her own leader at Queen's Park said yesterday "I cannot support any federal immigration policy that contradicts the spirit of Canada's tradition".

I put the question to the minister again. Will she today categorically reject the racist recommendation?

[Translation]

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, again, during these consultations, which end tomorrow in Ottawa, I heard various groups express their concerns on the issue.

However, these groups showed much more moderation in their comments than the hon. member does. They told us that, indeed, learning a new language is an asset for someone coming to Canada. However, to make this an essential requirement would be going too far.

Obviously, we will look at what Canadians think about this requirement and apply the best—

**The Speaker:** The hon. member for Beauport—Montmorency—Orléans.

\* \* \*

**SHIPPING**

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, recently 40% of the passengers on the *Norwegian Star* were infected by a virus on three consecutive cruises.

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As tourists from cruise ships are vital to the economy of the ports along the St. Lawrence, the government intends to implement a program to carry out health inspections on all cruise ships calling in the ports along the St. Lawrence.

My question is for the Minister of Transport. Who will pay for the new service: the passengers, the shipowners, the port authorities or the government?

[English]

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, we are very concerned about what goes on in ships in Canadian waters. The hon. member should know that the federal Department of Health has been concerned about some of the incidents of lack of hygiene on the ships. It is moving to try to bring in better standards to ensure that safety is paramount when these ships arrive at Canadian ports.

[Translation]

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, is the minister aware that the cruise industry is very lucrative for the St. Lawrence and that it should be promoted and not further taxed?

[English]

**Hon. David M. Collenette (Minister of Transport, Lib.):** Mr. Speaker, I certainly appreciate the value of the cruise industry not only to the St. Lawrence but also to the Great Lakes. Last fall in my home city of Toronto we welcomed the first cruise ship in many years. We hope it is the first of many more to come.

This is a matter we are concerned about. We are interested in encouraging these cruise ships and we are making sure when they do come that health standards are respected.

\* \* \*

• (1450)

[Translation]

### EMPLOYMENT INSURANCE

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, here we are with the third employment insurance reform since 1990, and the consequences are clear. Fewer people draw benefits, and when they do, it is just a pittance. At the present time, scarcely 40% of this country's unemployed qualify for EI.

When will the situation be critical enough to make the Minister of Human Resources Development act? When that figure drops to 25%? When it drops to 15%? What will it take to get the minister to revise the eligibility criteria for employment insurance?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I thank the hon. member for Acadie—Bathurst for his question.

I have already stated on a number of occasions, including last week at Rivière-du-Loup, that I am concerned by the fact that the proportion of EI recipients is only 42%, when it used to be 80%.

Before making any decision whatsoever, we must have a proper grasp of the figures and I have yet to receive an explanation. Once we have understood the reality, we will take corrective action.

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, does the Minister of Human Resources Development not realize that human beings are suffering, that children are going hungry?

Is the minister prepared to strike a parliamentary committee to settle the EI problem for once and for all?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the hon. member for Acadie—Bathurst would do well to start learning about his own region. The employment insurance participation rate in the Atlantic region is 75%. The participation rate in the province of New Brunswick is over 80%.

The problem as he describes it may not even exist in his own region.

\* \* \*

[English]

### CANADIAN ARMED FORCES

**Mr. David Price (Compton—Stanstead, PC):** Mr. Speaker, our soldiers in the gulf have finally received their vaccine against anthrax. However, our sources at the Pentagon inform us that the anthrax vaccine was tainted while being shipped to the gulf.

What information can the minister add? Can he assure this House that the vaccine taken by Canadians is 100% effective and safe?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, we have medical professionals who are administering inoculations, the first dose of which has already been given. They ensure that anything we give to our troops is safe.

**Mr. David Price (Compton—Stanstead, PC):** Mr. Speaker, I want to thank the minister of defence for taking my party's advice and finally having our men and women who are now in the gulf vaccinated for anthrax.

Canadians who have served under the flag of the United Nations in the Golan Heights since 1967 are in the direct line of fire of any attack on Israel by Saddam's anthrax. Why are these Canadians not being vaccinated for anthrax?

**Hon. Arthur C. Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, if the hon. member had been following the

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news, he would know that the threat in the area is even lower than it was previously and it was very low to start with.

With the agreement that secretary-general Kofi Annan has been able to work out, hopefully we will see the appropriate diplomatic resolution of this matter. Meanwhile, any of our people in the area will receive the appropriate medical support that they require. There are antibiotics and other inoculations for other possible diseases. Anything that our allies get we will be getting as well to ensure that we give the maximum support to our troops.

\* \* \*

**STATUS OF WOMEN**

**Mr. Joe Jordan (Leeds—Grenville, Lib.):** Mr. Speaker, this year's theme for International Women's Week is the evolution of women's rights, a lifelong commitment.

As someone who has had experience working in Ethiopia, I would like to know what the government is doing to bring help to as well as to engage women in developing countries.

**Hon. Diane Marleau (Minister for International Cooperation and Minister responsible for Francophonie, Lib.):** Mr. Speaker, Canada is the leader in terms of development work with women in the developing world. Many of our programs focus on women and young girls, including the access to potable water, adequate sources of nutrition and education. We even go as far as to have a program to help them with micro credit.

Helping women in the developing world is very important for Canadians.

\* \* \*

● (1455)

[Translation]

**SENIORS' BENEFIT**

**Ms. Caroline St-Hilaire (Longueuil, BQ):** Mr. Speaker, the government is now reviewing the existing system of retirement income security.

Instead of being based on individual income, this new seniors' benefit would henceforth be based on family income, thus depriving many women of a pension. Since this was announced, we have heard an outcry of protest, from the AFEAS among others.

My question is for the Minister of Human Resources Development. Does the minister admit that an approach such as the one he appears to favour may well strike a hard blow to women's economic independence?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, since the basic principles of the reform were set out in 1976, we have consulted with a number of groups, including the AFEAS. It

is our intention, following the consultations, to introduce legislation this year.

\* \* \*

[English]

**HEALTH CARE**

**Mr. Nelson Riis (Kamloops, NDP):** Mr. Speaker, we witnessed earlier today a form of parliamentary hooliganism. Unlike the Reform Party, I am going to ask the government a question regarding home care. Hooliganism has no place on the floor of this Parliament. I think it is time we consider question period in a serious vein.

My question is for the Minister of Health. When will Canadians see a commitment in financial dollars for home care?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I made it plain yesterday that when we have consensus among the governments which must act in partnership, when we have a clear plan as to how to achieve this priority, the Government of Canada will be there to fulfil its responsibility to make its contribution of an appropriate amount.

We cannot now spend before we know what we are spending on. It is one thing to say there is a problem. It is quite another to take the time and trouble to develop the right solution. That is exactly what we are going to do.

**Mr. Greg Thompson (Charlotte, PC):** Mr. Speaker, I have raised a number of times in the House the compensation issue for victims of hepatitis C. I have repeatedly asked the minister to act unilaterally to save a great deal of hardship.

The minister is on the record as saying, and I have to believe him, that he does not want to see this issue go to the courts because it will be very costly and it will be a very protracted legal entanglement.

I am asking the minister today, on compassionate grounds, will he act unilaterally on behalf of these innocent victims?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, in my judgment, and I hope the hon. member would agree, the interests of the victims themselves are best served by some form of out of court resolution or compensation which involves both levels of government. That is exactly what we have been working on.

In recent weeks I have been engaged in discussions with my provincial counterparts. We are making progress. I believe we are going in the right direction. I am very hopeful that before too long we will have a co-ordinated announcement to make in relation to compensation.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, my question is addressed to the Secretary of State for Children and Youth. I know that she is very knowledgeable about the issue of fetal alcohol syndrome and fetal alcohol effects. I also know she is



aware that the Canadian Paediatric Society and Health Canada have issued a joint statement which states that the best decision for pregnant women is to abstain from alcohol during pregnancy.

Will the secretary of state advise the House as to exactly what her ministry is doing under the youth strategy program with regard to fetal alcohol syndrome and fetal alcohol effects?

**Hon. Ethel Blondin-Andrew (Secretary of State (Children and Youth), Lib.):** Mr. Speaker, FAS and FAE, fetal alcohol syndrome and fetal alcohol effects in some parts of Vancouver affect one out of every five children.

The costs attributed to FAS and FAE are in the billions of dollars for aftercare. Many correlations are made between FAS, FAE, young offenders and young people who are incarcerated.

The government in all of its programs has to take note of this problem and work on it. It cannot be just one department. I think the main players would be human resources development and Health Canada.

There are outstanding reports from previous governments which contain good recommendations. There are things which we can look at and actively pursue.

• (1500)

**The Speaker:** My colleagues, that will bring to a close our question period.

\* \* \*

[Translation]

### PRESENCE IN GALLERY

**The Speaker:** I wish to draw the attention of members to the presence in our gallery of Emmanuel Akoghe Mba, delegate to the Prime Minister and head of the Government of Gabon.

**Some hon. members:** Hear, hear.

[English]

**The Speaker:** I have received notice of a number of points of order and I will hear them.

\* \* \*

[Translation]

### POINTS OF ORDER

#### ORAL QUESTION PERIOD

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, in a reply to the hon. member for Longueuil, it appears that I referred

to a consultation process that started in 1976. The year was 1996. Let me explain: it was not my father who did this in 1976.

[English]

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, it is with some reluctance that I rise to bring the issue that I am to the floor of the House. It is the issue of what went on earlier today in question period, what I would call one of disrespect for the chair and its occupant.

It is a privilege of all of us, perhaps even our duty, to be as partisan as we feel necessary in order to make our points in this House. I for one, who has been around here for a long time, some might say too long, have been more than partisan upon occasion, both as a government supporter and an opposition MP, which I also was, as your Honour will know, for a very long time.

In all the years that I have been in this Chamber I have not yet witnessed what I saw occur here today in terms of asking questions, not only referring to the Speaker as "a prominent Liberal MP" but also to ask directly in a subsequent question about what Mr. Speaker as a person said outside of this Chamber.

Mr. Speaker, I bring to your attention Citation 168 of Beauchesne's Sixth Edition, on page 49 of this document. It says of the occupant of the chair:

The chief characteristics attached to the office of Speaker in the House of Commons are authority and impartiality. As a symbol of the authority of the House, the Speaker is preceded by the Mace which is carried by the Sergeant-at-Arms and is placed upon the Table when the Speaker is in the Chair. The Speaker calls upon Members to speak. In debate all speeches are addressed to the Speaker. When rising to preserve order or to give a ruling the Speaker must always be heard in silence. No Member may rise when the Speaker is standing. Reflections upon the character or actions of the Speaker may be punished as breaches of privilege. The actions of the Speaker cannot be criticized incidentally in debate or upon any form of proceeding except by way of a substantive motion.

This has been a consistent ruling as outlined in the *Journals* as early as June 4, 1956. These are very old principles in our Parliament and must be respected. I believe that they are by the vast majority of us. Hopefully they will be in the future by all of us.

I read further:

Confidence in the impartiality of the Speaker is an indispensable condition of the successful working of procedure, and many conventions exist which have as their object, not only to ensure the impartiality of the Speaker but also, to ensure that there is a general recognition of the Speaker's impartiality.

The Speaker takes no part in debate in the House, and votes only when the Voices are equal, and then only in accordance with rules which preclude an expression of opinion upon the merits of a question.

• (1505)

The rules of this House are quite clear for all of us. I believe, notwithstanding anything that members might have said, that these rules are well known either explicitly or implicitly by all of us. Even if they were not, the proper rules of decorum in which all of

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us are to operate would dictate that everything I have just said should be the basis of our working here in Parliament.

I, for one, and I am sure all of my colleagues have the utmost confidence not only in the great office of the Speaker, but in the present occupant of the chair and those who support and fulfil this very important function.

**Some hon. members:** Hear, hear.

**Hon. Don Boudria:** Mr. Speaker, I would hope that any action that may have taken place in the heat of debate today will be withdrawn and instantly regretted by those who have made the remarks that have been made so we can continue from here on in to have the confidence in you that we have always displayed in you and for the great office that you hold.

We owe it to this House and to this country and those who came here alleging new ways of doing parliamentary business, new and respectful ways of the authorities, will see fit to do that here and now.

**Some hon. members:** Hear, hear.

**Mr. Chuck Strahl (Fraser Valley, Ref.):** Mr. Speaker, I rise on a point of order in regard to what went on today in question period, the admissibility of the question that I tried to ask in the questions that were put forward by the Leader of the Opposition.

These questions were intended to address ministerial responsibility of the government because they were designed to clear any doubt as to the position of the government in regard to its relationship to Cuba. The doubt, whether the member opposite or anyone else likes it or not, was necessary because of comments and headlines in national newspapers this morning that we all woke up to, and saw in the Quorum.

I refer you to Beauchesne's 6th Edition, Citation 162 which states:

The Speaker of the House of Commons is the representative of the House itself—

Citation 164 states that the Speaker communicates the resolutions of the House. Citation 166 explains the rank of the Speaker which states:

The Speaker's rank is defined by Order in Council of December 19, 1968, in which it is provided that upon all occasions and in all meetings, except where otherwise provided by Act of Parliament, the Speaker shall have precedence immediately after the Governor General, the Prime Minister of Canada, Chief Justice of Canada, former Governors General, former Prime Ministers and the Speaker of the Senate, and immediately before Ambassadors and Members of the Cabinet.

Mr. Speaker, you truly do hold a high and exalted role in Parliament and in the Canadian parliamentary system. When you speak and when you are quoted, with your rank also comes the responsibility of being quoted properly and of being answerable for

those comments since you do in fact speak on behalf of all of us when you speak publicly in your role as the Speaker.

I believe the opposition was doing the responsible thing in asking the government to clear any misconceptions about the government's position toward Cuba, in our relationship with Cuba and so on.

• (1510)

Mr. Speaker that is what the question was, certainly that asked by the Leader of the Opposition, where he asked the government to clear up what is our position. The first question was answered by the Deputy Prime Minister. He tried to clarify it. The Leader of the Official Opposition rose again to get more details about what was being done about the communication of that position and at that point, you refused to listen to him. You refused to listen to him for the remainder of the question period.

The questions of the Leader of the Opposition were an attempt to clear up any misconceptions that the headlines and the quotes brought upon the position of this Parliament and, I think, the position of the government. Certainly that was the intent of those questions. Mr. Speaker did not listen to those questions and did not allow the normal rotation that has been negotiated between House leaders about the rotation between the parties during the question period. I think this was shortsighted because we never did get to the bottom of what the government position was.

Those quotes from Beauchesne's I think properly puts you in the elevated spot that parliamentarians and Canadians hold you in but that does not mean that we cannot ask questions that have been raised both publicly in the press and in a public forum in your role as the Speaker in order to clarify them and allow the government to put their position on the table.

[Translation]

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, we just went through some very sad events and I must say that I agree with the last comment made, to the effect that you play an extremely important role at the core of the whole democratic and parliamentary system of this country.

This role was protected by those who, in the past, through wisdom and through practice, established the rules governing how this House operates.

I will not spend a lot of time on this issue. I simply want to tell you that, in our opinion, this role of yours—which is to protect democracy, to see that all parliamentarians are equal in this House, regardless of the political party to which they belong, and to ensure the proper administration of the affairs of this House, including in committee and any other place where parliamentarians have to work—is being fulfilled remarkably well.

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At times, we could have, given the situation in which we find ourselves in this Parliament—and we were tempted to do so, which is only human, as you know—challenged decisions that were not to our advantage or that did not please us.

At times, we were even tempted to leave Parliament, to show that we were unhappy with the way things were done. But always guided by the most elementary wisdom and respect for those who sent us here, those who came here before us and those who will come after us, we controlled these initial impulses.

We agreed that it was important to put our confidence in you and, time after time, this confidence has been justified: decisions have been rendered in our favour when we were right and others against us when we were wrong.

As I indicated yesterday, there has been a general feeling of unease these past few days, with members unexpectedly rising to issue an extremely serious challenge to the institution that is the Chair. I have no intention of raising this issue again today, but I would just like you, Mr. Speaker, to know that no member of this House has the power to challenge the Standing Orders or the way they are applied by you in this place on our behalf, as we have mandated you to do with the support of the table officers, whose expertise is undeniable.

• (1515)

Your rulings cannot be questioned. We may not always be happy with them, but we must recognize their wisdom and, usually, in time, we realize that it is in everyone's interest to operate within the very specific structure provided by the rules governing deliberative assemblies such as ours.

It is a matter of respect for democracy. It is a matter of respect for authority. I would not want any parliamentarian to tarnish the image of this House by behaving in an unacceptable manner.

In that sense, Mr. Speaker, given that, as far as we are concerned, your duties have always been carried out with dignity and competence and that all of us are here for a number of months if not years, we will have to learn to toe the line and obey the rules, not to defy authority and to realize that, however partisan or impassioned the debate, the kind of behaviour we have witnessed cannot and will not be tolerated.

In the name of democracy, of this institution and of my political formation, I tell you that we have confidence in the work that has been done so far. We reiterate our confidence and are prepared to help implement measures to restore confidence in those who obviously do not work well within this system and ensure that their behaviour is worthy of parliamentarians.

Recall does not exist yet in politics. Perhaps this is a good thing for those who show no respect for our institutions.

[English]

**Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP):** Mr. Speaker, I rise to offer the NDP's view on this point of order which I believe is an extremely important matter that the government House leader has raised.

I was a member of the Saskatchewan legislature for almost 10 years. I have been a member of this House of Commons for about four and a half years. I have never seen such a blatant action of hooliganism in my view by any political party anywhere in Canada in those 14 years.

If the issue with respect to the Reform Party was a matter of foreign policy, what they did was not raise the issue of foreign policy but try to raise political points on the Speaker which in my view, and what should be the view of every member of Parliament in this House, is that the Speaker's position is sacrosanct and should be independent.

It is perhaps ironic that today was the national lobby day for the Canadian Police Association. In my discussions with them we talked about a number of issues, including the Young Offenders Act and hooligans and yet, maybe in spite of the national lobby day by the police association, we see a very blatant display of hooliganism right in this House of Commons. They have tried to hijack the House of Commons and I personally take offence at that.

The final point I want to raise is in reference to what the Reform whip has made reference to but did not finish reading. That is citation 164 in *Beauchesne's Parliamentary Rules & Forms*. The Reform whip read:

The Speaker:

(1) Communicates the resolutions of the House to those to whom they are directed—

He did not finish the sentence, which continues on:

—and conveys its thanks and expresses its censure, reprimands, and admonitions.

It is my view, Mr. Speaker, that you should study this issue, study the point of order that has been raised by the government House leader, and in your capacity as Speaker if you find that this is a point of order relevant to Beauchesne's, that you take your authority and reprimand the Reform Party for its disgusting action in this House of Commons.

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, there has been a lot of reference to this incident.

There has been reference to you and your role as the Chair. Perhaps the most important word that has been used here is respect. I would also suggest an important word is impartiality. When you

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don the cloak of the Speaker, of the Chair, you also don the impartial role of presiding over this House for all members, regardless of partisan politics.

• (1520)

Mr. Speaker, the language that was used in the question that you ruled in my opinion rightly out of order had in its preamble reference to you particularized as a prominent Liberal MP. I would suggest that you rightly ruled this out of order.

As a point of reference in your deliberations over this government point of privilege, I refer you to section 404 of *Beauchesne*, sixth edition, where it states at page 119:

No questions of any sort may be addressed to the Speaker. If information relating to matters under the jurisdiction of the Speaker is required, it must be obtained privately.

There were options available. Had the Reform Party wished to address this matter, it could have raised it on a point of privilege or a point of order. However they chose not to do so. They did so in an improper way which you ruled out of order.

It is also with some regret that I make reference to the fact that we are here again in this situation, mired down in a debate that could have been avoided.

Yesterday, you will recall, there was a point of privilege brought forward by the Conservative Party. At that time the government remained silent on this point.

There has been a very frightening and disturbing trend in that there is a disintegration in the rules of Parliament, something I am sure you are aware of and something I am sure that you have to be concerned about. We are seeing this happen quite readily over the last two weeks.

Mr. Speaker, I am sure, and I join with the voices of support in this House for you, that you will make a proper, deliberate, judicious ruling, to use your words, over these points of privilege and points of order.

**Hon. Herb Gray (Deputy Prime Minister, Lib.):** Mr. Speaker, I would like to add a few comments to those already made on the point of order raised by my colleague, the government House leader.

I want to say that none of the precedents cited by the Reform whip in any way suggest that the Speaker of the House is ever the voice of the government. Section 162 of *Beauchesne* says: "The Speaker of the House of Commons is the representative of the House itself in its powers, proceedings and dignities".

This is understandable because section 163 of *Beauchesne* says "The Speaker is elected by the House itself".

The Reform whip attempted to suggest that words of the Speaker of this House had some significance as words of the government

because of the Speaker's place in the order of precedence. Let us take a look at section 166 of *Beauchesne*. It says: "The Speaker's rank is defined by Order in Council on December 19, 1968 in which it is provided", and I go on to read: "that the Speaker shall have precedence immediately after the Governor General, the Prime Minister of Canada, the Chief Justice of Canada, former governors general, former prime ministers and the Speaker of the Senate and immediately before ambassadors and members of the cabinet".

There is nothing whatsoever in this citation that suggests that whenever the Speaker expresses himself, whether in this House or outside this House, he is speaking on behalf of the government.

If the interpretation of the Reform whip of section 166 were accurate, then he himself would be attempting to argue that when the Chief Justice speaks, he is speaking on behalf of the government, or when the Governor General speaks he is speaking on behalf of the government. This is patently wrong and patently ridiculous.

With respect to the questions raised by the Leader of the Opposition, I do not think it is proper in the light of the precedents of this House for a question to even imply that the Speaker of the House is anything other than impartial and that anything he says is raised on behalf of the government. This is something that should be obvious to somebody in this place from the very first moment he enters this House.

• (1525)

Therefore, I underscore the points made by the government House leader and others that the remarks, the implications in the questions of the Leader of the Opposition were totally out of order. The implication suggested in the questions by the Leader of the Opposition that the press reports, assuming they were accurate, in any way meant that the person involved was speaking on behalf of the government is totally wrong. I respectfully suggest that the best way for things to be put back on their feet is for the Leader of the Opposition to come into this House, recognize what he did was wrong and express words of apology.

When the Reform Party first came to this House in some substantive number, its members said that they intended to bring a new tone to the House of Commons, a new atmosphere of civility. I wish they would look at their words at that point in time when they first entered the House and take these words seriously. They should have these words reflected in their actions today.

If the members of the Reform Party reflected on what they said at the opening of the 1993 Parliament and contrasted what they said with their actions today, they would feel ashamed of themselves. The best way to remove that shame is for the leader of the Reform Party to express words of apology. Mr. Speaker, I am sure that you and we would accept those words and we could get back to serving Canadians and serving the business of Canada.

*The Budget***GOVERNMENT ORDERS***[English]*

**The Speaker:** Colleagues, the last thing I ever wanted to be was the focal point of any kind of anger or any kind of criticism in this House. My only reason for being the Speaker of this House is to see to it that all of you, my colleagues and myself as a member of Parliament, are treated fairly.

From the outset I have tried to see to it that all of you Canadian parliamentarians had the chance to express yourselves and be heard within the rules of the House of Commons. You have entrusted me to look at the rules and to make decisions on behalf of the House.

There can be no doubt that there was criticism of me in the House this afternoon. Of course there was. Perhaps the hon. whip of the opposition party has every right to criticize what I do. Perhaps the Speaker should be criticized when he brings—I do not want to use the word dishonour, but I will use the member's word if indeed it was that—shame—

**An hon. member:** Oh, oh.

**The Speaker:** Please, my colleagues.

But there is a way. There are avenues that we have to deal with our Speakers and their actions. Our rules and practice provide avenues for such criticism. I do not think it should be done under the guise of a point of order. I do not think it should be done under the guise of debate.

• (1530)

I would suggest to you that if the Leader of the Opposition who spoke earlier today or the government whip if he wishes to by moving a substantive motion against the Speaker, he has this procedure open. They both have this procedure open; you all have this procedure open to you.

I do not want to be the focal point of the debate.

*[Translation]*

Heaven knows there are enough problems, enough important issues in our country that I should not be the focus of attention.

*[English]*

We have gone on now for a few days taking up valuable time, your time, talking about actions of the Speaker, what he did do, what he did not do. We have better things to do.

I, with all respect to you, to every one of you my colleagues, I invite you that if you do have these strongly held views to bring a substantive motion against me. I invite you to do it now so that we can clear the air.

**Mr. Chuck Strahl:** Mr. Speaker, I appreciate your comments. I will look at that option and get back to you as quickly as I can.

**The Speaker:** My colleagues, this matter is closed for now. Orders of the day.

**THE BUDGET**

## FINANCIAL STATEMENT OF MINISTER OF FINANCE

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

**The Speaker:** Do I have another point of order?

*[Translation]*

**Mr. Eugène Bellemare (Carleton—Gloucester, Lib.):** Mr. Speaker, I rise on another point of order.

I want to tell you that I was hurt, insulted, saddened and even disgusted to see the Reform member for Medicine Hat throw the Canadian flag on the floor of the House, in a fit of rage directed at you.

The Reform Party leader, who claims to be a champion of the Canadian flag, should apologize for such contempt toward our flag.

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

*[English]*

**The Speaker:** We will take that as a point of debate. We have gone to orders of the day.

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I am pleased to return the debate to budget 1998.

Over the last two weeks, I have had the occasion to meet with Canadians in many parts of the country and out of the country. I have discussed this budget in communities like Sudbury, Toronto, Vancouver, Oakville, London, Medicine Hat and Vancouver. I had the occasion last week to speak with business leaders at the Chicago Executive Club in Chicago, Illinois.

I can say that everywhere people are recognizing that this budget represents a major economic achievement. It is a national achievement, an achievement in which all Canadians can take pride because all Canadians have contributed to our victory over the deficit.

*[Translation]*

Congratulations are due to my colleague, the Minister of Finance, and the Prime Minister for their leadership in achieving a balanced budget by the end of this fiscal year—the first balanced budget in almost three decades.

• (1535)

In four years, with the commitment and support of all Canadians, we have wrestled a \$42 billion deficit to the ground and set Canada on an irrevocable course to reduce the debt. The benefits are now

*The Budget*

clear. On the fiscal side, we are already moving on debt reduction. The 1998 budget delivers \$7 billion in tax relief over the next three years.

[*English*]

This budget is more than a milestone in our battle against the deficit and debt. It sets the agenda for building a knowledge based Canadian economy for the 21st century. The knowledge revolution is changing the basis of success for individuals, businesses, communities and nations. It is breaking down the barriers of time and distance. It is redefining old notions of competitive advantage, giving greater prominence to the quality of people's skills and the inventiveness of their ideas. It affects all sectors of our economy.

To meet the demands of our knowledge economy, we face the challenge of developing a learning culture. It will spark the continuous improvement and the creation and application of new ideas that we need. It will feed a stronger Canadian innovation system.

The 1998 budget builds on initiatives that we have taken in previous budgets to build an innovative learning culture in our country, initiatives such as the technology partnerships Canada program and the Canada foundation for innovation. Budget 1998 expands and deepens that record of action across the industry portfolio. It injects new resources into key programs that invest in people and technology such as the agenda for connecting all Canadians.

Last September the Speech from the Throne included our commitment to reach an ambitious goal, to make Canada the most connected nation in the world by the year 2000. We want to make Canada the world leader in developing and using an advanced information infrastructure to achieve our social and economic goals in the knowledge economy.

This budget commits an additional \$260 million to the agenda for connecting Canadians. Of that amount, \$205 million will support the expansion of successful programs such as community access, CAP, and SchoolNet. Our old goal for SchoolNet was to connect every school in Canada to the Internet. We will achieve that goal this year, 1998. With the new funds we will go on to link every classroom in every school.

[*Translation*]

The new funding for CAP will allow us to surpass our old target of connecting 5,000 rural Canadian communities to the Internet by the year 2000. Now we will be able to expand CAP into urban areas, providing an additional 5,000 sites, making all centres sustainable and upgrading the network.

We will also create the Voluntary Sector Network Program (VolNet) to link voluntary and charitable organizations across

Canada to the Internet and to each other. Our initial goal is to link at least 10,000 voluntary organizations to the Internet.

[*English*]

At the heart of connecting Canadians is the right infrastructure. The budget also responds to that need. It includes \$55 million for CANARIE to build the next generation Internet, the world's first all optical broadband network.

Connecting Canadians is only one way the budget is investing in building Canada for the 21st century. We are making important investments in university research and the development of highly qualified people by increasing the budgets of the three university research granting councils by more than \$400 million over the next three years.

We are expanding the National Research Council's successful industrial research assistance program, IRAP, by an additional \$34 million this year. That support will help more Canadian small businesses to adopt new technologies. It will help them develop new products and processes for commercial markets here and internationally.

IRAP provides technical advice to more than 10,000 small and medium size enterprises each year. It provides financial assistance to help more than 3,000 businesses with research and development. These kinds of initiatives are changing the economic face of Canada.

● (1540)

If we look at this city in which we are now, Canada's high technology centre tells that story very well. As we all know, this was once a city seen as the home of the federal government and little more. Those days are gone. Over the past years a solid base of high technology employment has expanded enormously. I am proud to say that co-operation between federal research and development agencies and our private sector leaders have helped to spur that growth.

According to the Ottawa-Carleton Economic Development Corporation, in 1990 the Ottawa region had 300 high tech companies. By 1997 that figure was more than 800 and it is continuing to rise.

[*Translation*]

Some of these new leading-edge businesses are spinoffs from the work of the NRC, NSERC and our other agencies. For example, last October, the NRC announced five new spinoff companies, four of those setting up shop here in Ottawa.

The new and expanding companies in our high tech sector mean jobs. OCEDCO estimates that their growth will mean that Ottawa-area employers will need to fill nearly 20,000 positions in the telecommunications and information technology sectors alone over the next five years.

*The Budget**[English]*

Once again the agencies that are getting increased support through this budget are helping to solve that need. The National Research Council is working with educational and private sector partners to address the critical shortage of software engineers through programs such as the O-Vitesse partnership.

The investments in learning and in our innovation system that the budget is making are important. They are creating opportunities for young people to learn and to find work. They are creating opportunities for businesses to master the tools of the new economy. They are building on our fiscal success to make Canada a strong trader in the global knowledge based economy of the 21st century.

I have travelled over the last two weeks literally from one end of Canada to the other. I met with people to talk about the important aspects that we find in this budget. We were talking not just about the realization of a long time target of reaching a budgetary balance, but of the new investments in the ability of Canadians to make the adaptations that are necessary to enter fully into the knowledge based economy of the 21st century.

I saw in each of the cities that I visited a realization that this indeed is the key to Canada's future. Our success in the past can be built upon by a success in the future that recognizes the importance of human resources, the importance of knowledge, the importance of learning and the importance of technology.

*[Translation]*

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, listening to the Minister of Industry, one would think one was on another planet. He says he has gone across the country and has found that business people, and indeed everyone, is happy with the finance minister's latest budget.

I would just quote a few comments made by business people, including Mr. Cl  roux, vice-president of the Canadian Federation of Independent Business, who said the day the budget was brought down, and I quote "It is a budget lacking vision, with no job strategy".

So, when we are told that the business community was happy, we have our doubts. There was some unanimity around the budget, to the effect that it was not the budget of a visionary, and that, as far as real strategic planning with respect to the economy and jobs, the Minister of Finance was not perhaps the best person.

He says that everyone was happy. The day the budget was brought down, and the following day as well, all the provincial finance ministers and premiers—Mr. Romanow spoke on behalf of all Canada's premiers—were united in condemning this budget, saying that the Minister of Finance was taking credit for all the benefits of putting the fiscal house in order when it was their work

that had made it possible and that they had received nothing for their efforts.

The Income Taxpayers' Association also had something to say. There were people representing taxpayers. They found \$4 billion in tax cuts over the next three years laughable. Since he has been Minister of Finance, do you know how much the taxes of Quebecers and Canadians have gone up? By almost \$31 billion in three years.

- (1545)

So, thanks to him, people have paid an additional \$31 billion in taxes over the past three years. Now he is telling us that, in the next three years, he will be reducing taxes by \$4 billion. That amounts to laughing in people's faces.

The Minister of Finance is much quicker and more effective when it comes to voting in legislation for himself that suits him in terms of international shipping business than when it comes to reducing everyone's taxes for the collective good.

I have a question for the minister, in view of his remarks. We know that the first deficits date from a Liberal government some 25 years ago. I would ask him whether he agrees with our voting on an anti-deficit law in this House that would set specific parameters ensuring the accountability of the Minister of Finance to the House of Commons?

Would he agree to anti-deficit legislation to ensure that the Liberals do not fall back into their old ways of spending and put us in the situation they did 25 years ago?

**Hon. John Manley:** Mr. Speaker, all I can say is that throughout Canada, on my visits following the budget, people welcomed me enthusiastically and expressed their pride at finally having a balanced budget.

For 25 years—it indeed started in the early 1970s and continued until last year—we increased the debt burden. It was a major problem, and we were limited in the choices the government could make because of the deficit and the debt.

Now that we have a balanced budget—the first of the G7 countries—we have choices. We can regain control over our finances and decide ourselves on the vision we will follow in the coming years.

*[English]*

The new economy will not be built by bricks and mortar. The new economy requires knowledge, learning and connections of all Canadians to the new technologies that will exist.

The budget has the vision to do that, but it is based on the sanity of finances that has been recovered as a result of the efforts of the Minister of Finance.

*The Budget*

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, it is with some delight that I rise to talk to the budget of 1998, a budget of which Liberals are so proud. Quite frankly they do have not a lot of reason for such pride.

Yesterday in the House, in response to a question that I asked of the Prime Minister, I suggested that maybe health care was the top priority of Canadians generally across the country, whether they be premiers of provinces, finance ministers, health caregivers or other Canadians. The Prime Minister suggested to me at that time that I should probably go back to the Winnipeg budget and look at the budget of my colleagues, the Tories in Manitoba, who reduced taxes but did not add one cent to medicare.

I have had the opportunity to go back and look at the Manitoba budget that came down four days ago. I suggest that we can make some comparisons between the Manitoba budget and the Liberal budget tabled in the House. I honestly say that the Liberals can learn something from my colleagues in Manitoba.

Its budget was the fourth balanced budget Manitoba had put forward to its citizens. Over \$100 million of new money was added to the Manitoba health care portion of the budget to bridge significant federal cuts to Manitoba's transfer payments.

In response to the Liberal government, Manitoba has shown that health care is a priority. Additional dollars are and have been going into health care in the Manitoba budget. Of that \$100 million Manitoba spends \$1.93 billion or 34% of its total budget on health care. I use that to stress the fact that the province of Manitoba recognizes health care is in a crisis and is a priority of its budget.

● (1550)

I also suggest that maybe the Liberal government would like to go a little further and take another lesson from Manitoba which has implemented balanced budget legislation. The Liberal government could learn from Manitoba. Its balanced budget legislation has been in place for a number of years. If the budget of Manitoba is not balanced, ministers and the premier have to pay the consequences.

In the budget which was just brought down in Manitoba there was a reduction in personal income tax. Is the government listening? There was a reduction in personal income tax. There was debt repayment and a plan for continued debt repayment in the Manitoba budget. It was increased from \$75 million to \$150 million in this budget year to retire the debt. The Liberal government unfortunately has not learned those lessons.

In the Manitoba budget small business was acknowledged. An economic opportunity will be available if the businesses are treated properly. In the small business reduction the payroll tax went from

2.25% to 2.15%, but it was a reduction in regressive payroll taxes. Unfortunately the Liberal government has not learned the lessons of other provincial governments.

There was a capital tax reduction. There was an increase in the exemption from \$3 million to \$5 million. That is very positive. The Manitoba government recognizes that small business is the backbone of our economy. The Liberal government should take lessons from it.

The Prime Minister suggested that I make some comparisons between the Liberal budget and the Manitoba budget. Let us talk about the Liberal budget. It is balanced for the first time. Congratulations. I am very pleased that finally the budget is balanced.

Let us understand why the budget is balanced. It is not because of the last three and a half or four years of this administration. It goes back to 1991 when a policy was put into place to target inflation. The 1991 policy caused interest rates to drop, which allowed the government to balance the budget.

Other policies were put into place from 1991 to 1993. One of them was the NAFTA. Make no mistake about it. The reason the economy is so strong today in Canada is international trade. We live in a global society. We live in a global economy.

When members of the government were in opposition they said "We will rip it up. We will have nothing to do with international trade. We will have nothing to do with globalization". Now they have decided that it is such a good thing they will expand the NAFTA. We are going to expand into Europe. We are going to expand with the MAI. We are going to expand into South America. Make no mistake. That policy was put into place by a previous administration.

Then there was the GST. The same people who are now in power said "We will scrap it. We will not have it any longer". In fact the GST, which was put into place by the previous administration, was used to bring the operating deficit down to zero in this year's budget. The Liberal government should thank the previous administration immensely for balancing the budget of 1998.

Let us have a look at the Liberal record. Canada today, after four years of Liberal administration, has the highest personal income levels of the G-7 countries. We did not hear that in the finance minister's budget speech but it is fact. The Liberals have raised taxes 40 times since 1994.

● (1555)

According to an Industry Canada study that was done with the United States, Americans today are 25% richer than Canadians. American manufacturing workers get paid \$1 per hour more than their Canadian counterparts. America's jobless rate is 4.7% while



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Canada's is 8.6%. Canadian wage earners pay roughly one-third more in taxes than their American counterparts.

Canadians have been making up for stagnant incomes by eating into their savings and borrowing more. I know my colleagues on the government side will pooh pooh this, but there is another statistic that in this year there will be more bankruptcies than ever before. There will be record levels with 97,000 registered bankruptcies in Canada this year.

The government cannot blame anybody. It cannot blame previous administrations. It cannot blame the economy. It can blame only itself and the tax record it put forward to the country.

According to Statistics Canada, taxes took the largest bite out of the household budget in 1996. Taxes took 22% of every dollar, whereas 17 cents went for shelter, 12 cents went for food and 12 cents went for transportation.

I hope Canadians were not looking for a big break on taxes in the budget, because they got none. Quite frankly they will have to pay more taxes. Even though the spin doctors are putting the spin that there were tax reductions in the budget, the fact of the matter is that when it comes down to the dollars and cents off a paycheque, at the end of every month they will be paying more in taxation than they have in tax breaks in the budget.

Liberals continue to overtax Canadian workers and employers and kill jobs by keeping employment insurance premiums unnecessarily high. It was our position that the government should take the \$7 billion overexpenditures and transfer those dollars to CPP and not increase the CPP payments the way it did. That is where it comes to the fact that Canadians this year will be paying more in tax dollars than they did last year. They have had huge increases in CPP but have not had an offset in employment insurance premiums.

I go back to the Manitoba budget. Manitoba recognizes that business is a very important part of the economy. It reduced regressive payroll taxes. It increased the exemption in capital assets. It reduced capital tax. It allowed Manitoba businesses to have an environment to expand, to hire people and to develop an economy that Manitoba would like to have.

The Prime Minister said "Go and compare with the Manitoba budget". He and the finance minister should have made that comparison prior to tabling their own budget in the House.

The Liberals are planning no measure to ensure that a fiscal dividend will either be achieved or become a permanent part of the federal budget scene. Like the province of Manitoba, the PC Party believes that there must be tough balanced budget legislation to ensure the country is never again caught up in the spiral of deficits and debt. We propose a balanced budget law that would reduce the

pay of the Prime Minister and cabinet if the deficit ban were broken.

Let us talk about that. We have a budget that was tabled in the House by the finance minister. It was the first and only budget I have ever seen that never used any assumptions. It never showed Canadians exactly what the surpluses would be. It never showed Canadians a fiscal plan to reduce the debt on an ongoing basis. Why was that?

The reason was that the finance minister did not want to show Canadians exactly what the surpluses were. The estimates are that there should be between \$5 billion and \$15 billion worth of surplus if the job were handled properly by the government. That \$5 billion to \$15 billion surplus should translate into debt reduction and tax reduction.

Unfortunately we never saw those numbers at the bottom of the finance sheet because the finance minister is afraid to show them in case his caucus, his colleagues and his cabinet may wish to spend those dollars on other issues. Quite frankly they spent those dollars because they have not been translated into tax cuts or have not been translated into deficit reduction or to debt reduction.

The Department of Finance projected several billion dollars in the government's surplus, but the money has been spent anyway before Canadians got a chance to see it.

• (1600)

Jeff Rubin, chief economist for CIBC Wood Gundy, said that the Minister of Finance "does not have a political mandate to run budgetary surpluses so he is hiding them from Canadian taxpayers in an effort to explain why he is not giving them tax relief. If he were to acknowledge where he really stands, this budget would be politically indefensible".

The budget raises the basic personal amount of deduction by only \$500. The basic exemption right now in this budget is \$6,956, taking 400,000 people off the tax rolls. My party would raise the basic exemption level to \$10,000 which would take two million Canadians off the tax roll.

There is nothing in this budget to encourage job creation for Canadians by alleviating the tax burden on small business. The Prime Minister said that the member for Brandon—Souris should look at the Manitoba budget to see what it has done with health care in terms of priorities. The member for Brandon—Souris looked at the Manitoba budget and found that there had been a personal reduction on income tax in that province. There has been a personal reduction of income tax in Alberta and Ontario but the Liberal government is obviously deaf to those who talk to the reasoning of tax reductions.

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Taxation policy can influence the economic environment which in turn may affect the competitive position of a country in a global market. As such, a competitive and stable taxation policy has the potential to be an effective tool for the Canadian government to promote investment in economic activity in the country.

Taxation generates immense perceptions from investors who are looking for new opportunities worldwide. In recent years Canada has shown significant improvement in terms of lowering the tax burden. Nonetheless, even if the present trend continues it will take some time to shed the perception of Canada as a high taxed country.

Catherine Swift from the Canadian Federation of Independent Business comments on the budget: "Further tax cuts would help create jobs. We're still not seeing a major job creation agenda here and from a small business job creator standpoint that really should be a prime target".

I hate to repeat myself but I will. Let us go back to the Manitoba budget. The Prime Minister suggested I do that. Do I not listen to what the Prime Minister says? Go to the Manitoba budget. I went to it and believe me, the Manitoba budget does speak to assistance to small business. We would speak to reducing small business taxes from 12% to 8%, to reducing corporate tax rates from 28% to 24% and to increasing the small business deductions from \$200,000 to \$300,000.

The PC party would also increase the capital gains tax exemption from \$500,000 to \$750,000. Entrepreneurs and people in the farming industry are more willing to take risks and bring their ideas to market when they know they will be able to keep more of what they earn. Increasing the capital gains tax exemption is just one suggestion for attracting investment capital for start up or expansion. The agricultural small and medium size business sector is the most dynamic sector of the economy and should be rewarded. None of those words were even considered by the Liberal budget, which is a travesty because small business was the loser.

The budget of the finance minister and the government failed to restore the \$6 billion the Liberal government took out of transfers to the provinces for health care, education and social assistance. I was told to go back to look at my own province because it is not showing it as a priority. Wrong. We put \$100 million into health care which did not come from the federal government in the form of any transfer payments. It came from the pockets of the taxpayers of Manitoba. Seven out of ten provinces continue to get less cash for health care and education than they did before the Liberals formed this government.

Here are some glowing reports from some provincial politicians concerning this Liberal budget: "It is a further kick in the teeth to all provinces and I think you will see more provinces retreating into

saying we are on our own, we've got to solve our own problems". That comes from Ontario Premier Mike Harris.

"Canadians, Manitobans, premiers, finance ministers, governments right across this country have called for the federal government to put back into place some of the support for health care". That comes from the Manitoba finance minister, Mr. Eric Stefanson.

● (1605)

I repeat this budget has done virtually nothing for the provinces which in fact are doing the job and doing it very well. They are doing it without any federal assistance.

One area of my responsibility is agriculture. I have looked through the budget and I looked through the throne speech. In neither have I seen any indication that agriculture is even playing an important part in the Canadian economy.

"Canadian farmers gave their pint of blood over and over again to help Ottawa get its deficit under control. Now the federal government has to deal with the serious issue of farm income and security". That comes from Jack Wilkinson, Canadian Federation of Agriculture.

Nowhere did this budget deal with any of the issues that are facing agriculture not only now but in the future.

"There is painfully little in this budget on agriculture. It looks like they basically said goodbye to that productive sector in terms of any new initiatives for family farms. It makes it pretty clear that we are way down on the list of those who are deemed to be worthy of attention". That comes from Nettie Wiebe of the National Farmers Union. But she had a point. There was nothing with agriculture in this budget.

The federal government offers nothing to the agriculture industry in this budget, nor did the government even mention agriculture in the throne speech. Two strikes. A third strike and I believe agriculture will see this government out.

The only measure it confirmed was the \$20 million over the next four years Canadian rural partnership program. I have received and looked at the criteria of the Canadian rural partnership program. It is a \$20 million over four year program. That is \$5 million a year.

What is it going to do? It is going to facilitate some pilot projects. It is going to allow departments to come together so that they will be allowed to see how effective the programs are they now have in place. We will put \$5 million a year over four years and basically accomplish nothing.

Ministry of agriculture's Pest Management Regulatory Agency budget for 1997-98 is going to have a \$4.5 million deficit. The deficit was a result of the PMRA's not properly analysing its product base to generate fees.

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We are going to put \$5 million in one hand to try to look at the programs are, the pilot projects and facilitate programs for farmers. Yet farmers are going to pay \$5 million a year more for PMRA which they did not want in the first place.

I know it is time to wrap up. I appreciate your time and this House's time. I must say that the balanced budget is the only good positive thing that I can say about the budget that was tabled. Other than that, all the issues that were dealt with in this budget, unfortunately, could be dealt with much better.

**Mr. John Harvard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the hon. member for Brandon—Souris brought up our home province a number of times in his presentation. I think it is only responsible in my reply to respond to some of the things that the hon. member has said.

He said that he was concerned about some of the things that were somehow omitted, certain kinds of information omitted from the finance minister's budget of last month. Given that the hon. member is concerned about omissions, I would like to cite a couple of omissions on his part.

First of all, the hon. member for Brandon—Souris mentioned that the Filmon government in the province of Manitoba devotes 34% of its budget to health care. Maybe the hon. member for Brandon—Souris would like to know that 36% of Mr. Filmon's budget comes from the federal government, just a little, small point that he might be interested to know.

Let me go a little further because he makes certain implications about how the provincial government or the province of Manitoba is treated by this budget.

I would like to remind the member for Brandon—Souris that when our government came to office in the fall of 1993, about four and a half years ago, Manitoba, my province, his province, received in both transfer payments, the CHST and equalization payments, a total of \$1.951 billion.

• (1610)

What is it in the next fiscal year starting in less than three weeks, April 1? It will be \$1.944 billion, a difference of \$7 million. Let us put that \$7 million into context. In the last three years, as a result of lower interest rates brought about by this government's fiscal policies, the Filmon government in the province of Manitoba has realized savings of \$135 million. The province of Manitoba is doing quite well I would say to the hon. member for Brandon—Souris.

Let us also put these transfer payments into further context. I mentioned that the transfer payments will exceed \$1.9 billion starting April 1. That accounts for 36% of Manitoba's estimated

revenues. That is 50% above the national average and the highest of the four western provinces.

I must admit it is really difficult to take criticism from a representative of the Progressive Conservative Party that ran our economy into the ground between 1984 and 1993. In the interest of facts and in the interest of informing Canadians, the member from Brandon—Souris owes us this piece of information about how the province of Manitoba has been treated by this budget and successive budgets over the last four years.

**Mr. Rick Borotsik:** Madam Speaker, I have a lot of faith in the finance minister of the province of Manitoba. I believe he has done an exceptional job over the last four years. He has balanced his budget for four years. He has not raised any taxes in the province of Manitoba and the economy is doing very well.

The reason I brought my example up was to make sure that the Liberals recognize there are ways of reducing taxes in a budget to make sure the economy is going to be improved.

I would like to quote the finance minister of Manitoba:

Providing Manitobans with the best health care possible has always been and continues to be our top program priority. Stefanson said: "Our funding commitment to health care is 45% or almost \$600 million more than we spent in 1987—in contrast to the federal government cutting health transfers 35% in the last three years".

The proof lies in the pudding. Needless to say the hon. member believes that the federal government is treating provincial governments fairly. That is a head in the sand attitude because I can give the member quotes from every premier and every finance minister who say that is not the case. That is okay, the member can hide his head in the sand.

The hon. member talks about how previous to 1993 the Progressive Conservative government caused the problems for our country with respect to deficits. I talked about the reason why the deficit now no longer exists. It is because of policies that were put in place in 1991-93. I can also say that I remember the Trudeau years when deficits and debt were the trademark of the day. If we want to talk about who put Canadians into this debt and deficit position, they have to look no further than their own history.

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Madam Speaker, I have two questions. It will only take several moments to ask them.

I really appreciated the member's plea for more tax reduction and increasing the personal exemption to \$10,000. I wholeheartedly agree with that. We desperately need that kind of help for especially low income Canadians.

• (1615)

The question I have relates to that in the sense that the government has put in place a child care credit or tax reduction

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that applies only for those who use care outside of the home. I think this is a gross injustice. I cannot agree with it.

My concern is that this child care credit should apply to all parents. They should not be forced to take their children outside of the home. I was wondering if the member would agree.

The second question is in regard to agriculture. He made a big point about agriculture and the fact that it was not addressed in this budget. I agree with him. In fact agriculture will be devastated by what this government has done.

In just one example, the CPP premium increase is going to hit all Canadians but farmers are going to find that the price of their produce, the things they have to put in, their input costs into their crops and whatever, are going to increase because of the CPP premium increase. It is going to add to all of their costs, as it will for all Canadians.

I am wondering if he would agree that we need tax reduction, especially in the area of agriculture. I know there needs to be improvements to infrastructure, transportation and all this but the tax increases, I hope he would agree, that have been implemented by this government are going to hit agriculture very hard.

**Mr. Rick Borotsik:** Madam Speaker, I appreciate the question from the hon. member from Yorkton—Melville.

The first question with respect to day care, what we believe in and obviously with the basic personal income tax exemption of \$10,000, we believe that sufficient dollars would then come back into those individual's pockets who best know how to spend their dollars, and in fact would allow them more dollars to have day care for their individuals, whether it be in the home or whether it be in licensed day centres.

However, back to agriculture, I could not agree more, particularly with the CPP. If you are in fact a small business or a self-employed individual, the contributions to CPP are twice as much as what they would be if you had employer contributions.

Agriculturalists, farmers, obviously are going to be impacted quite dramatically by this. It takes a substantial amount of cash out of their own personal pockets to put into a CPP plan which I am still not convinced, and have not been convinced by government, is going to be there when in fact those individuals are going to recover some of their investment from it in benefits.

I agree, we agree, small business, personal income tax deductions and small business tax, regressive payroll taxes should be reduced, as by example in Manitoba and fortunately the member from Winnipeg suggests that we should be looking at Manitoba as being a benefactor from the federal government. The fact is that

Manitoba has benefited because of these types of reductions to regressive payroll taxes.

\* \* \*

**BUSINESS OF THE HOUSE**

**Mr. Peter Adams (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Madam Speaker, there has been consultation among the parties and I think that you will find unanimous consent for the following change to standing order 95(2).

I move:

That when an item of Private Members' Business that is not votable is proposed, the Member moving the item shall speak for not more than 15 minutes. Thereafter, no Member shall speak for more than 10 minutes for a period not exceeding 40 minutes. After 40 minutes or earlier, if no other Member rises in debate, the Member moving the said item shall, if he or she chooses, speak again for not more than 5 minutes and thereby conclude the debate.

(Motion agreed to)

\* \* \*

**THE BUDGET**

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed consideration of the motion.

**Mr. John Duncan (Vancouver Island North, Ref.):** Madam Speaker, I must say I have enjoyed this budget debate. We had a certain amount of finger pointing. After all, the budget and the exercise that goes into it is the single most important activity carried out by government.

● (1620)

How did we ever get where we are now after 30 years of running unbalanced books basically? The last member was pointing fingers at Prime Minister Trudeau's administration. If we look back to that time and place, we see 14% annual increases in spending throughout that mandate which was what got us started. We then ended up with a Conservative administration that added to the burden once again.

One has to wonder when we have the single most important activity of government and we cannot get it right. Even though I have been in this place since 1993, it still astounds me that we ever arrived at where we are and are still paying the price. Whoever was the architect back then should be ashamed.

I have two things to talk about today. I want to talk about the budget in general and make some comments about the fisheries specifically.

I am still at a loss today to say anything positive about the budget that was brought down by the minister. For 30 years, as I have already explained, Liberals and Tories abrogated their primary

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responsibility which is to prioritize government activities in spending in order to optimize the benefits to Canadians. This obviously did not happen. This has led to the taxpayer being penalized. They paid the penalty of balancing the books which led to the ongoing penalty of Liberal debt costing Canadian families \$6,000 annually to service.

This is not the only legacy. We still have Canadian jobs and economic opportunities that are being stifled which is continuing to hamper social program spending. Canadians have clearly stated what their priorities are: pay down the debt, reduce taxes, and spending that is focused on things like health and education.

I and many of my colleagues have asked the question of many of our constituents. Some of my constituents want to know why I am asking such a common sense question. The answer is so common sense that they wonder why I am asking the question. In a sense I agree with them, but common sense seemed to be out the window for 30 years in this place. Let us hope we never get back there again. Maybe we are still there.

What does this budget do? It has 100% new spending, 0% debt reduction and 0% tax relief. After 30 years the government balanced the books on the backs of the taxpayers over the last several years. In this budget it robbed those same taxpayers of well-deserved tax relief and debt reduction.

Let me just talk about the department I am most familiar with in this Parliament, the Department of Fisheries and Oceans. This was one of the most heavily cut government departments in the last Parliament and it is ongoing. At the same time that costs are being cut in fisheries, we have a crisis of unprecedented proportions in the cod fishery on the east coast. We have salmon disappearing on both coasts. We have unresolved issues with Alaska on the west coast. We also have a huge lack of vital information on many species on all three coasts.

How can we maintain, as the minister has done, that our prime concern is conservation if we do not spend any money or devote any resources to it?

The standing committee on fisheries travelled to both the east coast and west coast. We have yet to go to the north coast. We have heard from fishermen everywhere we have gone about the lack of biologists and how appalling all that is. Yet, we seem to have a healthy, in terms of numbers, bureaucracy in DFO in Ottawa. However, when an entrepreneurial fisherman wants to start up a box crab or other new fishery, we do not have the DFO biology resources to assist in the feasibility study. Everyone recognizes and agrees that field enforcement has been shorted in a major way.

• (1625)

When fishermen complained about the DFO it was never about the frontline workers who provided so much support. The frontline

workers were often the people who were familiar with the community as well as the fisheries. They were located where the action was. They tended not to be bureaucratized and were promoted from within the ranks. They were effective in galvanizing whole communities to assist in the stewardship of the fishery resource.

With the poorly thought out cutbacks, they are no longer there. It seems that the DFO has a leadership which cares more about perpetuating its own self-importance than it does about the people who really matter. The department does not seem to realize that without fishermen to manage, it has no mandate.

Many fishermen have complained that the DFO is only interested in supporting large companies and does not care about the independent small businessman. This government may say that it is more cost effective to have large companies fishing and that individuals do not have enough of a profit margin to make them viable. However, we do not think it is up to government to make that kind of judgment.

If a person wants to try to set up a business, and if the government has set up certain barriers in the way of studies that have to be done, it is up to the government to assist those individuals in meeting those requirements. It is not up to the government to put up more barriers and create a Chinese maze for approval seeking.

The DFO needs a new, strong mission statement which includes all people. It needs a new vision which includes empowering lower levels of the organization. Many of the lower level employees are paranoid about making decisions because the decisions they have made in the past have been countermanded so many times.

The DFO needs consistency and honesty at the uppermost levels for without this the lower levels are paralyzed. People need direct leadership in order to do their jobs in an enthusiastic and creative fashion.

We all understand that cuts had to be made in order to fix the fiscal mess of this and previous governments. What is now required are measures to ensure that spending is prioritized so we do not choke off the lifeblood of our nation.

We have heard that one of the new spending initiatives of the Liberal government includes \$40 million to something called strengthening communities. I would think that hiring a few biologists and allowing them to do their jobs and allowing local fishermen to develop new fisheries would strengthen a community.

For every fisherman who is allowed to fish, other jobs are created, such as crew and plant workers to process the fish. The spin-off is wonderful and can be multiplied many times.

We do not need only a few large corporations doing the fishing to make work for other people and to keep communities alive. In fact, we keep hearing from fishermen that large companies can ruin

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local communities by centralizing operations and by being too remote from the realities of daily living.

I have heard from many groups and individuals who have attempted to develop entrepreneurial opportunities, often with 100% of the investment coming from private sources, who have been stymied and frustrated by their inability to find one advocate within the DFO, or DFO personnel question the economic viability and tell them how to rig their boats for new fisheries when it is the fishermen who should be determining viability.

DFO personnel should be worrying about fisheries management and biology, not boat owner viability, particularly in the pioneer fisheries, such as some of the offshore and outside 200 mile limit fisheries which are being created.

• (1630)

This government must reset its priorities. It must roll up its sleeves and do real work in determining where money should be spent and where it can be cut. When you toss around figures with too many zeros after them, you lose your sense of reality. This government has lost that sense. When we try to talk to a government that has its nose up in the atmosphere where only millions and billions make sense, we naturally become discouraged and disillusioned. How can we relate to the government? We cannot.

The government is too complacent by far. It needs to go out and talk to the grassroots, those people without whom we would all be out of a job. This government needs to pay back Canadian taxpayers by delivering debt and tax relief. The Liberal campaign promise was to dedicate half the budget surplus to debt and tax relief.

There is no surplus in 1998 because the government spent it. There is no debt reduction forecast because the government budget wipes out the surplus for each of the next three years. The Liberal election promise was quickly broken by a government with no shame.

I am splitting my time with the member for West Vancouver—Sunshine Coast so I will finish now.

If a government cannot keep its promises in regard to the most important mandate it has, then why should it be trusted to keep any of its promises?

**Hon. Andy Mitchell (Secretary of State (Parks), Lib.):** Madam Speaker, I am pleased to have an opportunity to question the hon. member on a very specific component of his speech. He talked critically about the fact that we were spending money on strengthening communities. I was quite surprised to hear him say that.

One of the measures in the budget that my constituents were very pleased with was the increase from \$500 to \$1,000 for the tax exempt portion of income for volunteer firefighters.

The member may not be aware of it but in rural Canada, in communities like Bracebridge, Gravenhurst and Parry Sound, fire protection is provided by men and women who volunteer as firefighters. Without that volunteerism, without the dedication of those volunteers, we would not have the kind of fire protection and safety we have in our communities.

It is positive and important for this government to recognize that volunteerism by increasing the tax exemption by 100% from \$500 to \$1,000. The recognition of those individuals is important. It is critical and it strengthens our communities. Why is the member against assisting those men and women who are the volunteer firefighters in our rural communities?

**Mr. John Duncan:** Madam Speaker, there is nothing quite like somebody putting words in your mouth. In terms of tax relief measures and the kinds of measures that are quite generic, those are very good things.

The member will not find a Reformer arguing that we should not increase basic exemptions for items such as the one mentioned by the member. In terms of strengthening communities, who can argue against motherhood? We want to strengthen communities. My point is that this government is doing things in an insensitive fashion.

The government is hurting coastal communities in particular. That was my point. The government's attempts to cut costs have tended to take away from the field and centralize. As a consequence rural and coastal communities, specifically in terms of the fisheries file, have been very much damaged. It is ongoing.

• (1635)

This week we are talking about light stations on the coast. The light stations on the west coast are more important to many rural communities than are the post offices in Ontario communities for example. They are much more important. If those light stations were in Ontario, with as many Liberal members of Parliament as there are in Ontario the government would not be doing what it is doing to the light keepers on the B.C. coast. That is just one tiny example, but the fisheries file has all kinds of them; what has happened to our field personnel, our enforcement personnel and our biologists.

Entrepreneurs cannot try to get anything done when it comes to developing a new fishery. There is nobody there to be their advocate when they talk to the Department of Fisheries and Oceans. This is a big item. Thousands of jobs are going begging in B.C. right now in shellfish aquaculture alone because of a lack of people within DFO to be an advocate to either keep existing operations going or to allow new entrepreneurs to do their thing. It is very sad.

**Mr. John Reynolds (West Vancouver—Sunshine Coast, Ref.):** Madam Speaker, it certainly is a pleasure to speak on this budget debate. I am sure the Liberal members who had questions to

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ask of my colleague will also have some to ask me when I am finished.

When the Liberals took office, Canadians were paying \$125 billion a year in taxes. After five years of the Liberal government in power, we are now paying \$162 billion in taxes. By the year 2000 we will be paying \$173 billion in taxes according to this latest budget. That is a \$48 billion increase, \$5,000 for every taxpayer in Canada.

When the Liberals took office, we were \$500 billion in debt. A lot of that was blamed on my colleagues from the Conservative Party but the Liberals were in power before them. Between the Liberals and the Tories it was \$500 billion. Today one would think from all these great speeches on the other side that we had eliminated that debt. We have a deficit that is down to zero, or so they say. The debt is at \$583 billion. The Liberals have increased that debt in their short term in office by \$83 billion. That is at a cost of \$6,000 per year for every taxpayer.

The Liberals have the chequebook out again. They get the deficit down to zero and they come up with \$11 billion in new spending. No tax relief and no debt repayment.

Like all other members, I was in my constituency last week going from community to community. A Liberal member asked a question about small communities. I was up in the Sunshine Coast in the area of Sechelt. A great little business seminar was going on. It was business opportunities. A lot of government departments were there, both provincial and federal. They were giving out information to small business. A lot of small businesses had some great ideas which I thought we could use in this House.

One of the people at that conference who was with his wife pulled me aside and told me about some of the things they were concerned about. I asked him if he would mind writing them down and faxing them to me on the weekend. I told him I would be speaking on the budget and I would like very much to pass his comments on to my colleagues in the House of Commons.

I would like to read some of the comments that the husband and wife made. These people are in their retirement age. They state: "Currently there is a lot of concern regarding planning for retirement especially for taxpayers 50 to 60 years old due to the uncertain changes to old age benefits. Taxpayers in this group do not have the time to overhaul planning for their retirement which has been based on long term legislation. Accordingly, now that the budget has been balanced perhaps consideration could be given to some other alternatives that would take into account the time factor that is so critical to long term planning for retirement".

They talked about an old age pension phase-in to change the entitlement. It is not a bad idea. It is being done in other areas. They talk about age 56 to 65 in the year 2000, no changes with benefits at 65. People of the age 46 to 55 now in the year 2000 will

receive old age pension at 66. People of the age 36 to 45 in the year 2000 will receive old age pension at the age of 67. People now age 26 to 35 will receive old age pension at 68. People age 12 to 25 in the year 2000 will receive old age pension at 69. Under the age of 16 in the year 2000 people will receive old age pension at the age of 70. Their attitude was that this would scale it down and help balance the books a lot quicker than what the government is doing now.

● (1640)

There were other concerns that my constituents had. Their comments to me were the constant delays in implementing increased RRSP limits, allowing the self-employed to an expense of half their CPP contribution to be accorded consistent treatment with employed personnel. This is a great concern of a lot of the senior citizens in my area and people who are self-employed.

Provide some relief for single income families who choose to have one parent at home to raise children. There are many responsible young parents who sacrifice much to have the mother stay at home to raise their children because they understand the importance of such a task. Our government needs to encourage this endeavour with appropriate measures that give consideration to some form of joint tax filing.

Consideration should be given to allow interest on RRSP loans as an income tax deduction restricted to perhaps the interest paid only in the year of contribution.

That is what people are thinking when we talk to them in our constituencies. They are not all that thrilled that the deficit is down. They expected when they elected this government that it would get that deficit down. The message was very clear. It was very clear to the Conservative party. It went from a great big majority to two seats in Canada. It did not take a brain surgeon to figure out that we should get the deficit down.

What has this government done for the debt? Nothing. It has announced \$10 billion in new spending programs. We have to look at those programs and ask would the average Canadian not be better with taxes lowered, with just a little bit more in their paycheque. Let us let Canadians spend the money instead of forming new government programs and new bureaucracies. Let us ask this government what it is doing.

I want to talk a little bit about British Columbia. British Columbia has been a contributor to Canada for many years, in excess of what we raise in our province in taxes. We are very happy to do that, to help Canada be a united country. But we ask what has this government done in fisheries? My colleague our fisheries critic has talked about that.

I can tell you that British Columbians are pretty upset with the treatment and the respect they get when it comes to fisheries. I can only hope when I see the comments about the number of people

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being fired at fisheries on the east coast that they are ready to swing the broom and the hatchet in British Columbia. Let us get some action out there so we can get some employment in this area.

There is a harbour in Squamish that this government has been collecting \$200,000 a year in fees for as long as you can go on. We have asked why the government is not dredging the harbour. For those who are boaters, if you read the chart it says you can go into the Squamish harbour with no problem, that there is lots of depth. Well the silt has built up. If you were to try to go into that harbour in high tide right now, you would likely go aground and somebody could be seriously injured or even killed.

We have advised the ministry of that but it says there is no money for it. Where is the money it collected? We know the government is trying to download the harbours and I have no disagreement with that as long as everyone does it fair and square. But while we are waiting for that we should not have to wait to dredge a harbour that is a danger to British Columbians and tourists who will travel into that area.

We look at immigration in British Columbia. What is this government doing in immigration? I asked a question in committee last week about what it would cost to bring that department into the 21st century with proper equipment and the answer given was \$100 million. An awful lot of money, but not when you consider that there is \$300 million being spent on welfare alone on people who are coming into Canada and abusing our refugee system by coming in from safe havens across the U.S. border and other areas.

Those are the types of things British Columbians want to see this government do something about. They want to look at the transfer payments to British Columbia. I said that we pay our fair share but we are suffering in health care because this government has cut payments in those areas. It should be doing more to assist and we should be getting more of our share back.

The infrastructure program is a political game with this government. Everyone has their applications in but it is amazing. I checked with my Reform colleagues. Not very many infrastructure programs are being funded in the areas with Reform members but the minister of fisheries has funding programs and the provincial government has funding programs. They are playing politics with the infrastructure program in British Columbia. British Columbians are not happy about that, no matter what their politics are. That program should be equally shared among all British Columbians.

With regard to coast guard services, we are not getting our fair share. I see Liberal members laughing. It is not a funny matter. One even sounds like a separatist. Only my colleague in the Senate has ever talked about British Columbia being separatist.

• (1645)

British Columbians are Canadians. They have supported Canada quite happily over the years. But we want to know that British Columbia is recognized here in Ottawa.

Premier W.A.C. Bennett, one of our long serving premiers, used to say it is a 3,000 mile flight to Ottawa but it is 35,000 miles back. That is the feeling still, unfortunately, of a lot of British Columbians.

I came to this House in 1972 and I could give some of the same speeches I made in 1972 right now with what the people in British Columbia are thinking about some of the issues as they face British Columbia. We want to make sure our voice is being heard.

It was one of the great issues in British Columbia during the last election. That is why the Reform Party won the majority of the seats and why they won the majority of seats in Alberta, and why we are growing in Manitoba and Saskatchewan. It was because people there knew that a grassroots party was listening to the people, was bringing a message to Ottawa, and oh, will this place be exciting after the next election when the Reform Party sweeps Ontario and chases a lot of those Liberals home.

**Mr. Scott Brison (Kings—Hants, PC):** Madam Speaker, the hon. member brings an interesting perspective on the issue of fiscal policy to this House. As he mentioned, he was elected in 1972, I believe.

The process of deficit reduction has taken 15 years. Those are not my words. Those are the words of the Leader of the Opposition in the budget debate, that it has taken 15 years of policies, including the GST, free trade, deregulation of financial services, transportation and, I would add, the elimination of the national energy program.

The Conservative government was able to reduce the deficit as a percentage of GDP from 8% in 1984 to 5% in 1993 and reduce program spending growth per year from 14% to 0% growth when the Conservative government left office in 1993. I think the hon. member should look back with some pride at his contribution at that time and having contributed to deficit reduction and policies that contributed to it and that were continued under this government.

During the 1970s and 1980s, we saw significant debt growth, in fact debt growth from zero in 1970 in Canada and in many industrialized countries, including the U.S. Public opinion was not in favour of reduction in social spending. Public opinion ran contrary to the whole notion of attacking debts and deficits during the late 1960s through to the early 1990s.

My question for the hon. member: As a member of a party that professes to be focused on grassroots populism and on effectively listening to the public and responding to whatever the public wants, representing via a poll or whatever means that it has at that time, as



a Reformer, if he or his party had had access to the levers in the 1970s and 1980s when the public clearly did not want reductions in social spending and when the public clearly was not focused on deficit reduction, would he not, as a corollary of that argument, have focused on and supported public opinion at that time and would he not have perpetuated policies effectively representative of the public at that time?

**Mr. John Reynolds:** Madam Speaker, I should remind the hon. member that I was a member of the Conservative Party and left in 1977 when there were still reasonable budgets in this country. I was not part of the party when it went through the great spending program.

The hon. member asks me would I have spent that money and would I have listened to the public. It was not the public they were listening to, it was the professional spin doctors and pollsters that have become such a professional part of this business of politics for both the Liberals and the Conservatives.

If the hon. member were to go out and listen to the public and watch the public, he would understand why in western Canada there really is not any Conservative Party any more. They stopped listening to the people.

● (1650)

I can remember being at meetings in western Canada with members of the Conservative Party who were friends of mine. They would try and tell us that we did not understand, this is the way we have to do it in Ottawa. I told them I did not understand them because they were going to be kicked out of office. That is exactly what happened.

It is the people in this country. We can stand up in this House and make all the speeches we want. I have been in and out of this business a few times. I had talk shows and radio shows in between. If we are not out listening to the people we will not understand. That is why there are 60 Reformers here and why there will be more in Ontario after the next election.

The people of Canada told the Conservative Party what they were doing in the years it was in office by taking the party from one of the largest majorities in Canadian history to the lowest number of seats that any major party has ever held in Canadian history.

**Mr. Wayne Easter (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Madam Speaker, I will be sharing my time with the member for Vaughan—King—Aurora.

I am most pleased to participate in this debate on this budget. My seatmate, the member for Vancouver Quadra, in his response put it quite appropriately when he said and I quote “On the budget it is a defining moment in our history”. It is indeed a defining moment in our history.

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After almost three decades of deficit financing that clearly handcuffed our ability to govern in the interests of communities, people and the nation as a whole, we now have a balanced budget and have greater flexibility in making decisions in the future.

I heard the remarks of the members for Vancouver Island North and West Vancouver—Sunshine Coast earlier. They talked about their concerns about dredging and some other concerns they had in fisheries and oceans. I would agree. There are concerns in that area. Now that we are in a position that we are able to balance the budget, I would hope that they would be onside in terms of spending in some of those areas instead of giving tax deductions to the wealthy.

Gaining this position has not been easy. The last four budgets from a personal point of view have not been easy, especially in the region where I come from, Atlantic Canada and in rural areas. In getting to the position of balancing the budget, rural Canadians have had to share a greater part of the burden than people in other areas.

Now we have accomplished our goal. We have a foundation which we can build on in the future. I have been accused of a lot of things. On this, I will clearly say that it is good to see a real Liberal budget again.

I quote from Giles Gherson of the Ottawa *Citizen* on February 25. He said:

How better to define Liberalism for the 1990s than closing the widening income gap between rich and poor by giving the country's poorest people not just a tax cut, but help to get the training needed for high-skilled, high-paying jobs of the new knowledge economy.

What he clearly says in that statement is the direction that we have gone in this budget. We have balanced the budget. We have targeted more to the low income people. It has been called an education budget in terms of looking at the future. It goes in a very different direction than members opposite seem to want to go with greater and greater tax relief for the wealthy instead of looking at all the people of this great country.

● (1655)

In the general sense, this budget is an education budget with its emphasis on youth, education and training and a lot of initiatives. I just want to list a few: financial assistance to students through the Canada millennium scholarship foundation and the Canada study grants; support for advanced research and graduate students through several granting councils; helping to manage student debt loads through tax relief for interest on student loans and improvements to the Canada student loans program; helping Canadians to upgrade their skills through tax free RRSP withdrawals for lifelong learning and tax relief for part time students; encouraging families to save for education through a Canada education savings grant;

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supporting youth employment through EI premium holiday for youth employment and youth at risk; and, connecting Canadians to information and knowledge through the SchoolNet and community access programs.

Those are measures targeted at the people of tomorrow, the people who are going to build this country into the future. That is the kind of forward-looking budget and forward-leaning government that this government on this side of the House is. Such measures show foresight and are indeed building for the future.

In my province of Prince Edward Island the increase in the cash floor of the CHST from \$11 billion to \$12.5 billion is extremely important. I know others have argued that it is not enough. It is never enough, but the fact that we are increasing the cash portion of the transfer means a lot more to Prince Edward Island than to some of the other provinces. Because of our smaller population base, just transferring tax points to Prince Edward Island as we have traditionally done would not be as important to us as is the transferring of the cash itself. That is extremely important to the health care issue in the province of Prince Edward Island.

One member opposite said there was no tax relief in this budget. He is clearly wrong. I believe there is \$7 billion of tax relief over the next three years to those who need it most. That is the difference between Liberals and Reformers. We are targeting it to those people who need it the most, not those who need it the least.

The number of taxpayers in Prince Edward Island who are going to benefit from tax relief will be about 70,000 people; that is 97.2% of taxpayers in Prince Edward Island who will benefit from the tax relief measures outlined in this budget. That is good news.

I should make some other points on tax relief in part because of members opposite who are trying to leave the illusion that there is no tax relief. There is an additional \$850 million to the child tax benefit program. The child care expense deduction will go from \$5,000 to \$7,000 for children under the age of seven. There is the new caregiver credit. There is the Canadian opportunities strategy. I do not want to take a lot of time on this but the list goes on and on.

What about rural areas? I do not mind putting on the record that I still have a grave concern about cost recovery and where it is going to lead in the long term. I would hope that in future budgets and in future government initiatives that we can move to reduce the cost recovery measures. I am concerned that cost recovery over the long term can kill the very economy that we are depending on for growth with the cost recovery fees, in particular in agriculture and fisheries.

I put out a caution that I would have liked to have seen more done in this budget, especially in the area of cost recovery.

In terms of the budget working for rural Canada, we ought to recognize that many of Canada's most important industries, such as agriculture, energy, mining, forestry and fishing, are based in the rural communities.

• (1700)

These primary industries account for almost half of Canada's exports. Canada's improved financial situation helps to keep interest rates low, encouraging small businesses, farmers, fishermen and others to invest in rural areas. That is one thing that certainly a balanced budget will help us with.

The group that will benefit most from the 1998 budget initiative to allow self-employed Canadians to deduct the cost of health and dental insurance premiums is rural Canada. That is a very important initiative, especially for the farming community.

The 1998 budget confirms the four year, \$20 million Canadian rural partnership initiative. This initiative will support innovative programs to help rural Canadians find community solutions to challenges such as maintaining good soil and water and charting a successful course in a rapidly changing global economy.

In conclusion, the budget has foresight. It is balanced and it is leaning and looking toward building for the future in both rural Canada and especially among our young people.

[*Translation*]

**Mr. Jean-Guy Chrétien (Frontenac—Mégantic, BQ):** Madam Speaker, listening to the hon. member for Malpeque, the Parliamentary Secretary to the Minister of Fisheries and Oceans, one is tempted to take him seriously. However, his partisanship clouds his thinking. According to a basic law of physics, for every action there is an equal and opposite reaction. In preparing his budget, against the revenues the Minister of Finance also wrote a list of expenditures.

I would like the hon. member for Malpeque, who primarily represents middle-class Canadians from Prince Edward Island, to comment on the 10% increase provided for in this estimates for the Senate. A \$45 million budget for 104 senators. This represents roughly \$450,000 a year per senator. Given the amount of work they do in a year, one might say they are paid a very high hourly rate.

I would also like the member for Malpeque to tell us what he thinks of the 12% increase in the budget for the Governor General of Canada and his staff. During last week's break, I asked more than 250 of my constituents to name the governor general and not one of them knew who he was. I told them he nonetheless cost them \$12 million a year. Yet no one knew his name.

I would like our colleague from Malpeque, who with his wife runs a successful dairy business, whose dairy herd has a good yield, why there is absolutely nothing for the farm community in this budget he just praised, a so-called forward-looking budget. What is left for agriculture after the WGTA, which provided a grain

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transportation subsidy for Quebec and the maritime provinces, was eliminated, after the subsidy for industrial milk producers was phased out over five years and after almost all research stations were shut down? Nothing.

Back home in PEI, he will boast about this budget for the future. In that sense, the mind of the Parliamentary Secretary to the Minister of Fisheries and Oceans is clouded by partisanship because there is nothing in this budget for the middle class, which really needs tax relief.

• (1705)

[*English*]

**Mr. Wayne Easter:** Madam Speaker, the hon. member started by saying that it was a relationship of physics. I was wondering where he was going in terms of his physics lesson in the beginning.

In terms of the three last points he made including the feed freight assistance program, yes, they were cut in the previous budgets, but the fact is that we paid funds to compensate producers. Now they have been able to build some additional industries because of the money we put into those areas including his home province of Quebec.

The dairy subsidy is one of the benefits, and he knows it, of the supply management system in Canada. When that subsidy was dropped over a period of time, farmers were still able to get a return on their cost of production plus a fair return on their labour investment. He should look at the number of dairy producers in his home province of Quebec that benefit from that kind of scheme.

In terms of his point on research, the fact is that with our matching initiatives we have been able to considerably increase the funding going into research.

If the member would have held meetings in his home province in terms of how much Canada as a nation was transferring to Quebec, he might have seen some better discussions in terms of those meetings.

**Mr. Maurizio Bevilacqua (Vaughan—King—Aurora, Lib.):** Madam Speaker, I am very pleased to have an opportunity to address the House on this historic occasion. When I first came to the House of Commons as a member of Parliament almost 10 years ago, I could not have predicted that one day we would be speaking of a balanced federal budget. No one could have. At that time deficits had become a permanent part of our political culture.

Since I moved to Canada in the early 1970s our country never witnessed a balanced budget. Deficits were the reality of my generation. Younger generations grew up with them. It is the reality we lived with. This is a discouraging fact. The deficit was always a

dead weight around our nations leg, slowing us down, holding us back.

The deficit robbed the government of its freedom to act in the best interest of Canadians. It clouded our vision and limited our horizons.

In my first term as a member of Parliament the only thing that was more discouraging than the existence of the deficit was the former government's failure to control it. Every year at budget time Canadians were presented with an impressive sounding plan to reduce the deficit. Then year after year after year the deficit would rise and our faith in the government's fiscal policies would fall.

Finally Canadians ran out of patience and voted for change. When the government took office it inherited a deficit of approximately \$42 billion. It was an overwhelming challenge but the government did not shrink from it. From the outset the Minister of Finance brought forward budgets based on credible plans to control and reduce government spending. By sticking to these plans the government was able to slowly wrestle the deficit to the ground.

The Minister of Finance deserves our congratulations for succeeding in a task that has defeated many of his predecessors. However, let me echo what he said in his budget speech on February 24. "Canadians can be very proud today. This is their victory".

Since the government took office Canadians have been key players in the budget making process. The public prebudget consultation introduced by the government gave every citizen an opportunity to speak directly to the government on this issue. Individuals and groups responded with enthusiasm. They came forward with their proposals for what should be in the federal budget.

Last year I participated in the prebudget consultations. The finance committee held public hearings from Vancouver to St. John's. These were complemented by prebudget town hall meetings held by members of Parliament in communities throughout the nation.

• (1710)

As a result, last year's exercise was the most extensive prebudget consultation to date. On behalf of the finance committee I would like to express our warmest and sincerest gratitude to the thousands of Canadians who made insightful contributions. Many of their thoughts, ideas and recommendations were addressed very clearly and precisely in the 1998 budget.

The people of Canada spoke out in a loud and clear voice. They told us that they want balance; not just a balanced budget but a balance in government policies, in its goals and in its results.

The government has listened and it has acted. The budget is the response. The 1998 budget responds to the expectations of Canadians.

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Let us consider the following points. The government has eliminated a deficit which has been a priority for Canadians for many years. It has put in place a mechanism to start paying down the debt, which many have identified as the next challenge that government must attack. The government has taken some major steps toward tax relief. It has invested funds in certain key areas guaranteed to secure the maximum advantage for the resources available.

The budget is a turning point. This is the year we stop borrowing from our children. This is the year we start giving them something back. Instead of mortgaging their future we are now helping them to build their future.

With the Canadian opportunities strategy we are introducing a comprehensive approach which will ensure that all Canadians have access to an education. This is the cornerstone of our government's commitment to ensuring the future prosperity of this great nation.

Let us make no mistake. Getting an education is crucial. It will decide whether young Canadians will work as active players in the knowledge economy or they will be pushed to the sidelines.

The Canadian opportunities strategy is the key to a bright and rewarding future. It includes measures to help those who are currently students, graduates coping with student loans, the worker seeking to renew his or her skills, parents and grandparents saving to pay for students' education, post-graduates and others working in scientific and medical research, young people facing challenges in joining the workforce, and children in communities trying to gain access to the Internet.

I am personally very pleased to see the emphasis that has been placed on helping Canada's youth. It is tangible evidence of our commitment to Canada's future.

The budget contains other strategic targeted investments. For example, to help families with child care expenses the budget proposes to increase the limit on the child care expense deduction. For Canadians providing care for the elderly or disabled family members the budget proposes a new caregiver credit which will reduce federal taxes by up to \$400.

Self-employed Canadians, owners and operators of small businesses will now be able to deduct premiums for health and dental insurance against their business income.

At the same time the government is moving forward in key areas. During last year's prebudget consultation Canadians told us that they support a measured approach to tax relief. They understood that as we enter a new era of balanced budgets no steps should be taken which might jeopardize the hard won victory over the deficit.

Therefore the vast majority of people who participated in the consultations agreed that in the initial stages tax relief measures should focus on Canadians in greatest need. That is what we have

done. The government has taken measures to increase the basic income tax exemption. They will mean that 400,000 low income Canadians will no longer have to pay taxes. Another 4.6 million people will see their taxes drop as a result of these changes.

The budget also eliminates the 3% general surtax in its entirety for individuals with incomes up to \$50,000. The general surtax will also be reduced for those with incomes between \$50,000 and about \$65,000.

Taken together, these tax relief measures will amount to a saving of approximately \$7 billion for Canadians over the next three years. In all, 14 million low and middle income Canadians, 90% of all taxpayers, will benefit. This is only the first step. In the years ahead as resources permit, the government is committed to extending tax relief to other Canadians.

● (1715)

Finally, the budget addresses a third concern shared by a large number of Canadians: reducing the national debt. In the years ahead the government will continue to include a \$3 billion contingency reserve in its budgets to prepare for unforeseen developments. If as was the case in recent years that reserve is not needed, it will go directly to paying down the debt.

At the same time, our government will continue paying down its market debt, the funds it has to borrow on financial markets. Already this year the government has paid down almost \$13 billion of this debt.

For these reasons and many more, it is fair to describe this budget as an historic budget. Not only does a balanced budget represent something no other government has accomplished in 30 years, more importantly, it was done without destroying Canada's social safety net.

That has been the genius of the government's budgets. They have always combined fiscal responsibility with social responsibility. By doing so the government has ensured that Canadians will leave future generations with the legacy of expanding opportunities rather than one of high taxes and escalating debt.

There is no question in my mind that Canadians believe that tomorrow will be better than today.

**Ms. Libby Davies (Vancouver East, NDP):** Madam Speaker, I heard the member opposite say that this budget focused on Canadians in greatest need and that the prebudget consultations were extensive. He also mentioned that all Canadians will have access to post-secondary education. I really disagree with those statements.

I remember the prebudget hearings that were held in Vancouver, where I come from. I can say that the people at those hearings had serious and sharp disagreements with the priorities of the government.

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The hon. member said that the budget has been brought forward without destroying the social safety net. I would suggest that the evidence shows that the social safety net has already been destroyed by the Liberal government and the billions of dollars that have been taken out of the transfers to provincial governments.

I want to ask one question on education. The member says that there will be access for all Canadians. We have heard that the millennium fund and the \$2.5 billion that has been provided will assist only 7% of students in this country. That is certainly not access for all to post-secondary education.

The child tax benefit that the Liberals have made so much about has not been indexed for inflation. It will not begin until 1999. And it will amount to a measly 80 cents a day for poor kids in poor families.

I would ask the hon. member to explain to the people of Canada how he believes this budget is helping those who are most in need.

**Mr. Maurizio Bevilacqua:** Madam Speaker, as a member of Parliament I have travelled extensively throughout the country, not only as a member of the finance committee but also during the years when we were dealing with social security review. Many of the measures that have been announced in this budget actually address the concern cited by Canadians may I say from coast to coast to coast in relationship to key areas.

I do want to go back to the issue raised in reference to the Canadian opportunities strategy. There is no question that it does include measures that will benefit those who are currently students, graduates who are coping with student loans and workers who are trying to upgrade their skills.

Also there is the registered education savings plan and the greater flexibility therein and the government's contribution to postgraduate students who are working in scientific and medical research. The hon. member ought to say that we are investing precisely in the areas she has stated.

• (1720)

I can say with a great deal of certainty that in many quarters this budget is being dubbed at times as the education budget, as a budget that speaks to the development of human resources in our country. When we look at the amount of funding that has been directed toward those areas, the member must admit that students are much better off today than they were prior to the budget. We have to have a sense of fairness in addressing this particular budget as it relates to the quality of life that students will have as a result of the measures.

I can honestly say it addresses some of the concerns I had many years ago when I was sitting in the opposition benches about the various cuts the then Conservative government was imposing on youth programs. I am really glad to see that the government has

highlighted youth as a major issue that we need to make great investments in.

On the question of transfers to the provinces, the hon. member knows that we raised the floor to \$12.5 billion, as much as the national forum on health said that we should. We followed up on that.

**Mr. Bill Gilmour (Nanaimo—Alberni, Ref.):** Madam Speaker, I will be splitting my time with my colleague from Calgary—Nose Hill.

It gives me great pleasure to speak on this budget. As environment and Senate critic for the official opposition, I will be addressing both of those issues in turn.

One of the new spending initiatives outlined in the budget includes new spending for climate change. Before 1997 the Liberals spent over \$100 million in direct funding each year to address climate change. The last budget provided an additional \$20 million per year over the next three years. We are now up to \$120 million. This budget provides another \$50 million per year over the next three years, bringing the budget for climate change up to \$170 million a year.

The government is muddling through on this issue. First, it fails to address the real agreement. It knew that this issue was coming down the pipe. It had been coming for many years. Yet this government failed during Kyoto. It had the opportunity to set up consultations beforehand to go to Kyoto as other countries did with a plan in mind. It failed to do that. The government failed to do its homework and show Canadians the various implications of the targets that it was about to sign.

The provinces have to be onside for any global agreement on climate change within Canada. What did our government do? It consulted with the provinces beforehand and then immediately dismissed the provinces and settled for a level that was 6% more stringent than the provinces had agreed to. It is the provinces that are going to have to implement this deal. What a nifty way to start out on a deal; alienate one of the partners you are trying to work with.

To show where we are, the government agreed to levels 6% lower than the 1990 levels for climate change. Picture where we are now. We are already 13% above the 1990 levels. Now the government says we are going to go 6% below that target in the next 10 or 12 years. Collectively 13% plus 6%, we have to change 19% over the next 10 or 12 years.

• (1725)

This is not fearmongering, but to give people an idea of what that 19% means, to reach those levels we could take all Canadian light cars and trucks off the road. I do not think we want to do that. Or we could remove 90% of the commercial trucks and air, marine and rail transportation. Or we could eliminate the heating in all of our homes, all of our commercial buildings and all natural gas

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distribution. Or we could shut down three-quarters of our fossil fuel power generation.

That is the level this government agreed to in Kyoto. The problem is how we are going to get there. There is no plan. This government has not put forward a plan. Look at the players. It is every Canadian. It is the provinces. It is industry. It is all of us combined, yet there is no plan.

Throw \$170 million at it. That is the answer. That simply will not wash.

Instead of consulting Canadians on the implications of the deal and working together to find common ground to develop a strategy, this government has a half-baked idea of getting 26 Order of Canada members together so that they can express their feelings. That is going to get us a long way.

Where is the plan? That is the bottom line. I would hope that with the \$170 million we will see a plan from this government over the next few months. Then both sides of this House can see where we are going with it, work with the provinces, work with all Canadians so that we can solve this problem.

While I have the opportunity I would also like to touch on endangered species. Bill C-65 on endangered species died on the order paper at the last election.

There were a number of concerns with that legislation. I have had meetings with various provincial environment ministers, and industry and environmental groups. I would hope that the minister is doing the same thing. The legislation was so flawed that even many Liberals on the other side of the House would not have been able to vote for it.

I hope those concerns will be addressed in a new bill dealing with endangered species that would come forward probably at the earliest next fall. We all want to work together to have good endangered species legislation which protects the species but also works well for Canadians.

One of the major flaws with Bill C-65 was the lack of private property rights. There has to be a mechanism to deal with private property rights. There has to be a compensation mechanism so that if people have something on their land they are not basically thrown off their land, they can be compensated and move forward.

There is another issue which comes very much to the fore. It has come from a number of groups I have met with. The legislation has to be at arm's length from politicians. We cannot get at it. The example I will use comes from the last election when the cod fishery was opened up on the east coast just before the election. It was an issue that was just there to catch votes. Any endangered species legislation has to be at arm's length so that we as politicians cannot do that. I am not sure what the mechanism is but there has to

be a mechanism that allows a relationship so that any political party cannot get at it to play with or manipulate the system.

There also has to be clear federal-provincial guidelines. The old legislation basically went into provincial jurisdiction. This was a major problem with most of the provinces. With the citizen's right to sue, this was a concern where third parties had the ability to sue. There were major concerns with the legislation.

I would hope legislation that is possibly going to be introduced in the fall will address these issues and that it will be legislation we can all support.

Finally in my portfolio I deal with the Senate. Some members opposite may say that is the other house and we cannot deal with it. There is one way we can. Our very first vote, vote one of the estimates is the Senate. It is the Senate appropriation. It is the Senate's money. This year the Senate has asked for \$44,691,000 which is \$4 million more than it had last year, a 10% raise. I would challenge anyone to look at the budget and justify why other departments would require a 10% increase. I do not think they do. A few departments would have that. I am not on a witch hunt. I am simply looking for accountability.

● (1730)

Something happened for the first time in the history of Canada during the last Parliament. Through the public works committee this House passed a resolution to send a letter to the Senate that requested the Senate finance committee to come before the House of Commons to explain its expenses. The Senate refused to do that. We have another House that is unaccountable. That is the point we should be dealing with. We appropriate the Senate's funds so we should have the ability to scrutinize the Senate's budget.

I hope this government in its budget will not only just throw money at issues like climate change, I hope it will involve Canadians and the provinces, and that we have legislation we could all support at the end of the day.

**Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.):** Madam Speaker, it is a pleasure for me to add some comments on the budget. As the official opposition's social policy critic I look at the budget in terms of how it will affect average individual Canadians and their families.

As we all know, our federal government has lived on borrowed money every single year for the last 30 years. I ask Canadians watching this debate did you as a regular Canadian run your family finances that way? Did you borrow more and more money every single year for the last 30 years? What if you had done that? What shape would you be in now?

That is about the shape our federal government is in after its members have been such poor stewards and fiscal managers. Now we have a federal debt of \$583 billion. That is a mortgage on our children. Every single year they have to pay interest on that debt. That is money they will not have to look after their own security. If

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we add provincial debts, even though five provinces have balanced their budgets in years past, the total debt of Canadians is \$900 billion. Because of that each Canadian family of four owes \$77,000 on the federal debt alone.

I ask Canadians, suppose the federal government took out a \$77,000 mortgage on your house and expected you to make the monthly payments. That is exactly what has been done. Annual interest payments of \$45 billion are made every year by Canadians on the federal mortgage. The average family of four pays \$6,000 each and every year as its share of interest on the national debt. That has to come out of taxes. There is no money growing on trees yet.

I ask Canadians watching this debate what you and your family could do with an extra \$6,000 every single year. Nearly one-third of total government spending goes down the drain to pay interest. That would be enough to pay for the total federal government support for all our important social services, for health, for education, for welfare, for equalization and for old age security. That is how much money we give to our lenders every year just in interest payments.

• (1735)

Because we have to pay so much each and every year in interest on our monstrous national mortgage this is what has happened to the transfers to support health care, education and welfare.

In 1994 the government supported those important programs to the tune of \$19.3 billion. In 1995 it slipped to \$18.6 billion. In 1996 it slipped to \$14.9 billion. In 1997 it slipped to \$12.5 billion. That is what has happened to the government's support for the programs which it has pretended to protect.

Since the government took office interest on the debt increased by \$7.5 billion a year. It is no accident that the same government has reduced health and social transfers to the provinces by \$7 billion. Interest goes up and social funding goes down.

If an individual has a credit card balance or a bank loan they have to pay finance charges. Those dollars are taken away from discretionary spending. They are taken away from saving for emergencies. They are taken away from the amount each of us has to educate our children. They are taken away from the amount each of us can put away for retirement.

In the same way our enormous national mortgage and the interest we must pay on it every year limits the social security which our citizens can expect.

We have seen that happen. I have just talked about it. We have seen \$3.3 billion a year cut from EI benefits. We have lost \$7 billion from the health care, education and welfare programs. What has that led to? It has led to hospital closures and longer waiting lists. Now the government is making a big deal about home

care. I guess there has to be home care because there is no hospital care. Of course there is no money to fund home care.

Students are facing rising tuition fees and high levels of debt. There is less security for families.

What will happen when another recession hits, as it inevitably will? There is a business cycle. This will require an increase in social spending. Where will that money come from?

What will happen when interest rates rise? They are at historic lows. They will not stay that way forever.

Lower debt is the key to social security, both for us today and for our children and our grandchildren, but the government has no serious plan to tackle the mortgage which we have burdened our children with.

Not only has Liberal and Tory gross mismanagement of Canada's fiscal house for decades imperilled the security and social services to protect Canadians, their insatiable grasping for more and more tax revenues is impoverishing our citizens. The average Canadian family has suffered a \$3,000 drop in real income since the Liberals took office. Canadian taxpayers must start paying taxes at under \$6,500 a year of income. It is less than \$12,000 for a family of four.

How many people do we know who can live comfortably on \$6,500 a year? Anything they make after that the government starts taking out of their pocket.

The average Canadian family spends more on taxes, about \$21,000 a year, than on food, shelter and clothing combined, which is about \$17,000. Since 1961 families have spent less on shelter, food and clothing. What they pay in taxes has nearly doubled over the same time period. It is brutal taxation. People are not able to keep enough of their own money to meet basic needs and yet every year the government wants more.

• (1740)

I quote from a recent study by the Vanier Institute of the Family: "Because expenditures on basic necessities take a larger share of the monthly budget for lower income families, relatively little room is left for other items which can be very important for the health and well-being of our family members".

The Liberals in their last budget made much of child poverty and how they were going to attack it. Liberal budgets have caused child poverty. Liberals should be hanging their head in shame.

The same study found that families need an average of 76.8 weeks of employment to pay for all of their expenses. Of course, there are only 52 weeks in a year. What happens is that many families become dependent on various income security programs to survive. Inflation and increasing tax bites are leaving even that security in tatters. The value of the child tax benefit declines every year. The refundable GST credit declines in value every year.

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Personal taxes payable creep up steadily every year. These stealth taxes fall most heavily on the working poor.

The government makes much of the tiny bit of tax reduction thrown into this budget but the facts are that over four years total tax relief will be \$6.3 billion but bracket creep over the same period of time will bring in \$8 billion, a net tax increase of \$1.7 billion. Only a Liberal could call a \$1.7 billion net tax increase tax relief.

Families and Canadians must have tax relief. They must have a sensible determined plan to get rid of this mortgage on our country. Because neither of these things were done in this budget, I will not be supporting the budget in the vote tonight.

**Mr. Roy Cullen (Etobicoke North, Lib.):** Madam Speaker, I would like to put a question to the member for Calgary—Nose Hill which she may or may not want to answer. I do not mean to pry but I was wondering whether she has ever had a mortgage on a home, her own home.

I had the good fortune of owning a home in Canada. When I bought my first home in the late 1970s I had a mortgage of \$50,000. Frankly, I thought I would have to declare personal bankruptcy within the first or second month. However, in another six months to a year I looked at my mortgage and it was suddenly fairly manageable. I had not become obsessed with the mortgage and life went on.

I do not want to treat the member's remarks about dealing with the debt facetiously. I am all for dealing with the debt, but I think there is a danger of becoming obsessed with it.

I wonder if the member would answer my question, although I would understand if she declined.

**Mrs. Diane Ablonczy:** Madam Speaker, the mortgage on our country is not backed up by any asset. The mortgage on our country is simply and solely money that our children owe. We have a situation where we have consumed \$583 billion that we did not pay for. Now we are simply loading it on our children's credit cards and telling them to pay the interest every year and maybe sometime somebody will get around to paying down the debt.

For this member to suggest this is in any way analogous to buying a house shows how very little the Liberals understand the terrible injustice that has been done to our children.

I would just point out to Canadians watching this debate that this is the kind of frivolity with which the Liberals treat the mortgage that has been put on our children's future. It is not backed up by any asset and not fairly incurred.

**Hon. Andy Mitchell (Secretary of State (Parks), Lib.):** Madam Speaker, there are two points that I would like to make to the hon. member.

• (1745)

First of all, she talks about taxpayers. She is right to talk about taxpayers. They are an important part of Canada. In fact, there was \$7 billion worth of tax relief in this budget. What this member and what her party do not talk about are those Canadians who are not taxpayers: the disabled who are unable to work; seniors who are living in poverty; Canadians who are unable to find work for whatever reason. Those 10 million plus Canadians in this society who are not taxpayers deserve the interest of this government as much as Canadian taxpayers.

Second, and I will be very brief here, it was interesting that the member, in talking about transfers to the provinces, failed to bring up the fact of equalization and the fact that equalization payments have actually increased. Do you know why I think she may not have brought it up? Because her party's platform in the last election called for the absolute gutting of these transfer payments, of these equalization payments, so that our poorer provinces, the provinces where access to basic services are important and need the support of equalization, would be disadvantaged. That party would simply do away with it. So I ask the question: Why would she not talk about equalization payments and her party's determination to gut them?

**Mrs. Diane Ablonczy:** Madam Speaker, the Liberal member opposite has a lot of nerve to talk about gutting when this is a party that has cut \$7 billion from support for health care and education. That is gutting.

What we have done in our program is to say that equalization must go to the poorest provinces. Remember, equalization does not come from the federal government. It goes from have provinces to have not provinces. It has nothing to do with federal government spending.

Let us talk about what this government has done for seniors and the unemployed.

**The Acting Speaker (Ms. Thibeault):** I am afraid the time has expired.

**Mr. Roy Cullen (Etobicoke North, Lib.):** Madam Speaker, I am pleased to share my time with the member for Ahuntsic.

I guess the member opposite has had a mortgage and is still alive and well and unfortunately she missed the point of my question.

I am very pleased and honoured to be part of a very historic moment because our federal government budget will be balanced for the first time in almost 30 years. We have achieved this with balance and with determination. We have not been slashing and burning. We have been listening to Canadians. This balanced



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budget could not have been achieved without the support and with sacrifices from many Canadians. The effort has been worth it.

A balanced budget means no new borrowing by the Government of Canada. We can now begin to pay down our public debts. We can reduce the tax burden of Canadians and we can make important and strategic investments in our health care system and in providing Canadians with access to the knowledge and skills that will be necessary for the jobs of the 21st century.

Our federal budget will be balanced for 1998, 1999 and 2000. This is the first time in almost 50 years that the federal government will have balanced its books for three years in a row. That is why I am pleased to be part of this historic moment.

Some, including members of the official opposition, call for more departmental and program budget cuts. Certainly there will always be room to increase efficiencies and make sure that programs are still relevant. I would like to highlight that by the end of the year 2000 federal program spending in relation to GDP or the size of our Canadian economy will be at the lowest level in 50 years. That is quite an achievement. Over the next two years the percentage of our federal debt in relation to the GDP, the size of our Canadian economy, will drop from 72% to 63%. It will decline very quickly in the years following.

• (1750)

We have started the very important process of paying down the public debt and we will continue to do so. As my colleague pointed out, so far this year \$13 billion of market debt has already been paid down.

In this budget the Minister of Finance is providing \$7 billion in tax relief to Canadians. When members opposite say there is no tax relief, please, there is \$7 billion in tax relief. In terms of new spending initiatives, 80% of our new spending initiatives reflect two of the highest priorities of Canadians, access to knowledge and skills and increased funding for health and education through increased transfers to the provinces.

The key to jobs and growth in the years ahead is knowledge and skills. The Canadian opportunities strategy will help prepare Canadians for this rapidly changing world. The Canadian opportunities strategy acts on seven fronts: one, to help students in financial need to cope with rising costs; two, to increase assistance for advanced research and graduate students; three, it helps individuals repaying student loans, particularly those in need; four, it helps Canadians upgrade their skills throughout their working lives; five, it helps families save for their children's education; six, it encourages employers to hire young Canadians and help young people make the transition to work; and seven, it helps bring the benefits

of information technology into more classrooms and communities across Canada.

A very important component of the Canadian opportunities strategy is a Canada millennium scholarship foundation. Canada millennium scholarships will be awarded to more than 100,000 full and part time students each year over the next 10 years. This initiative will level the playing field or begin to level the playing field for low and middle income individuals who demonstrate academic merit.

I was very pleased also to see more support for research in Canada. The increased funding to three granting councils will complement very well the \$800 million Canada foundation for innovation which our government launched last year. As a nation, we must invest increasingly in both the public and the private sectors in research, development and in our people. Our federal government, as the fiscal capacity permits, is demonstrating this commitment.

Many conscientious students in my riding come to my office with problems paying off their students loans, so I am very pleased to see the improvements in the Canada student loans program that were announced in this budget. These measures include income tax relief for interest charges on student loans and the extension of loan repayment periods.

Changes to RRSP provisions, the new Canada education savings grant and an increase in the limits of contributions to the registered education savings plans will provide greater opportunities for adults to participate in lifelong learning and for them to save for their children's future education.

This budget allocates a further \$850 million to enrich the Canada child tax benefit, a further investment in the future of our children. When children are deprived of the opportunity to reach their full potential, we as a country are deprived of our full potential.

Canadians are concerned about the state of our national health care system. This budget confirms an increase in the cash floor of the Canada health and social transfer from \$11 billion annually to \$12.5 billion annually. This amount responds directly to the recommendations of the national forum on health.

In addition to this annual cash contribution, our federal government will pour over \$13.5 billion in 1998-99 into provincial coffers in tax points for health and social programs. This is totally different from the equalization transfers.

• (1755)

There has been much misinformation about the impact of federal transfer payment reductions to the province of Ontario over the last few years. I would like to clarify that.

When fully implemented, Mike Harris' 30% tax cut scheme will reduce provincial revenues by \$4.8 billion per year, money that

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could have been used to balance the budget or fund health care. It is more than five times as much as the \$850 million that federal transfer restraint will have cost the province by the year 1998-99. Let us put things in the proper perspective.

The province of Ontario has made some choices as we have and we have not sacrificed important social programs for tax cuts. General tax cuts will come when we can afford them as Canadians.

This budget begins the process of tax reductions as I said, and I am confident that more tax reductions will follow. We have heard much recently about the so-called brain drain. Some would call it the brain trade, but I think it is clear that we need to pay attention to differential tax policies in the United States and Canada as it affects individuals.

In the United States, for example, tax policies encourage employees to own shares in their own company. Tax policies also encourage employers to set up employee share ownership plans. The results are significant. Increased productivity, more employment, greater job satisfaction and many other benefits. I believe we should be moving aggressively in these areas as well.

In the overall equation, we need to understand and accept the fact that individuals moving to the United States are often making a lifestyle choice. I quote from the Toronto *Globe and Mail* recently from a professional who moved to the United States and then moved back to Canada after some years in the United States. The article is entitled *Back from the Brain Drain*. He said: "I doubt that there are substantial tax gains to be made for the average young professional if he had to pay the real cost of health care and relocation."

This is not from a right wing think tank. This is not theory. This is from a Canadian who went to the United States and has come back.

There are many other positive provisions in this budget which we cannot really outline here in any detail. We have heard about many of them from my colleagues. Not too many of the other members opposite have mentioned them but there is health care, child care expenses, people with infirmities, with disabilities, self-employed individuals, the voluntary sector and a host of other very positive provisions.

To sum up, this budget has balance. It is the Liberal way but I would ask all in this House to celebrate this historic moment and agree among parliamentarians that we will work together to build a stronger future for all Canadians.

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Madam Speaker, I have a very simple question for this member. I have asked this question previously but really did not get an answer. One

of the things that the government has done in its budget is give a tax break to parents who use child care outside of the home.

I feel this is totally unfair and unjust. The member talks about balance. There is no balance here. Does he not agree that parents giving care to their children in the home provide just as valuable a service to society as anyone else and should be afforded the same tax considerations?

It is going to have a very negative effect on the family to have parents subsidize other parents who use child care outside of the home. Those parents that make that choice, I believe, should be afforded the same privileges as those that use child care at home. Would he agree?

**Mr. Roy Cullen:** Mr. Speaker, the question the member poses I think raises some fundamental questions about the imputed value of a number of different services that are provided by members of the family. For example, we have questions about the value of services that housewives provide. Is there imputed benefit to that that should be considered in the overall tax system? As far as caregiving in the home, I think it is sort of tied up in that question. Mr. Cullen

• (1800)

It is an issue I think we need to consider but in fairness there is a cost to making moves with respect to those provisions.

It has ramifications throughout the whole tax system. I think we need to look at them carefully but cautiously.

[*Translation*]

**Mr. Jean Dubé (Madawaska—Restigouche, PC):** Mr. Speaker, I have listened attentively to the comments by the government member.

My question is about transfer payments. Listening to the comments by the Liberal member, he seems to be praising the government for this budget. In reality, seven of the ten provinces will lose money with this budget.

In my province of New Brunswick, the health system is deplorable. I myself was at a hospital in my region this past weekend, and I saw beds out in the halls; people were waiting for operations.

The hon. member says it is a good budget. New Brunswick will lose another \$11 million by the year 2001 or 2002. That is \$11 million, Mr. Speaker. Seven provinces out of ten will lose money. Quebec will lose \$333 million.

Does the Liberal member believe that his government is right to continue to make cuts, or should it not put its finger on the problem and put an immediate end to the cuts in transfers to the provinces affecting the health system?

**Mr. Roy Cullen:** Mr. Speaker, I thank the hon. member from New Brunswick for his question.

*The Budget**[English]*

When the federal government dealt with our budgetary deficit it was unrealistic to expect we could not deal with federal transfers. We had to deal with federal transfers which comprise 20% to 25% of the total budget of the federal government.

We gave the provinces the lead time required. We told them that some modest adjustments were coming and we gave them time to prepare.

With respect to New Brunswick, the figures the member opposite is quoting may be slightly out of context. If we look at the federal government transfers to New Brunswick, from the year 1993-94 to 1998-99, including equalization and the Canada health and social transfer, it has actually gone up, although not by a large amount.

In 1998-99 transfers to New Brunswick will exceed \$1.5 billion. They will account for about 34% of New Brunswick's estimated revenues and they are expected to total about \$2,000 per person, which is more than 75% above the national average.

With respect to New Brunswick I think our government has been very fair and the equity is obvious.

**Ms. Eleni Bakopanos (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I am very proud to rise in the House in support of our government's outstanding achievement in bringing Canada back to economic prosperity.

*[Translation]*

In 1993, the Liberal Party received a very clear mandate from Canadians: that the government's finances must be put in order. Now, more than a year before the target date, we have kept our word and fulfilled our promises. Canadians had sufficient confidence in our ability in this area to give us a second mandate to keep up the good work.

*[English]*

In January 1994 the deficit was \$42 billion. The unemployment rate was higher than ever and our debtload had jeopardized the future of our social programs, health programs and most of all our children's futures, my two daughters' futures.

• (1805)

Five years ago I was very concerned about my daughter's future. The country was in a financial and political crisis. But since the Liberals took office over five years ago, more than one million jobs have been created, the unemployment rate has dropped steadily down to 8.9% in January. Now Canada is the first G-7 country to reach its target of a balanced budget. With a growth rate of three and a half per cent in 1998 we will be leading the group of most

industrialized countries according to the OECD. So I have good news to tell my two daughters.

With this budget Canadians regained the liberty to choose their future and what they want for their country. We can set our priorities, we can invest in our children and young people, we can create an optimal environment for economic and social prosperity while at the same time pursuing our goal to reduce our debt.

Contrary to what is being said by the official opposition we are not putting aside our concern for the debt. We are putting money aside to take care of the debt. The 50:50 formula proposed during the last election campaign and reaffirmed in the Speech from the Throne is a well balanced approach allowing us to invest in the future while assuring our financial stability. In other words we are beginning to build a house from the foundation up and not the other way around according to some of the opposition members.

To be fiscally responsible while ensuring all citizens have access to high quality health and social services while fighting against social exclusion and creating optimal conditions for growth is what this government is offering to Canadians.

Some members of this House would have us believe that the government should not invest in our future, that it should concentrate solely on debt reduction. We believe the quickest way to reduce our debt is to have a growing economy and therefore to invest in job creation and most of all in education.

I believe the government has a role to play in providing the tools to facilitate growth and this is exactly what this budget is doing.

*[Translation]*

In my riding of Ahuntsic for example, investments made by the federal government in the transition job fund enabled several textile companies to update their equipment and hire more employees.

Thanks to federal grants, Tricot Giorgio, Tricot Terrytex and Christina Canada were able to buy new state-of-the-art equipment and export their products to new markets. This initiative has generated 366 new jobs in my riding of Ahuntsic since September.

This goes to show the emphasis placed by this government on job creation and the development of a vital economy for my city, Montreal, my province, Quebec, and my country, Canada.

*[English]*

I and many of my colleagues believe that education should be a priority for any government. As we all know, education is a priority for this government. By investing in education the government is showing its clear commitment toward the future of our youth and our country.

My parents believed in education. They sacrificed their own future in order that I would have a better future by coming to Canada. They truly believed, and thanks to them today I can say

*The Budget*

education is the reason I sit in this House. As the mother of two young daughters I also place a high premium on education. When I have occasion I encourage all the young people in my riding to continue their studies. I believe this is what the budget does. It encourages young people to stay in school and to get a good education in order to have a better future.

The Canadian opportunities strategy will provide Canadians, especially young Canadians, with greater opportunities to prosper in the new knowledge based economy. I believe the federal government has a responsibility to prepare our youth for the 21st century.

[*Translation*]

Establishing the Canadian millennium scholarship foundation, to support young people who wish to pursue post-secondary studies, fits in with this. Through an initial endowment of \$2.5 million, the foundation will provide scholarships to over 100,000 part time and full time Canadian students, and this will be done in partnership with the provinces and the various stakeholders in the education community. This is the most important investment ever made by a Canadian government in support of the education of our youth.

Some criticize this initiative, as if the federal government were trying to take the place of the provinces in the field of education. No one, however, has questioned the fact that the provinces are responsible for programs and their contents, as well as administering educational institutions.

• (1810)

On the contrary, I believe the creation of an independent foundation designed to better position Canadians on the labour market will benefit the provinces. In order to avoid any unnecessary duplication, the administration of the fund and the allocation criteria for scholarships will be decided upon in partnership with the provinces, through an organization at arm's length from the federal government.

Faced with the challenges of the new millennium, governments have a duty to work together. However, we know that the Quebec separatist government does not really intend to co-operate. That might show that Canada works, that Canada is a good place and that Quebecers should remain in Canada. I feel it would be unfair to penalize thousands of young people from Quebec and elsewhere in the country simply because of the illusions of the separatist leaders.

[*English*]

A well educated labour force creates employment. The youth employment strategy announced in 1997 to help young Canadians in gaining experience in the workplace has been renewed. This is extremely important for young Canadians.

In my riding of Ahuntsic 51 organizations and private enterprise used federal funds to hire 81 young people last summer. Hopefully they will hire more because we have increased funding in that program.

Thanks to these programs, young Canadians are able to find a crucial first job that bridges the gap between school and work. Also, this budget supports youth employment by more than doubling funding for youth at risk, principally those who have not completed high school.

I had occasion to work on three such projects since I was elected to this House. I can say that the young people who finished those projects felt it was one of the best experiences they had. Three of them returned to school, and they were street kids to begin with.

Another measure that encourages youth employment is the employment insurance premium holiday provided to employers for additional Canadians age 18 to 24 hired in 1999 and 2000.

These initiatives will make it easier for young Canadians to integrate into the work force. Yes, with the Canadian opportunities strategy this government is clearly showing its commitment toward the future, a future firmly anchored in the social values of this country and in liberalism and our Liberal values also.

This government is very recognizant, despite what the opposition members would have people believe, of the sacrifices of all Canadians. With Canadians' support and good Liberal management we now have a balanced budget which allows the government to reduce taxes without affecting our social programs.

I believe tax relief must be targeted to support Canadians' priorities and to those who most need it. In fact, my constituents told me so. I polled my constituents and the majority of them asked that there be some tax relief for those in the most need in Canada.

This is what the 1998 budget is proposing by delivering \$7 billion of tax relief over the next three years to middle and low income Canadians.

Starting in 1998, the basic personal exemption will increase, meaning 400,000 low income Canadians will no longer pay any federal income tax.

Also, there will be \$850 million which will be injected to increase the child tax benefit and to help working Canadians with children.

The government proposes to increase the limit on child care expense deductions from \$5,000 to \$7,000 for children under 7 and from \$3,000 to \$4,000 for children between 7 and 16.

[*Translation*]

The 1998 budget is in keeping with the tradition of sound financial and economic management initiated by this government when it was first elected, in 1993. This approach reflects the priorities of Canadians. This new budget is very significant. By balancing its books, the Liberal government gave back to Cana-

dians the freedom to decide the future of their country. We can now define our priorities and invest to prepare the future of our children and our youth.

[English]

**The Acting Speaker (Ms. Thibeault):** It being 6.15 p.m., it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of ways and means Motion No. 5.

The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Ms. Thibeault):** All those in favour of the motion will please say yea.

**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 yeas have it.

*And more than five members having risen:*

**The Acting Speaker (Ms. Thibeault):** Call in the members.

• (1845)

(The House divided on the motion, which was agreed to on the following division:)

*(Division No. 97)*

**YEAS**

Members

Adams	Alcock
Assad	Assadourian
Augustine	Axworthy (Winnipeg South Centre)
Baker	Bakopanos
Beaumier	Bélair
Bélangier	Bellemare
Bennett	Bertrand
Bevilacqua	Blondin-Andrew
Bonin	Bonwick
Boudria	Bradshaw
Brown	Bryden
Bulte	Byrne
Calder	Cannis
Caplan	Carroll
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Chrétien (Saint-Maurice)
Clouthier	Coderre
Cohen	Collenette
Copps	Cullen
DeVillers	Dhaliwal
Dion	Discepola
Dromisky	Drouin
Duhamel	Easter
Eggleton	Finestone
Finlay	Folco
Fontana	Fry
Gagliano	Galloway
Godfrey	Goodale
Graham	Gray (Windsor West)

Grose
Harvard
Ianno
Jackson
Jordan
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lastewka
Lee
Lincoln
MacAulay
Malhi
Manley
Marleau
Massé
McGuire
McLellan (Edmonton West)
McWhinney
Milliken
Minna
Murray
Nault
Nunziata
O'Reilly
Paradis
Patry
Peterson
Phinney
Pratt
Provenzano
Reed
Robillard
Saada
Serré
Speller
Stewart (Brant)
St-Julien
Telegdi
Torsney
Valeri
Wappel
Wilfert

*The Budget*

Guarnieri
Hubbard
Iftody
Jennings
Karetak-Lindell
Keys
Kilgour (Edmonton Southeast)
Kraft Sloan
Lavigne
Leung
Longfield
Mahoney
Maloney
Marchi
Martin (LaSalle—Émard)
McCormick
McKay (Scarborough East)
McTeague
Mifflin
Mills (Broadview—Greenwood)
Mitchell
Myers
Normand
O'Brien (London—Fanshawe)
Pagtakhan
Parrish
Peric
Pettigrew
Pillitteri
Proud
Redman
Richardson
Rock
Scott (Fredericton)
Shepherd
St. Denis
Stewart (Northumberland)
Szabo
Thibeault
Ur
Vanclief
Whelan
Wood—146

**NAYS**

Members

Abbott	Ablonczy
Alarie	Anders
Asselin	Axworthy (Saskatoon—Rosetown—Biggar)
Bachand (Richmond—Arthabaska)	Bachand (Saint-Jean)
Bailey	Bellehumeur
Benoit	Bergeron
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)	Bigras
Bernier (Tobique—Mactaquac)	Borotsik
Blaikie	Breitkreuz (Yorkton—Melville)
Breitkreuz (Yellowhead)	Brison
Brien	Casson
Casey	Chrétien (Frontenac—Mégantic)
Chatters	Dalphond-Guiral
Crête	Debien
Davies	Desrochers
Desjarlais	Dubé (Lévis)
Doyle	Duceppe
Dubé (Madawaska—Restigouche)	Elley
Duncan	Epp
Epp	Gagnon
Gagnon	Gilmour
Gilmour	Godin (Acadie—Bathurst)
Godin (Acadie—Bathurst)	Goldring
Goldring	Grewal
Grewal	Guay
Guay	Hanger
Hanger	Harris
Harris	Herron
Herron	Hill (Prince George—Peace River)
Hill (Prince George—Peace River)	Hoepfner
Hoepfner	Johnston
Johnston	

*House of Commons*

Jones	Keddy (South Shore)
Kenney (Calgary-Sud-Est)	Kerpan
Konrad	Laliberte
Lalonde	Laurin
Label	Loubier
Lowther	Lunn
MacKay (Pictou—Antigonish—Guysborough)	Manning
Marchand	Martin (Winnipeg Centre)
Mayfield	McNally
Ménard	Mercier
Meredith	Mills (Red Deer)
Morrison	Muise
Obhrai	Penson
Perron	Picard (Drummond)
Plamondon	Power
Price	Proctor
Ramsay	Reynolds
Riis	Ritz
Rocheleau	Sauvageau
Schmidt	Scott (Skeena)
Solberg	Solomon
Stinson	St-Jacques
Stoffer	Strahl
Thompson (Charlotte)	Thompson (Wild Rose)
Tremblay (Rimouski—Mitis)	Turp
Vautour	Vellacott
Venne	Wasylycia-Leis
Wayne	White (North Vancouver)
Williams—119	

## PAIRED MEMBERS

Anderson	Barnes
Canuel	de Savoye
Fourmier	Lefebvre
Marceau	McCormick
O'Brien (Labrador)	Pickard (Kent—Essex)
St-Hilaire	Volpe

**The Speaker:** I declare the motion carried.

\* \* \*

## HOUSE OF COMMONS

## STANDING COMMITTEE ON PROCEDURE AND HOUSE AFFAIRS

The House resumed consideration of the motion and of the amendment.

[*Translation*]

**The Speaker:** The next recorded division is on the amendment to the motion relating to privilege.

**Mr. Bob Kilger (Stormont—Dundas, Lib.):** Mr. Speaker, I think you will find unanimous consent to have members who voted on the preceding motion recorded as having voted on the motion now before the House, with Liberal members voting yea.

[*English*]

**The Speaker:** Is there agreement to proceed in this fashion?

**Some hon. members:** Agreed.

**An hon. member:** No.

**The Speaker:** 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 Speaker:** All those in favour of the amendment will please say yea.

**Some hon. members:** Yea.

**The Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Speaker:** In my opinion the yeas have it.

*And more than five members having risen:*

• (1855 )

(The House divided on the amendment, which was agreed to on the following division:)

(*Division No. 98*)

## YEAS

## Members

Adams	Alarie
Alcock	Assad
Assadourian	Asselin
Augustine	Axworthy (Winnipeg South Centre)
Bachand (Richmond—Arthabaska)	Bachand (Saint-Jean)
Baker	Bakopanos
Beaumier	Bélair
Bélangier	Bellehumeur
Bellemare	Bennett
Bergeron	Bernier (Bonaventure—Gaspé—
Îles-de-la-Madeleine—Pabok)	Bernier (Tobique—Mactaquac)
Bertrand	Bevilacqua
Bigras	Blondin-Andrew
Bonin	Bonwick
Borotsik	Boudria
Bradshaw	Brien
Brison	Brown
Bryden	Bulte
Byrne	Calder
Cannis	Caplan
Carroll	Casey
Catterall	Cauchon
Chamberlain	Chan
Charbonneau	Chrétien (Frontenac—Mégantic)
Chrétien (Saint-Maurice)	Clouthier
Coderre	Cohen
Collenette	Copps
Crête	Cullen
Dalphon-Duval	Debien
Desrochers	DeVillers
Dhaliwal	Dion
Discepola	Doyle
Dromisky	Drouin
Dubé (Lévis)	Dubé (Madawaska—Restigouche)
Duceppe	Duhamel
Easter	Eggleton
Finestone	Finlay
Folco	Fontana
Fry	Gagliano
Gagnon	Galloway
Gauthier	Girard-Bujold
Godfrey	Godin (Châteauguay)
Goodale	Graham
Gray (Windsor West)	Grose
Guay	Guimond
Harvard	Harvey
Herron	Hubbard
Ianno	Iftody
Jackson	Jennings
Jones	Jordan
Karetak-Lindell	Keddy (South Shore)
Keyes	Kilger (Stormont—Dundas)
Kilgour (Edmonton Southeast)	Knutson
Kraft Sloan	Lalonde
Lastewka	

*House of Commons*

PAIRED MEMBERS

Laurin  
Lebel  
Leung  
Longfield  
MacAulay  
Mahoney  
Maloney  
Marchand  
Marleau  
Massé  
McGuire  
McLellan (Edmonton West)  
Ménard  
Mifflin  
Minna  
Muisse  
Myers  
Normand  
O'Reilly  
Paradis  
Patry  
Perron  
Pettigrew  
Picard (Drummond)  
Plamondon  
Pratt  
Proud  
Redman  
Richardson  
Rocheleau  
Saada  
Scott (Fredericton)  
Speller  
Stewart (Brant)  
St-Jacques  
Szabo  
Thibeault  
Torsney  
Turp  
Valeri  
Venne  
Whelan  
Wood—193

Lavigne  
Lee  
Lincoln  
Loubier  
MacKay (Pictou—Antigonish—Guysborough)  
Malhi  
Manley  
Marchi  
Martin (LaSalle—Énard)  
McCormick  
McKay (Scarborough East)  
McWhinney  
Mercier  
Mills (Broadview—Greenwood)  
Mitchell  
Murray  
Nault  
O'Brien (London—Fanshawe)  
Pagtakhan  
Parrish  
Peric  
Peterson  
Phinney  
Pillitteri  
Power  
Price  
Provenzano  
Reed  
Robillard  
Rock  
Sauvageau  
Shepherd  
St. Denis  
Stewart (Northumberland)  
St-Julien  
Telegdi  
Thompson (Charlotte)  
Tremblay (Rimouski—Mitis)  
Ur  
Vanclief  
Wayne  
Wilfert

Anderson  
Canuel  
Fournier  
Marceau  
O'Brien (Labrador)  
St-Hilaire

Barnes  
de Savoye  
Lefebvre  
McCormick  
Pickard (Kent—Essex)  
Volpe

**The Speaker:** I declare the amendment carried. The next question is on the main motion as amended. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Speaker:** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Speaker:** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Speaker:** In my opinion the yeas have it.

*And more than five members having risen:*

• (1905 )

(The House divided on the motion, which was agreed to on the following division:)

*(Division No. 99)*

NAYS

Members

Abbott  
Anders  
Bailey  
Blaikie  
Breitkreuz (Yorkton—Melville)  
Chatters  
Desjarlais  
Elley  
Forsyth  
Godin (Acadie—Bathurst)  
Gouk  
Grey (Edmonton North)  
Hardy  
Hill (Macleod)  
Hilstrom  
Jaffer  
Kenney (Calgary-Sud-Est)  
Konrad  
Lowther  
Manning  
Mayfield  
Meredith  
Morrison  
Obhrai  
Proctor  
Reynolds  
Ritz  
Scott (Skeena)  
Solomon  
Stoffer  
Thompson (Wild Rose)  
Vellacott  
White (North Vancouver)

Ablonczy  
Axworthy (Saskatoon—Rosetown—Biggar)  
Benoit  
Breitkreuz (Yellowhead)  
Casson  
Davies  
Duncan  
Epp  
Gilmour  
Goldring  
Grewal  
Hanger  
Harris  
Hill (Prince George—Peace River)  
Hoepfner  
Johnston  
Kerpan  
Laliberte  
Lunn  
Martin (Winnipeg Centre)  
McNally  
Mills (Red Deer)  
Nunziata  
Penson  
Ramsay  
Riis  
Schmidt  
Solberg  
Stinson  
Strahl  
Vautour  
Wasylcia-Leis  
Williams —66

YEAS

Members

Adams  
Alcock  
Assadourian  
Augustine  
Axworthy (Winnipeg South Centre)  
Bachand (Saint-Jean)  
Bakopanos  
Bélaïr  
Bellehumeur  
Bennett  
Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok)  
Bernier (Tobique—Mactaquac)  
Bevilacqua  
Blaikie  
Bonin  
Borotsik  
Bradshaw  
Brison  
Bryden  
Byrne  
Cannis  
Carroll  
Catterall  
Chamberlain  
Charbonneau  
Chrétien (Saint-Maurice)  
Coderre  
Collenette  
Crête  
Dalphond-Guiral  
Debien  
Desrochers  
Dhaliwal  
Discepola  
Dromisky  
Dubé (Lévis)  
Duceppe  
Easter  
Finestone  
Alarie  
Assad  
Asselin  
Axworthy (Saskatoon—Rosetown—Biggar)  
Bachand (Richmond—Arthabaska)  
Baker  
Beaumier  
Bélaïr  
Bellemare  
Bergeron  
Bertrand  
Bigras  
Blondin-Andrew  
Bonwick  
Boudria  
Brien  
Brown  
Bulte  
Calder  
Caplan  
Casey  
Cauchon  
Chan  
Chrétien (Frontenac—Mégantic)  
Clouthier  
Cohen  
Coppes  
Cullen  
Davies  
Desjarlais  
DeVillers  
Dion  
Doyle  
Drouin  
Dubé (Madawaska—Restigouche)  
Duhamel  
Eggleton

*The Economy*

Finlay	Folco
Fontana	Fry
Gagliano	Gagnon
Galloway	Gauthier
Girard-Bujold	Godfrey
Godin (Acadie—Bathurst)	Godin (Châteauguay)
Goodale	Graham
Gray (Windsor West)	Grose
Guay	Guimond
Hardy	Harvard
Harvey	Herron
Hubbard	Ianno
Iftody	Jackson
Jennings	Jones
Jordan	Karetak-Lindell
Keddy (South Shore)	Keyes
Kilger (Stormont—Dundas)	Kilgour (Edmonton Southeast)
Knutson	Kraft Sloan
Laliberte	Lalonde
Lastewka	Laurin
Lavigne	Lebel
Lee	Leung
Lincoln	Loubier
MacAulay	MacKay (Pictou—Antigonish—Guysborough)
Mahoney	Malhi
Maloney	Manley
Marchand	Marchi
Marleau	Martin (LaSalle—Émard)
Martin (Winnipeg Centre)	Massé
McCormick	McGuire
McLellan (Edmonton West)	McWhinney
Ménard	Mercier
Mifflin	Mills (Broadview—Greenwood)
Minna	Mitchell
Muise	Murray
Myers	Nault
Normand	O'Brien (London—Fanshawe)
O'Reilly	Pagtakhan
Paradis	Parrish
Patry	Peric
Perron	Peterson
Pettigrew	Phinney
Picard (Drummond)	Pillitteri
Plamondon	Power
Pratt	Price
Proctor	Proud
Provenzano	Redman
Reed	Richardson
Riis	Robillard
Rocheleau	Rock
Saada	Sauvageau
Scott (Fredericton)	Shepherd
Solomon	Speller
St. Denis	Stewart (Brant)
Stewart (Northumberland)	St-Jacques
St-Julien	Stoffer
Szabo	Telegdi
Thibeault	Thompson (Charlotte)
Torsney	Tremblay (Rimouski—Mitis)
Turp	Ur
Valeri	Vanclief
Vautour	Venne
Wasylycia-Leis	Wayne
Whelan	Wilfert
Wood—205	

Forseth
Goldring
Grewal
Hanger
Hill (Macleod)
Hilstrom
Jaffer
Kenney (Calgary-Sud-Est)
Konrad
Lunn
Mayfield
Meredith
Morrison
Penson
Reynolds
Schmidt
Serré
Stinson
Thompson (Wild Rose)
White (North Vancouver)

Gilmour
Gouk
Grey (Edmonton North)
Harris
Hill (Prince George—Peace River)
Hoepfner
Johnston
Kerpan
Lowther
Manning
McNally
Mills (Red Deer)
Obhrai
Ramsay
Ritz
Scott (Skeena)
Solberg
Strahl
Vellacott
Williams—52

## PAIRED MEMBERS

Anderson
Canuel
Fournier
Marceau
O'Brien (Labrador)
St-Hilaire

Barnes
de Savoye
Lefebvre
McCormick
Pickard (Kent—Essex)
Volpe

**The Speaker:** I declare the motion as amended carried.

Pursuant to order made earlier today, the motion to adjourn the House is now deemed to have been moved.

\* \* \*

## THE ECONOMY

**The Speaker:** It is my understanding that all speeches will be 10 minutes or less.

**Ms. Sarmite Bulte (Parkdale—High Park, Lib.):** Mr. Speaker, it is truly a privilege and honour to rise this evening to speak to the first balanced budget since 1970.

While the credit undoubtedly goes to the Minister of Finance and the Prime Minister for their vision and leadership, primarily first and foremost it must go to all Canadians. Without the partnership that existed between the government and Canadians from coast to coast in our first mandate and our subsequent re-election on June 2, a balanced budget would not have been possible.

Some other good news from the budget of 1998 is a guarantee of consecutive balanced budgets for 1998-99 and 1999-2000.

While hon. members from across the floor may disagree with aspects of the budget, they must accept at the outset that a balanced budget is a good start. Many of my colleagues have talked about the wonderful aspects for education the budget gives our youth in retraining and the vision of the budget as an educational budget.

I would like to concentrate in my 10 minutes on actually talking about the government's renewal of the arts and cultural industries in Canada. I submit that the budget already sets the stage for dialogue about the strategic reinvestment in our arts and cultural

## NAYS

## Members

Abbott
Anders
Benoit
Breitkreuz (Yorkton—Melville)
Chatters
Elley

Ablonczy
Bailey
Breitkreuz (Yellowhead)
Casson
Duncan
Epp



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industries. In the budget it is clear that we are again promoting Canadian culture.

• (1910)

**The Speaker:** I think some colleagues are close by and their conversation is coming over the system. I wonder if we could just ask them to take their meeting outside.

**Ms. Sarmite Bulte:** Mr. Speaker, three programs were announced by the Minister of Canadian Heritage prior to the release of the budget: the additional \$25 million to the Canada Council, an increase of \$15 million in support for our publishing industry, and an additional \$50 million to cover athletes and coaches.

Most important, what I would like to talk about is the government's renewal of the Canada television and cable production fund. This fund represents a uniquely successful blend of public and private funding. It joins government and cable industry contributed moneys to enhance the broadcast presence of high quality Canadian programs.

Last year the fund supported from 19,600 full and part time jobs throughout Canada. I must emphasize it was throughout Canada. Most of these jobs were in highly specialized skilled and were well paid jobs. The direct economic spin-off benefits are in the range of \$625 million.

There also exists further economic benefits to those small and medium size businesses that supply services as a result of this increase in production activity.

The funds objectives are clear: to increase the quality and quantity of Canadian programming available to Canadians on television, to assist job creation and growth in all regions of Canada, to enhance the capacity to produce and distribute domestic television programs, to maintain and increase broadcast presence of distinct Canadian programs, and to encourage greater export opportunities.

The fund is financed by the Department of Canadian Heritage, Telefilm Canada and the cable industry's former cable production fund. In its first year of operation the new television and cable production fund has made possible a record number of 2,221 hours of Canadian programming that reflect the dynamic increased talents of Canadians and reach wide audiences both at home and abroad.

At a time when Canadians watch an average of 24 hours of television a week we must realize that this medium is our primary source of entertainment, information and news.

Coupled with the size and resources of the television industry of our neighbours to the south there exists a real danger of Canadians, young and old but especially our young people, our future,

knowing more about the United States than about their own country, Canada.

The renewal of the fund represents not only the government's commitment to Canadian television but recognizes the positive economic impact of Canada's arts industry.

A country's real strength lies in its people. The arts and the culture of a people are the expressions of their heart and soul. It is the movies, television, music, painting, dance and theatre that enable Canadians to laugh, talk and cry together. Through them we can express our identity, our similarities and differences.

The production fund is a proven success, culturally and economically. The government's decision to extend the program is recognition of that success and of the importance we attach to Canadian cultural expression.

Canadians have a right to see and hear their own stories on television, the most powerful cultural medium of our time. Canadians deserve Canadian programming.

The renewal of the Canada television and cable production fund will go a long way to achieve this end. To date the fund has delivered more than 2,200 hours of high quality prime time programming from all regions in Canada. Without funding from the fund, many of these projects would never reach television audiences in Canada.

This is not just good news for television. This fund in particular was good news for the CBC. The 1996 cable production fund brought critical new resources to CBC schedules.

In 1996-97 the fund supported independent production for CBC-SRC totalling \$91 million and produced \$218 million in overall program budgets. The fund supported independent production for CBC-SRC totalling some 384 hours in 1996-97 with over 300 more new hours projected for 1997-98.

• (1915)

The CBC's Canadianization of English television and the significant enrichment of French television could not have happened without the fund.

There was the establishment of quotas for access to funds investment and licence fee components by independent producers working with the CBC. Half of the fund's moneys went to fund CBC programming production.

This targeted predictable funding has partially offset other funding cuts. It has permitted the CBC's television services to pursue national cultural objectives that would not otherwise be obtainable.

The broadcast schedules are unique in the volume and distinctiveness of their identifiably Canadian programming, from *Omertà* and *Urgence* to *Wind at My Back* and *Black Harbour*, from *Juste pour rire* to *The Red Green Show*. There are programs that arise

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from both the major centres and the regions of Canada, from *Riverdale* to *North of 60* and from *Waitatow* to *L'Ame d'un peuple*. There are programs that affect all of Canada's peoples and reflect the way we look at each other.

As I stated this is just the beginning of our reinvestment into the arts. One of the things the public has sometimes felt is that when we are investing in the arts we are only investing in arts organizations. That is not true. The message we must bring to all Canadians is that when we invest in the arts, we are also investing in our economic and social well-being.

Recently the Canadian Conference of the Arts published a discussion paper "Arts in Transition Project". It looked at how and why the Canadian public should justify public sector funding. I would like to conclude by reading from this report.

No reasonable Canadian believes that the purpose of our health care system is to employ doctors. No one complains that our legal system exists only to pay judges—We value our health care, legal, and educational systems because of the fundamental benefits they make available to all Canadians who want or need them, whether or not specific individuals ever go to a hospital, take a case to court, or study at a post-secondary institution.

I would challenge our arts and culture industries and the government to work together with the public to show once again that our strategic reinvestment in the arts and culture industries is not just to benefit the artists and arts organizations, but is to benefit Canadians and our economic and social well-being as a whole.

**Mr. Myron Thompson (Wild Rose, Ref.):** Mr. Speaker, it feels just a little bit strange tonight after the episode that we have gone through over the last couple of days that I would be up speaking on the budget which has already been passed. I thought the purpose of a debate was that hopefully you could sway somebody to see things your way and maybe influence them when the issue came to a vote, but this issue has been settled and we are still debating it.

I am pleased to participate to that extent but I find it really strange. I should not get too upset or worried about it. What I have seen happen in this House in the last four and a half years that I have been here is that most of the decisions are made before we start talking about them in the House of Commons. Unfortunately, behind closed doors a decision is made by a few then everybody is instructed how to vote. That is exactly what happens. They come out like little puppets and vote the way they are told, then it carries and the debate does not really mean much anyway.

I am going to take this opportunity to extend my gratitude to the taxpayers of Canada. Although for the last month the Liberals across the floor have been busy patting each other on the back for a job well done, we all know that the balanced budget is due to the hard work and sacrifice of Canadians from coast to coast. Their

sacrifice has been compounded through provincial hardships which no one wants to talk about in this House.

● (1920 )

The truth of the matter is that the federal government has forced the provincial governments to do its political dirty work by reducing transfer payments by up to 55% for health care and education. That has put an additional strain on our already strapped provincial governments while the Liberal government has been allowed to write in black ink. It has forced provincial governments into the red in an effort to balance their budgets. This cannot, in my view, be considered a success.

To add insult to injury, the Liberals have begun a surplus spending spree, which is a very good habit of theirs. We can simply look at the \$600 billion debt. We know that the Liberals started that debt and then the Conservatives chimed in. They really like to spend. They spread our hard earned gains so thin that no real good will be done.

Instead of giving taxpayers well deserved tax relief or reducing the debt, they have launched \$11 billion of new spending. Once again we have all sizzle and no steak from our finance minister. It is a classic example of short term thinking and there will be no long term rewards for our nation. It is obvious the Liberals can only think as far ahead as the next election.

The big government philosophy of the 1980s has not yet left the Liberal Party. We continue to see billions of tax dollars wasted each year in the name of political pride.

First we had the Pearson fiasco to the tune of \$260 million. Then we had the Airbus scandal which cost us \$3.4 billion. It was a futile but expensive effort to try to embarrass a past prime minister. The helicopter deal cost us \$478 million in cancellation penalties. Only in the Liberal Party could they spend twice the amount for half of the helicopters and call it a good deal.

This budget is clearly without a plan.

In presenting the 1991 budget Michael Wilson stated "We will establish a debt service and reduction fund solely dedicated to offsetting the costs of the public debt. All revenues from the goods and services tax and from privatization will flow into this fund". That was a promise made back when the fabulous GST was brought in, which the Conservatives were going to steer directly toward the debt in order to get it under control. It was a big joke.

If nothing else, the 1991 budget had a vision. It was not long after that that the Tories gave up the responsible spending fight and selected the easier tax and spend rhetoric, just like the Liberals are

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doing today. We really only need two parties in the House, the spenders and the non-spenders.

In addition by the year 2000, Canadians will be paying \$48 billion per year more in taxes than when the Liberals were elected. This increase alone is equivalent to \$5,000 per Canadian family. Beware Canadian families. The day is coming. Taxes are going to go higher and higher. This budget proves it.

In addition, by the year 2000 the Liberals will be collecting \$22 billion per year in GST. That is 46% more than the year they were elected. That is an awful lot of money for a tax which our Prime Minister promised to abolish. He gave the nation his word. He was going to abolish it. Instead it is going to draw 46% more.

As a former teacher I am deeply concerned about the young people of Canada. What will the future hold for them? This budget offers them little hope.

The Prime Minister's millennium legacy scholarship fund and job training programs, such as youth service Canada, are merely band-aids and not solutions to the problems facing youth. Once again our government is playing a public relations game with Canadian youth. On the one hand there is the slash and burn approach to cutting education transfer payments to the provinces which makes the dream of a university education unattainable for many. Then in a vain attempt to make itself look good, the government offers a select few students funding by way of scholarships which will not begin until the year 2000. For the vast majority of desperate youth today, the millennium fund will be too late.

The Liberals' ambivalence toward children begins at an early age. By expanding the child care expense deduction they have added to the degeneration of the Canadian family unit by promoting non-parental child care. It is beyond me why the government does not understand that a child's parents will provide the best care available.

Our entire tax structure focuses on those who use alternative care. A recent Compas research poll stated that 90% of the population believes a family setting is preferable to daycare when asked what is the best for an infant or a preschool child.

• (1925)

I really have a tough time when I hear about a father or mother who wishes to stay home with the children while the other one works and they are not going to be able to because of this budget and this government. These parents must work in order to meet the taxes that they are going to be obligated to pay. I truly believe that many of the problems with today's youth, including violent crime, teenage pregnancies and the intolerable dropout rates stem back to the government's promotion of limited home parental care.

When I came here in 1993, the Liberals said there were one million children in this country who were living in poverty and starving. Now in 1998 I still hear the same thing from that side of the House. I heard a member a moment ago talking about all the wonderful money they are going to give to the CBC, the little give outs here and all the wonderful glorious things they are going to do. But nobody has given any money to these children.

How about giving to the children's aid societies in these cities that are struggling to try to keep food on these kids' tables and clothes on their backs. When are they going to start doing something like that? I guess that is not the politically popular thing to do.

One more group which has been neglected and which I would like to speak about is the seniors. This budget has left them standing in the cold. In 1996 the seniors benefit was floated as a trial balloon in the budget with the legislation promised for the fall of that year. This proposal established a punishing marginal tax rate of up to 75% for middle and upper income seniors while providing a meagre 17 cents a day to the poorer seniors. Two years have passed and the finance minister has not found a face-saving solution to this dilemma.

Reform believes that changes should be made on the following basis. The benefit must be better targeted to those in need. Any reduction in benefits must treat middle and upper income groups fairly. There must be sufficient time for not yet retired people to make retirement plans. For those whose birthdays cause them to miss the cutoff date they are being unduly penalized. Apparently this government feels that it is fair to ignore Canadians who have generously paid taxes their entire lives and are looking to enjoy what few years they have left. They should not get their hopes up because there is nothing in this budget that is going to make that happen.

Next on the list of those that do not concern the Liberal government are the Canadian small businessmen. It has upped the payroll taxes and given no tax relief to the businesses, especially small businesses that provide jobs. People running small businesses should not get their hopes up because nothing is going to happen through this budget.

In conclusion, the Canadian government has finally stopped acting like a household living beyond its means. It may have cut up the credit cards but the debt remains. Regretfully the Liberals' spending of our surplus on new programs is a sign that we will soon see a deficit again which will truly be a shame.

[Translation]

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, I am pleased to take part in the debate on the budget speech, all the more so as it is ironically at complete odds with its title: Building Canada for the 21st Century.

What this budget really does is provide the tools to weaken Canada. It seems that a real blueprint for society should contain a genuine vision, and that is what this budget lacks. It should also

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respect its partners and be attentive to the needs of the disadvantaged. It is about this lack of vision, respect, compassion and transparency in the budget speech that I am going to talk to you today.

After four years of fighting the deficit on the backs of the provinces, the unemployed and the disadvantaged, the Liberal government is in a hurry to get back to its old habit of spending. In his budget, the Minister of Finance announced over \$10 billion in new spending and tax cuts of \$7.2 billion by 2001. But nowhere did he mention that his government wanted to pass an anti-deficit bill, the purpose of which would be to balance the budget.

• (1930)

The federal government will once again be interfering in provincial areas of jurisdiction, ones that do not belong to it. Instead, it should be looking in its own backyard, reducing its own expenditures so the people of Canada and of Quebec will never again have to experience the situation they were thrown into of battling the deficit. As we know, everyone contributed heavily to that effort.

The Minister of Finance's audacity does not stop there, moreover. The Liberal party bagman, the man with the heavy responsibility of deciding what he will do with the surplus, is talking about a balanced budget. The provinces, who got hit with 52% of federal cuts, are entitled to only 23% of the new expenditures. Individuals got hit with 37% of the federal cuts and are entitled to only 26% of the new expenditures. Federal spending was cut by only 12%, yet accounts for 51% of the new expenditures.

So it is easy to understand why the President of Treasury Board has said "When Mr. Bouchard has to cut in Quebec, we in Ottawa will be able to demonstrate that we are the only ones preserving the future of social programs". We can say that this greatly desired objective of the President of Treasury Board has been attained.

What is happening in the provinces? Cuts are being made. What is happening at the federal level? Money is being spent left and right in areas under provincial jurisdiction, without any real vision or strategies. The deception has now been revealed, the figures are there to prove it.

How can the minister talk about balance when he has reduced his own spending by only 9 per cent? We all know that he had promised cuts of over 19 per cent. Therefore, it is not the first time the finance minister has made vague and contradictory statements.

On January 10, 1997, this same Minister of Finance said, and I quote: "I believe child poverty is the greatest political challenge of our time from a social point of view". Whatever happened to this minister's willingness to fight poverty? Instead of eliminating the problem, I think he is making it worse.

The government just gave a meagre \$600 million that will be added to the \$250 million announced in 1995 for the child tax benefit. This increase will not take effect until next July. The finance minister also announced another \$425 million for July 1999 and the same amount again for the year 2000.

He has been saying since 1996 that he would do something to fight poverty and he has not done anything yet. He is promising something for next July, but he is already \$250 million behind. To be effective in our fight against poverty, we need \$2 billion right now. Members of the Bloc deplore the present situation.

If the Minister of Finance took action to index the child tax benefit, 50,000 more children would be eligible for this benefit, children who are not eligible now because no indexation has been done in a very long time. There were indeed solutions, but the minister did not want to listen to the solutions proposed by various groups. That is what Campaign 2000, a very well known organization in Canada, had proposed to the finance minister to deal with the issue of child poverty.

In the fight against poverty, the government could have tackled the indexation of personal income tax tables and the GST. Once again, the minister failed to go after the real problem of poverty. Had he done so, 840,000 low income households would not have paid income tax. At the moment, because there is no indexation, they do.

These are therefore specific measures that the Minister of Finance often neglects. He could have taken real action to fight poverty among adults and children, because when children are poor their parents are poor too.

Another measure the Minister of Finance neglected was a reform of employment insurance. Such a reform has a negative impact on poverty. The reforms that took place were hard on people without work.

• (1935)

The first report on EI reform recently obtained by the Standing Committee on Human Resources Development and the Status of Persons with Disabilities is a great disappointment. You might say the Liberals are incapable of seeing the day to day reality, and are promising another report to evaluate the impact of these measures.

We all know that those who cannot get employment insurance are on welfare. Studies have been done in Quebec showing that 220,000 people are on welfare. When you are on welfare, you are not in the labour market. This is where to attack the problem of poverty.

That means an additional 194,000 welfare cases in Quebec. That means that Quebec has to pay out an additional \$845 million in assistance to people who cannot find jobs. Countrywide, the figures are as follows: an additional 730,000 welfare cases or an additional

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cost of \$2.5 billion to the provinces, while the federal government saves \$6 billion. That will enable it to spend wildly, as it wishes, with its propensity for meddling in provincial jurisdictions.

The sum of \$2.5 billion is destined for the millennium scholarship fund. That is not acceptable because it does not deal with the problem; rather, it amounts to investing money without vision or strategy. There have been cuts in Quebec. Canada has cut \$10 billion in education, including \$3 billion in Quebec.

The Bloc Quebecois has proposed many measures for analysis by the Minister of Finance. Instead of that, we get this skimpy budget. And who is going to pay for it in the end? We are paying too much in federal taxes for the strategy chosen by the Minister of Finance. It is a short term and shortsighted strategy that ignores the demands of the various stakeholders.

In education, for example, a number of people told the Minister of Finance that their energy was misdirected. They were ignoring educational priorities. Furthermore, a lot of people are dropping out of school and there is a shortage in funds for education because the transfers to the provinces are not there.

I will not name everyone in positions of authority in the various university and college administrations who want the money needed for education to be given to the provinces. The students federation and a lot of people are disappointed at the federal government's attitude regarding the millennium scholarships. It is ignoring what is happening in the provinces.

We have asked the minister to stop spending in areas of provincial jurisdiction, to not create any new programs and to give the money back to the provinces. The administration of the employment insurance plan must also be changed. There must be a targeted reduction in the tax burden. Legislation must be passed—

**The Speaker:** I am sorry to interrupt the hon. member, but her time has run out.

The hon. member for Winnipeg North Centre.

[*English*]

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, I rise today to express the disappointment of my constituents and Canadians everywhere with this federal budget. It was a budget of profound disappointment for Canadians, particularly on the health care front. It was a budget that was greeted not only with disappointment, but with disbelief from Canadians who really believed that this government was prepared to deal with the critical health care situation in this country.

We have heard those sentiments expressed from all parts, all areas in this country. We have heard it from nurses. We have heard it from doctors. We have heard it from people in hospital hallways and many other Canadians. We have even heard it from the

Minister of Health. Medicare is underfunded and people are suffering unnecessarily for it.

This budget offers no new money for medicare. We have heard time and again from Liberal members suggesting that the cancelled cut of \$1.5 billion is new money.

• (1940)

Let us be clear, it is not. It goes no distance at all to reversing the \$3.5 billion that this Liberal government took out of health care in 1995. There is no new money in this budget for health care. There is no federal leadership in this budget. There is no commitment to expanding on our medicare model by putting money toward home care in this budget.

It does not work for Canadians to continue to recycle old commitments and to transform foregone cuts as if they were new proposals and new initiatives. It does not work to continue to blame the problem on the provinces although it is quite obvious that one cannot ignore negative developments on the provincial front.

This afternoon I listened very carefully to comments by the member for Brandon—Souris who tried on the one hand to suggest that the federal government had made a terrible mistake in this budget with respect to health care and I agree with him on that point.

On the other hand he tried to suggest that the Conservative government in Manitoba had made brilliant decisions with respect to health care and done a great service to Canadians in that province. It makes no sense to on the one hand criticize the federal government and then to praise the Manitoba government for doing precisely what has been happening here federally.

On both counts we are dealing with governments which are so busy offloading and privatizing and deregulating in the area of health care that it is in fact the patients who are suffering and Canada's health care system that is in disarray.

It is true that there is no longer a fiscal deficit in this country, but what cannot be overlooked is that there is a profound human deficit. It is the result of another kind of deficit, a moral deficit on the part of this government.

The Liberal government does not want to reinvest in health care because it is afraid it will not get the credit for it as those funds are channelled through the provinces. People can literally suffer, even die, because the Liberals may not get the credit they and only they feel they deserve.

Another offensive argument that is being used by the government to justify their continued squeeze on the health care system is that if they give the provinces money, it may not be used for health care because we have a block transfer system for health and social services.

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Let us not forget who established this block transfer system. It was the Liberals and now the same Liberals are using it as a convenient excuse to starve medicare out of the billions of dollars it took out of it.

In these difficult times it is important to acknowledge how Canadians are struggling and trying to cope in the face of these continued and demoralizing cuts. The media have also played a role in bringing these stories to the public's attention; painful, personal stories about waiting for hours in an emergency ward before receiving any treatment, stories about nurses working 24 hour shifts and collapsing from exhaustion.

When the Liberals patted themselves on the back for this budget, Canadians did not let them forget the terrible cost. We once had one of the finest health care systems in the world. For decades our health care system provided efficient, good quality service for all Canadians. Now, because of successive Conservative and Liberal cutbacks, we are left with a system practically in chaos in which people can no longer count on timely treatment.

The solution is clear. A reinvestment in medicare is absolutely imperative. Let us not turn to a private system in which the rich go to the front of the line and low and middle income people suffer and die on long waiting lists. Let us reinvest in medicare so every Canadian has access to timely, good quality health care.

On another matter, it is clear that there is a set of issues that have been certainly left off this agenda for a very long time.

● (1945)

It is hard to believe from the absence of discussion on child care, on women's health, on violence, that in 1984 there was actually an all party leaders' debate on women's issues.

Yet today many of the issues that are central to the lives of women, that are critical for the advancement of the goal of equality, have been forgotten, ignored, disregarded, and are invisible on the agenda and in the budget. Like pay equity, for example, the federal government continues to refuse to pay its own women workers what they are worth.

On another matter, we had hoped to see in the budget a restoration of funds to the women's program which has been cut back by millions of dollars over the years.

The fair share campaign is calling for the government to spend \$2 for every woman and girl in Canada, on organizations and projects that bring women and men closer to social, economic and legal equality. Unfortunately the government and the Secretary of State for the Status of Women are silent on this matter in the budget.

The government has committed itself to analysing all policies and programs for any possible differential impact on women and

men. It begs the question where that analysis is in the formulation of the budget. We want to know if this analysis was ever considered in terms of the budget decisions like the decision not to reverse the Liberal's \$7 billion cut to health and social services.

Women, as we all know, make up the majority of workers in and users of health care and social services. These cuts clearly have a disproportionate affect on women.

In the budget child care expense deductions were raised. That is a good step, but where is the national child care program that was promised and promised until the Liberals were blue in the face? The 1993 red book promise of 150,000 new spaces is long forgotten. What good is a child care expense deduction by itself for those parents whose children have been waiting on lists for years?

I want it to be known that my colleagues in the NDP caucus, in particular the member for Vancouver East and the member for Beauséjour—Petitcodiac, have launched a national campaign for child care on behalf of NDP participation in the women's committee. We will do what we can to put pressure on the government.

There are many other issues to raise, but let me conclude by saying that I am certainly proud to represent the people of Winnipeg North Centre. It is a diverse riding made up of seniors, children, parents trying to make ends meet, people working in all sorts of jobs and professions, and people looking for work. What is in the budget for them? Not much.

The government plays with numbers. It sets targets for inflation. Why can it not set targets for employment, to get people into jobs? There is no new spending for youth employment. Less than half of one per cent of unemployed youth will get a job as a result of the budget.

The Liberal government now has the money to do something about health care and unemployment and chooses not to. That is the sad and unacceptable thing about the budget. The government had a wonderful opportunity to deal with both fiscal issues and the human deficit. It has missed this opportunity and left a terrible price for all Canadians to pay.

[Translation]

**Mr. André Harvey (Chicoutimi, PC):** Mr. Speaker, we are being spoiled this evening. I am pleased to speak to the budget speech. Normally, the main purpose of a budget speech is to generate a bit of enthusiasm among people, to generate a bit of hope, but after a few hours, this budget has been completely torn to shreds. We are going to have to live with a budget that has not inspired a single Canadian.

The vast majority of editorial writers across the country panned the budget, which is completely regressive, and puts Canadians in an even tighter spot.

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• (1950)

Instead of generating hope, the budget has shown us once again that this government has absolutely no agenda of any sort. Budget-wise, this government has spent the last five years fixated on the deficit. It should at least have done its homework, however, in preparation for introducing progressive measures, because it knew full well that, in the ten years leading up to 1984, the debt had been increased eleven-fold by the former Trudeau government from \$18 billion to \$200 billion.

Over almost the same length of time, about ten years, instead of multiplying the debt by 11, we multiplied it by two. The operational deficit was kept under firm control during that period. But, in the meantime, we had to adopt measures that would subsequently enable us to wipe out the deficit and also pay down the debt. We adopted measures such as free trade. As members will recall, we waged an extremely strong campaign on the issue of free trade. We were almost defeated on the issue, and this is what enabled us—and I point this out to our colleague who used to work in the finance and trade sector—to increase our exports from \$90 billion to \$215 billion over a seven-year period.

Sight must not be lost of the money this brought into Canada for the government. They had promised to abolish this measure. The government campaigned on a platform of abolishing free trade. In the end, this government embraced free trade with a vengeance. Talk about an about-face. This takes the cake.

Let us not forget the GST. It was a disaster for us, the goods and services tax. We knew at the time that it was the fairest tax. It was the best route to take before starting on a major tax reform to get the richest people contributing to the government coffers. Obviously, a doctor or engineer earning \$50,000, \$100,000, \$150,000 or \$200,000 will pay more GST than someone who just gets the old age pension. That was precisely the objective.

Tax shelters were considerably reduced. We knew it would not win us any popularity contests, but we felt in all conscience that when one has a country to administer, one must do so objectively, and with the conviction that the best interest of the country is being served.

Our ultimate goal was a comprehensive reform of the tax system for individuals and small businesses. But what did this government do? Absolutely nothing. They raised taxes, 40 tax increases for a total of \$30 billion, a pretty considerable amount, as well as several billions in cuts to essential services. If we add on the considerable tax hikes and the cuts in transfer payments to the provinces, we have our answer. The deficit was attained at the expense of the poor and of the individual taxpayer. Such is the policy of the present government.

I could spend a couple of hours listing all of the tax increases the present government has slipped in. There is nothing surprising that

nearly all the media reports state that Ottawa is pocketing the savings and sticking the provinces with the bill. That is how it is in all fields. Our fellow citizens in every province are afraid to get sick, because of the budget cuts, the cuts to transfer payments, made without consulting the provincial governments.

Millennium scholarships have been created to benefit tens of thousands of students, while thousands of children in primary and secondary school no longer have even basic services. There are schools that no longer have guidance counsellors, that no longer have psychologists. They are trying to convince us that they believe in the importance of education for our young people. No way. They are making drastic cuts.

• (1955)

When an organization like the OECD blames the shrinking of available income after tax and the major brain drain in this country on our overall tax policy, I think we should take heed.

We are told that our small businesses are no longer able to reinvest because of our extremely regressive tax system, which is aggressive to them, they not longer have the required net assets to reinvest. I think this is serious.

Editorial writer Alain Dubuc said “Here is why Mr. Martin is no longer credible”. These are not my words but those of an editorial writer known from coast to coast. “In March 1997, the minister announced that the deficit for fiscal year 1996-97, which was ending, would be \$19 billion. It turned out to be \$8.9 billion”. That is not a small miscalculation; it is a huge one.

This was an error of \$10.1 billion. Mr. Dubuc went on to say “This did not stop Mr. Martin from once again announcing an obviously unreasonable deficit of \$17 billion for 1997-98. It turned out to be a zero deficit. This is a \$20.5 billion miscalculation, and Ottawa anticipated expenditures like those associated with the millennium fund”.

To establish such a fund when most provinces, and Quebec in particular—we will speak for Quebec—have a very well organized system, for the sole purpose of ensuring that recipients will see that their cheques were issued by the federal government and not to promote harmony, again this borders on provocation.

There are two major problems in Canada. In both cases, provocation is involved. On the constitutional issue, on numerous occasions over the past 30 years, Canadians agreed on proposals but, invariably, the Liberal government was responsible for one failure after another. Support for the sovereignist movement in Quebec has grown from 3% originally to 50% today. Why? Because of provocation.

Fiscally, the federal government has yet again found a way to use a budget to provoke the provincial governments. That takes some doing. It could have said “We are for harmony and good under-

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standing; there is a little money left over, we will transfer it to the various provincial governments; you are good managers, you are close to your people, you will manage these surpluses". It did not even do that.

Instead, it arbitrarily—fancy that—established a new \$3 billion fund that cannot be used for another two years. Again, it is only to create a little interest among those concerned. But, in fact, these budget measures that do not favour decentralization and do not respect other levels of government do nothing but accentuate our problems.

Not only does the government base its economic intervention on provocation, but it travels the world singing the praise of economic missions. In my mind, the first economic mission that the government must undertake is the Canadian economic mission.

For the whole world, Mr. Chrétien's government is in favour of free trade, but not for Canada. Tariff barriers between the provinces cost a fortune each year. The time has come for businessmen from Chicoutimi, from Nova Scotia, from Shefford, from New Brunswick, from all regions, to travel across Canada with the various governments to create free trade within our country.

I will tell you a secret. Do you know how many jobs a 10% increase in interprovincial trade would create? Free trade strictly within Canada would create 200,000 jobs. I think that if there is an issue that needs to be addressed, it is the issue of Canadian free trade. We must eliminate trade barriers between the provinces.

• (2000)

That is the reality the government must work on. It must stop provoking all the provincial governments by creating new programs without ever consulting them, or pretending that it is consulting them through committees that travel across the country, knowing full well that the Minister of Finance will not listen to them. He is not interested in that. All he wants is to write cheques for the millennium scholarships.

I do not think this is the road to the future. It seems to me that when a party governs a country such as Canada, it must do it a lot more selflessly than the Liberals are doing right now.

I was pleased to say a few words on the budget. We should also have a long discussion on the growing problem of poverty in our country. People on welfare eat very poorly because of cuts in transfers.

[*English*]

**Ms. Susan Whelan (Essex, Lib.):** Mr. Speaker, it is a pleasure to rise in the House of Commons this evening to represent the people of the riding of Essex and to participate in this economic development debate.

On February 24 we introduced our fifth budget. I am unsure if this is the most important budget in our country's recent history or

if the distinction more rightly belongs to our government's first budget which set the course that allowed us to be debating today, for the first time in 28 years, a balanced budget and the economic development that results from a balanced budget.

One thing I am sure of is that our Prime Minister and our Minister of Finance deserve praise and thanks for restoring fiscal sanity to our country's books and for ensuring the future of Canada's children and grandchildren for years to come.

When we were first elected in 1993, the federal deficit stood at \$42 billion. It is sad but amazing to consider that prior to this budget one in three Canadians, everyone under 27 years of age, had never seen their federal government balance its books. For the 1997-98 fiscal year there will be no deficit, for the first time since 1970. This historic announcement that the Government of Canada has recorded its first budgetary surplus in 28 years is great news for all Canadians.

I also want to extend praise and to thank all Canadians who helped guide this government through the difficult task of balancing the books.

One thing this government did different from previous governments in addressing the deficit problem was to consult with Canadians. I know full well from my experience as vice-chair of the finance committee last year on how widespread those consultations were and how seriously the Minister of Finance viewed them. It is not just the finance committee that holds prebudget meetings. Many individual members of Parliament also do.

Each year since being elected in 1993 I have hosted prebudget hearings in my riding. Each year I am pleased with the articulate and well thought out presentations and how many of the suggestions, which come up in similar meetings across the country, are reflected in the budget. I held my fourth prebudget consultation in the town of Essex on November 14, 1997. I would like to read into the record my conclusion from that meeting.

"In conclusion, the one point on which there seemed to be almost universal agreement was that the federal government should be allocating financial resources and management to training and to research. Although the debt was acknowledged as a problem, it was not given priority over basic concerns for our social programs, pension plans, health care and education".

I would like to take a moment and compare that statement to the 1998 budget. One of the themes of my meetings was the need to allocate financial resources and management to training and education. This is certainly reflected in the 1998 budget.

In the budget the government introduced the Canadian opportunities strategy which builds on actions in the 1996 and 1997 budgets and also introduces new measures. The Canada millennium scholarship program is the centre of the Canadian opportunities strategy. It is the single largest investment ever made by a



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federal government to support access to post-secondary education for all Canadians. Through an initial endowment of \$2.5 billion, the arm's length Canada millennium scholarship foundation will provide scholarships to over 100,000 students over 10 years.

Scholarships will go to help Canadians who need help financing their studies and demonstrate merit. For full time students scholarships will average \$3,000 a year. Individuals can receive up to \$15,000 over a maximum of four academic years. The Canada millennium scholarships could reduce the debt load that recipients would otherwise face by half.

The government is also introducing Canada study grants. These recognize that many students needs are not fully met by scholarships and student loans. Beginning in 1998-99, Canada student grants of up to \$3,000 a year will go to over 25,000 needy students who have children or other dependents. These grants will help both full time and part time students and will cost up to \$1 million annually.

• (2005 )

As we are aware, student debt has become a heavy burden for many Canadians. In 1990 a graduate completing four years of post-secondary education faced an average debt student loan of \$13,000. By next year the same graduate's average debt will almost double to \$25,000.

To deal with this problem, the budget proposes five things. First, all students will get tax relief, 17% federal credit for interest paid on their student loans. Second, we are increasing the income threshold used to qualify for interest relief on Canada's due loans by 9%. More graduates will be eligible. Third, we are introducing graduated interest relief which will extend assistance to more graduates further up the income scale. Fourth, for individuals who have used 30 months of interest relief, we will ask the lending institutions to extend the loan repayment period to 15 years. Fifth, if after extending the repayment period to 15 years a borrower remains in financial difficulty, there will be an extended interest relief period. Finally, for the minority of graduates who still remain in financial difficulty after taking advantage of these relief measures, we will reduce their student loan principal by as much as almost half.

Another item in terms of training that often came up at my prebudget hearings was that assistance needed to be targeted, not just toward youth and students, but also to assist individuals already in the workforce who needed to upgrade their skills.

Several new measures are proposed in this budget that will improve Canadians' access to learning throughout their entire lives. The first is tax-free RRSP withdrawals for life long learning. At least six million Canadians have RRSPs with total assets of \$200 billion. This represents an important source of funds.

Beginning on January 1, 1999 Canadians will be able to make tax-free withdrawals from their RRSPs for life long learning.

An individual who has an RRSP and has enrolled in full time training or higher education for at least three month during the year will be eligible. An individual will also be able to withdraw up to \$10,000 a year tax free over a period of four years to a maximum of \$20,000.

To continue to upgrade knowledge and skills can be particularly hard for the growing number of Canadians studying part time and trying to manage the difficult balance of work, family and studies. The 1998 budget proposes two measures to help them. Beginning in 1998 the education credit will be extended to part time students and, in addition, for the first time parents studying part time will now be able to deduct their child care expenses.

The Canadian opportunities strategy also addresses the urgent problem of youth unemployment. The actions we are taking will give young Canadians the job experience they need and provide support for those who have dropped out of school and face particularly tough challenges.

As well, the 1998 budget provides employers with an employment insurance premium holiday for hiring additional young Canadians in 1999 and the year 2000 between the ages of 18 and 24. This will increase employment opportunities for youth and reduce payroll costs for employers.

Second, investing a further \$50 million in 1998-99, \$75 million in 1999-2000 and \$100 million the year after will more than double fund the youth at risk who lack basic education and skills.

These programs do work. For example, there are several at work in my riding currently. There were four youth centres in my riding just last week which received \$33,000 in funding to run programs to assist young people, to help find employment, write resumes and prepare for job interviews.

Another comment that came up during my prebudget hearing, not just this year but over the last several years, was the need for Canada to invest in research and development. As chair of the industry committee, this is a theme very close to my heart. Consequently, I was thrilled to see the 1998 budget provides additional funding of \$34 million annually for the national research council industrial assistance program to help small and medium size businesses as was announced in our election campaign promises.

As well, the budget also makes available increased funding for more than \$400 million over three years for science research granting councils: the medical research council, the national science and engineering research council and the social science and humanities research council: \$120 million in 1998-99, \$135 million in 1999-2000 and \$150 million in 2000-2001, providing

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invaluable service to Canada. This will encourage our best and brightest to stay in Canada.

Again, similar to the concerns of my constituents, this budget has proposed a rational approach to reducing national debt, and to do so in a manner that does not put our social programs or health care or education at risk. I know that in my home province the premier has claimed the opposite.

• (2010)

To set the record straight, I would like to quote a Southam newspaper journalist, Andrew Coyne, who had little time for the tired old provincial complaint about transfer cuts, pointing out that “the total cut to federal cash transfers to the provinces amounted to barely over 3% of total provincial revenues, hardly draconian”.

In conclusion, I would like to outline for my constituents that this budget also confirms a four year, \$20 million Canada rural partnership initiative. It will support programs, help rural Canadians and communities to find and support maintaining good soil and water and charting a successful course.

In conclusion, our budget has many stages and we go on into the future. It delivers real benefits for Canadians today and a great outlook for Canada as we start the new millennium.

**Mr. Jim Abbott (Kootenay—Columbia, Ref.):** Mr. Speaker, this budget is very interesting in terms of the response that it has had in my constituency. The members of my constituency have seen through this budget very clearly. They have seen the flimflam that is involved with it.

First, they are asking a very simple question, one of many. For example, the finance minister is very proud to have eliminated the deficit retirement surcharge for most Canadians. We note that the finance minister has also eliminated the deficit. Under what pretext does he continue to collect the deficit retirement surcharge from any taxpayers? This is part of the flimflam.

Second, they are also aware of the fact, and this is according to a news release from the Government of Canada dated March 9 on supplementary estimates, that what Canadians may know is that obviously there are estimates made as to what revenue and expenditures we are going to have.

After the fact, there have to be adjustments to reflect reality. They are also very well aware of this fact. The government document calls for decreases in the expenditures, a decrease of \$4.5 billion in public debt charges from \$46 billion printed in the 1997-98 main estimates to \$41.5 billion reflected in the supplementary estimates.

I do not understand how this government can possibly take the credit for the fact that world interest rates have declined. As a

result of the world interest rates declining, it has had a windfall of \$4.5 billion. That is part of its saving.

The document also talks about a decrease of \$1.4 billion in forecast employment insurance payments resulting from improvements in labour market conditions. This government is still taking \$5 billion to \$6 billion out of the pockets of Canada’s workers and Canada’s employers in the form of a tax for employment. In fact, if there was a decrease of \$1.4 billion in the forecast for employment insurance payments, surely there should have been a decrease in the premium.

It is unconscionable that this government continues the practice started by the Conservatives of including in general revenue the so-called insurance rates under Employment Canada.

I am the heritage critic and I would like to deal specifically with the heritage department.

Again in the supplementary estimates, we see that all of a sudden they have had to ask for and have achieved an increase of \$59.9 million just for department expenses. That is over a one year period. The department itself will now be spending \$1.1 billion on itself.

The National Capital Commission is looking for and has received an increase of \$1.6 million. The National Capital Commission is now budgeted to spend \$72.7 million, up \$1.6 million. The National Film Board, an increase of \$2.4 million, now up to a rate of \$61.4 million.

This kind of spending we know about because it has ended up in supplementary estimates. It must drive most Canadian taxpayers wild.

• (2015)

Why in the world must we have constant increases in spending while at the same time there is a meagre, tiny turnback of tax revenue for Canadians? Canadians want to know why we must have these increases.

Let us look at one specific area of Canadian heritage, that of sports. It is interesting to note the comments made by Ms. Lori Johnstone, the chair of Athletes Canada, to the committee a couple of weeks ago. She was commenting on the Nagano Winter Olympics which were held at that time. She said:

It’s very exciting. There’s a lot of interest and emotion. At the send-off in Calgary, (the heritage minister) thanked the athletes for letting us share the dream. These athletes are representing our nation and we are sharing in their successes and their failures, their disappointments, their joy and also their controversies.

She went on to say about the athletes:

In terms of sacrifices, the cost question was asked earlier, the cost of pursuing the dream and roughly, athletes at an elite level can incur as much as \$10,000 per year of their national—dream. When you combine that with the income that most amateur

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national team athletes make, which tends to be under \$15,000, it's quite a powerful statement of the willingness to make sacrifices to pursue the dream.

As a matter of faith it strikes me that the heritage minister, and indeed the whole government, should respect the fact that we have some of the world's finest athletes in Canada. They go to world events to compete for us. Not only do they make themselves, their parents, their sponsors and their coaches proud but they make us as Canadians proud. And what do they get?

I quote from an article published today in the *Globe and Mail* in Toronto entitled "Canadian athletes want shirts to pin medals on":

Six months from the opening of the 16th Commonwealth Games in Kuala Lumpur, Canada's team is outfitted with 400 airline tickets—and perhaps 400 fig leaves.

The Commonwealth Games Association of Canada is about \$1.5 million short of its budget of \$3 million to take a full team to the Games and the team hasn't a stitch to wear.

"Clothing is what we need, big time," says Margie Schnell, the chef de mission for the Canadian team. The games will be held Sept. 10-20 in Malaysia.

"It will cost about \$6,000 per athlete to outfit and send the team. Air Canada and Malaysian Airlines are looking after most of the travel, but we still don't have clothes".

This compares with the question I asked in the House on Monday. I asked where the Minister responsible for Francophonie got the idea that she could arbitrarily, off the top of her head, determine that she was going to offer free airline tickets to foreign athletes to come to Ottawa-Hull for the Francophonie games in the year 2001.

At the time she made that commitment she new the Ottawa-Hull games were budgeted by the federal government for an expenditure of \$12 million. She also found out that it was likely Ottawa-Hull would not get the games, that Lebanon would get the games with the backing of France. The reason she thought Lebanon would get the games was that it was offering to pay half the airfare for the athletes to go to Lebanon.

What did our minister do? This comes right back to the starting point of my speech. Where did these extra expenditures come from? How did they happen?

Off the top of her head she suddenly said "Why don't we give free airfare to all the foreign athletes so they can come to Canada?" We are talking about 42 countries and probably 2,000 athletes. We do not know how many millions of dollars it would cost to get them here. Meanwhile back at the ranch our Canadian athletes do not even have uniforms to pin their medals on. It is absolutely ludicrous.

Furthermore, in a report to parliament from the International Assembly of Parliamentarians of French Language on February 17

I noted that some prize winners at the earlier games, that is at the Francophonie games, have still not even claimed their prizes.

• (2020 )

I would like to know the priority of the government. Is the priority of the government to get foreign athletes to come to Canada? Indeed, should the priority of the government not be our athletes? They are contributing money from their own pockets. They are contributing their time, effort and sweat to represent us as Canadians. The priority of the government should be to properly look after our athletes.

I cite this as one example of a thousand stories I could tell to illustrate how the government is completely out of control. The government has no idea where it is going. All it knows is that it has a blank cheque. Guess what? That cheque was signed by Canadian taxpayers and the government is spending it.

**Mr. John McKay (Scarborough East, Lib.):** Mr. Speaker, I rise in the House tonight to add my congratulations to the Minister of Finance on the balanced budget. Not only did he balance the budget but he brought in a budget with balance.

Governing is more than merely making the books balance. If you are not fiscally responsible you will soon not have a nation to govern.

I am one of those who thought that debt reduction should be the first priority. After 30 years of running deficits it seemed to me that getting our fiscal house in order was the highest priority. I heard that at the door. I heard it at three town hall forums. I heard it by way of correspondence and I heard it in my office. The people of Scarborough East repeatedly said to me that debt reduction was the highest priority.

I communicated those views to the minister and to the Prime Minister, privately and in caucus. I was therefore pleased to see the commitment of the minister to debt reduction. It is something to be celebrated.

The budget documents that the debt for fiscal year 1997-98 will be \$583 billion. That is a serious amount of money by anyone's standards.

The debt is divided into two components: market debt and non-market debt. Approximately \$477 billion or 80% of the debt is in fact market debt. Because the total is so high our percentage of GDP is approximately 73.1%, which has since been revised down to about 71%. Some market analysts actually put our GDP to debt ratio at about 68%, primarily due to the growth in the economy.

We will recall recently that when the Prime Minister was in New York he chastized money market traders who buy and sell the Canadian dollar. He called them the men in red suspenders. He was

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upset because Canada's fiscal house was in order, the fundamentals were the best of all the G-7 nations, and yet the dollar continued to be discounted.

Unfortunately our debt is high relative to our G-7 partners and the traders have noticed. We have no choice but to commit ourselves to a steady reduction in the absolute amount of the debt.

Some economists feel that the economy will grow us out of our debt difficulties. However, if one is to commit oneself to the virtuous circle, one needs to make an absolute commitment to debt reduction.

With the greatest respect, I do not believe that merely letting the economy grow us out of our difficulties is an answer. There are at least two significant reasons beyond interest rate fluctuations for that view. The first is the diminished size and role of government in the lives of Canadians. The second is the wild card effect of a rogue provincial government.

When the people in red suspenders look at Canada they are not only looking at federal government debt. They are looking at national debt. The provinces contribute to the national debt. In fact, if we add the provincial debt to the federal debt, it virtually adds up to 100% of the gross domestic product. If every man, woman and child worked in this country for an entire year they might pay off the debt.

• (2025 )

Canadians have been saying in a variety of ways that there is too much government and too much overlap. In some measure the government has listened and has devolved or even abandoned areas of jurisdiction to other levels of government. The House has vociferously debated those things, but even after the cacophony has died down this is a reduced federal government, a reduced entity.

The net effect of the role of government, therefore, in terms of GDP is a reduced role. The government plays a significantly reduced role in the gross domestic product and the red suspenders crowd has noticed.

Another reality is the role of provincial government national debt. New Brunswick, Saskatchewan and Alberta have all balanced their budgets and are not contributing to the debt. However I cannot say that for Ontario.

Ontario will over the course of the mandate of the current government add \$30 billion to the national debt. It is a charter member of the flat earth society. It expects that the provincial economy will grow its way out of its difficulties. This is a terrible waste of a time of prosperity. It is as if we have learned nothing. We have learned nothing from the Mulroney years where there were periods of prosperity which were squandered.

The men in red suspenders have taken note and Canada does not get enough respect, a la Rodney Dangerfield, because Canada is far

from out of the woods when it comes to the management of the national debt.

The federal government, to its credit, paid down \$13 billion of market debt last year. In addition, it did not go to the market for any new debt. It reduced the ratio of foreign debt as a per capita and a per cent of the overall federal debt. It is on the way to becoming a master of its own house.

However, certain provinces have not seen the light, in particular the province of Ontario. The good efforts of the federal government may well be offset by those provinces. The men in red suspenders, I anticipate, will have a few more profitable years.

The federal government wants the ratio down from 73% over the course of the mandate to a low 60% or 50%. A number of private forecasters have in fact said that will happen. For instance, CIBC-Wood Gundy predicts that even if the contingency reserve is not used there will be an absolute reduction in the net debt by about \$20 billion over the next two budget years.

Instead of a debt to GDP ratio of something in the order of 70%, it will be down around 59.7% according to that private forecaster. It is good news indeed and something that the red suspenders crowd should notice. However, it will not have any impact on the dollar unless provinces make similar commitments. Spending one's way to prosperity does not work. Tax cutting one's way is equally foolish.

Books that balance is a laudable achievement but a balanced approach to debt reduction makes the budget even better. Building into the budget a contingency is prudent. Committing to debt reduction on a straight line basis is even more prudent. Diminishing the per cent of debt to GDP is more prudent again. However, balancing to other compelling priorities is the most prudent thing a government can do, and to heck with the red suspenders crowd.

**Mr. Steve Mahoney (Mississauga West, Lib.):** Mr. Speaker, I am pleased I am not wearing my red suspenders this evening. I congratulate my colleague from Scarborough East for some thoughtful comments on the budget, on the state of the economy and on where we are going.

• (2030)

I want to specifically talk this evening about one page in this budget that I think is equally as telling and equally as important in laying out what this government thinks about turning the economy around and moving forward. It is page 127. While I certainly would agree with my friend and my colleagues who have spoken about the significance of a balanced budget and what that will do to the overall economy, what happened on page 127 will go an enormous way toward bringing fairness to our economy and increasing the revenue not only for the federal government but for the provincial government which we constantly hear talking about how it has

been cut back and it is always moaning, at least in the case of the province of Ontario, which my friend has referred to.

The reality is page 127 of this budget will indeed put more money in the hands of Ernie Eves in the province of Ontario and all provinces. Perhaps even more important than that, it will put more money in the hands of average Canadians. The heading is Tax Fairness: Tackling the Underground Economy.

There have been studies done on the underground economy. We all know what we are talking about. If you do this for cash we will not pay the taxes. We will give you a special deal if we pay you under the table. We know this goes on. We also know, and I think we should admit, that a tax regime that is too high and does not put fairness into the system will drive the economy underground.

Page 127 in my estimation goes a long way toward tackling and fighting the battle of the underground economy. It goes on as follows:

Tax evasion through participation in the underground economy penalizes honest taxpayers. The federal government has a comprehensive strategy for addressing this problem. This budget announces additional measures to reduce the underreporting of income.

Federal departments and agencies will begin issuing information slips for contract payments made from January 1, 1998 as will federal crown corporations effective January 1, 1999.

The various associations involved in the construction industry have been concerned with competition from the underground economy for some time.

I might add that it is the construction industry that actually tackled the underground economy head on. It came united with the private sector, with the labour movement and with academia. It came united to this place and said it had a plan that will fight tax evasion in the underground economy. This was not something that was dreamed up in the finance department. It was not something dreamed up by a committee of parliamentarians. It came from the men and women who work in the industry on all sides. I really congratulate them for their foresight.

The budget page goes on:

In response to their concerns, the 1995 budget implemented a voluntary reporting system for the construction industry.

More recently, key industry associations, including the building and construction trade department of the AFL-CIO and the Interior Systems Contractor's Association of Ontario, have indicated that the reporting system to be effective needs to be made mandatory.

The private sector and the unions came forward and said voluntary is not working, they need this to be a mandatory reporting system.

In conclusion on this page:

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Effective January 1, 1999, reporting of construction contract payments to Revenue Canada will become mandatory. The federal government will consult with industry to ensure that any industry compliance costs are minimized and the system is effective.

In perhaps a little more plain English what this simply means is that if contractor A wins a contract for \$1 million and decides to sub it out to three contractors, B, C and D, for \$300,000 each and pocket \$100,000 for doing it, that is perfectly legal. We have no problem with that. What this budget change will do is ensure that contractor A must not only say that he has offloaded \$900,000 worth of revenue but now in a mandatory prescription he must say who exactly he is paying it to.

• (2035)

Heretofore what would happen is that contractors B, C and D would have the option of taking that \$300,000 in cash, maybe even discounting it and doing the work for \$250,000 and avoiding taxes.

We are not just talking about a sales tax. We are talking about the ability to avoid employer health tax which would be an enormous loss in revenue to the provincial government here in Ontario. We are talking about an ability to avoid worker's compensation premiums, extremely important particularly in the construction industry.

What this does is give some security and some assurance to the men and women who work in the construction industry and let us face it, most are men but there are also more and more women coming into the business. It gives them the assurance that they need not worry about getting injured on the job and then finding out that their employer ducked the responsibility of paying the workers compensation premiums.

It really makes the entire process transparent. I think it is an enormous step to put this mandatory reporting system in place. I think we will see over time. Rather than simply guessing at the figures, I think we should monitor this and the people in finance should monitor this to see exactly what it does to the revenue base of this country.

It is my belief right across the country we will see an increase but we will also see greater protection for our workers. One of the reasons that this is important is there are tens of thousands of people who work in this business in the construction trades. Whether we are talking about carpenters, electricians, boiler makers, pipefitters, formers, we are talking about labourers, it is tens of thousands, hundreds of thousands of men and women across this country.

Until this change was brought in by the minister of finance in this budget, they were simply at the mercy of some of the companies. Not all of them were. I do not want to cast aspersions across a broad perspective or suggest that everybody in the construction business is avoiding taxes. I do not think that is true. I do not think that is fair.

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This amendment came about as a result of the efforts of people like Joe Maloney with the Construction and Building Trades Council here in Ottawa. A number of people along with Joe, his colleagues, did their homework. They explained to us on this side of the house how important it was.

I know one of the concerns was that business would come out and say you cannot do this, it is more red tape for business. But ask a simple question. If a business does not want to disclose a contract that it just received the question is why. What is it trying to hide? What is it trying to avoid? There really is nowhere to hide in this. It is transparent and it is fair.

On the issue of what it means in our communities, let me just tell a little about my riding Mississauga West which is fundamentally a bricks and mortar economy. Certainly we depend on the auto industry, just like many other parts of this great country, and we depend on software companies. We are known for pill hill where all the pharmaceutical companies are, in the north end of my riding.

We are, if nothing else, a bricks and mortar economy and as the construction trades win a contract they then put into practice a process that leads to the development of new communities, industrial, residential communities. Out of that comes everything a family needs when it moves into a home, everything a business needs when it opens in a new industrial complex, and it goes on and on.

It is a snowball rolling downhill and it all starts with an amendment like the one on page 127 which brings fairness to the economy, which helps to fight the underground economy, ensure that employees, hardworking men and women in the construction trades, are protected, and ensure that government gets its fair share so that we can continue to provide the services Canadians want and indeed deserve.

• (2040)

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ):** Mr. Speaker, I am very pleased to take part in the debate this evening. My speech will reflect what my constituents think of the budget.

I asked my constituents whether this budget was supportive of regional development or not. The first finding is that it is a standardizing budget. The government decided to treat all the regions of the country in the same way, regardless of their specific circumstances. The only exception is northern Ontario. Everywhere else in the country, the proposed measures have a standardizing effect.

Yet, in the case of the employment insurance surplus, the government could have said "Some regions are in a more difficult situation as regards employment. We will show some innovative spirit". For example, the government could have allowed businesses and employees in high unemployment areas to stop paying employment insurance premiums and make up for the lost premiums by dipping into the surplus. After all, it is these workers and these employers, along with those of the other regions of Canada, who generated this surplus. The government could have allowed people in high unemployment areas to stop paying premiums, so as to promote employment. But there are no such initiatives. There are no specific measures to give all Canadians the same opportunities to find work.

The budget reflects a neoliberal philosophy. It is in keeping with the practice started by the Conservatives and perpetuated by this government, by the current Minister of Finance, to the effect that the market will regulate everything. We see the result of this reliance on the market. We now have a situation where there is high unemployment in some regions, in spite of an improved economy.

The situation of some people is getting worse all the time. More and more people end up on welfare, mainly because of the restrictive employment insurance rules put in place by this government, as part of its fight against the deficit. We now have a surplus, but the government refuses to budge. Those who made sacrifices are not the ones eligible for the benefits generated by this surplus, and I think the government will be judged very severely on this issue.

The millennium scholarship fund is another element which I considered in the context of regional development. Will this fund be a good thing for Canadian regions?

We have to realize that the province of Quebec has developed an education system where regional universities, such as the Université du Québec in Chicoutimi, for instance, or in my region of Rimouski, and the general and vocational colleges called cegeps are funded by the provincial budget, a part of which is made up of transfer payments coming from the federal government.

For example, since 1994, for each dollar the Quebec government has had to cut, 75 cents were because of the decrease in federal transfer payments. This year, we had hoped that with the surplus the provinces would get a break and receive more money for health and education. But that is not the case.

What really upset our regions was to see that the surplus was used for the millennium scholarship fund. A marvellous program that will provide grants to students, mostly in the other nine provinces, where the student debt level is very high. These grants will surely be welcomed. In Quebec, however, we already have a

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student loans and grants program. We already provide grants, which explains why the average student debt in Quebec is \$11,000 compared to \$25,000 in the rest of the country.

One can understand why the residents of the nine other provinces have asked for a grants program, such as the one that has been in place in Quebec since 1964. The program is in place. On this issue, the sovereignists, the Liberal Party of Quebec, the student federations, university presidents, all of the stakeholders in education want the same thing. They want the money to go to the Quebec government so that it can be added to the existing program which—the evidence is there—is the best one to keep the student debt load down and to provide well balanced funding in the area of education.

So, millennium scholarships will be granted to students, but where will these students choose to study? If the Université du Québec in Rimouski does not have the necessary funding to ensure its future, if it is unable to develop interesting programs to attract the students, these students will go and study outside their native areas. It is like the Hygrade sausage complex. The less money universities have to offer interesting programs, the less students go to these universities and the less funding these universities will get.

● (2045)

It is this vicious circle that the government should have broken by putting money back into transfer payments. However, this is not in the budget. Therefore, it is a budget against regional development.

I was saying this was because of standardization; I am also saying this is because of the federal government's intrusion in the education sector, as there is no other reason for it than visibility. Indeed, the prime minister has admitted here, in response to a question by the member for Lac-Saint-Jean, that the government was doing this so that people could see where the money was coming from.

This could have been done in another fashion. The government could have given the money to Quebec and ensured it was known that it was coming from transfer payments. This type of situation was uncalled for. It is a bit like someone who owns a house. You have maintenance expenses to pay, you have made plans to repaint it and, all of a sudden, there is money coming from someone else, from an inheritance or some other source. You are told that, with this money, you will have to build a chimney, a fireplace. You say this is not what you need, that you have to repaint the house. The person who lends you the money says that it is for the chimney and nothing else. This is not doing a favour to the homeowner.

It is the same thing here. The federal government is not doing a favour to the provinces by not allowing them to get some money for their education and health sectors. This has a major negative

impact in our regions. This further contributes to depopulate the regions. Students will go elsewhere and we will have less chance of seeing them come back home.

I think there is a principle here that this government did not put forward at the beginning. Quebeckers and Canadiens had the right to live in their region, to develop the human and financial resources available to them, and to promote interesting life environments, without people being displaced from one end of the country to another for no reason. The market alone must not dictate what happens. This cannot be the choice to be made in our society. There again, the budget is not interesting.

The holiday on EI premiums for employers hiring 18 to 24 year olds is a pretty good thing in terms of visibility but in reality it could have consequences for a small business with only four, five or six employees. What small business will create a job paying \$20,000 or \$25,000 a year in exchange for a premium holiday of \$800? This is not the way to generate growth of the economy.

What was needed was a more general reduction of premiums representing a significant amount of money for a business. This would have generated enough growth to promote job creation. A small business of 20 employees that could save \$10,000, \$12,000 or \$15,000 in EI premiums would be interested in creating jobs. The government could also have also required that the premium holiday be applied to the hiring of young people. This could have been an interesting requirement but the government's initiative lacks that kind of originality.

The last thing I would like to say is that as early last January, I told my constituents to watch to see whether the government would introduce measures in the coming budget to address the issue of poverty. There again, the government has failed. It does not get a passing grade. The most effective way for the government to address poverty would have been to improve the conditions of the employment insurance program and allow people to maintain an acceptable standard of living between jobs.

This week, we had clear evidence. Almost 750,000 people, including 200,000 in Quebec alone, had to go on welfare in Canada because the employment insurance program was not adequate or did not provide an acceptable standard of living. The areas with high unemployment were particularly hard hit. I think there is nothing in the budget to address poverty effectively.

I believe that in this year's budget, the federal government missed a fantastic opportunity to give their due to those people who had contributed to the fight against the deficit and to go back to a value traditionally shared by Quebeckers and Canadians, that is a fair distribution of wealth. The budget lacks those elements. For these reasons, I believe that the Minister of Finance should go back to the drawing board.

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In particular, I call upon the Minister of Human Resources Development to review the employment insurance reform so that such measures can be implemented in the future. There is a lot of money in the fund, and each year the surplus will be \$6 billion. There will be a \$25 billion surplus at the beginning of the year 2000.

I will end on that. The government has a chance to go back to square one and ensure fairness in the future, otherwise Quebecers and Canadians could continue to judge the government's budget very severely.

• (2050)

[English]

**Ms. Louise Hardy (Yukon, NDP):** Mr. Speaker, a close examination of the budget reveals to Canadians that this budget fails point by point and initiative by initiative to live up to the expectations and the needs of the Canadian people.

In education, providing only 7% of the nation's students with benefits of the proposed millennium fund, which will be administered by the CEO of Chrysler, for industry to train people for industry ignores the role that education plays in our society.

Instead of reinstating funding for post-secondary institutions, the Liberals have chosen to dole out some money which is desperately needed to a few students who are cash starved and then to offer advice to them on how to manage their debt. They are ignoring the student debt crisis and advancing our educational institutions at an alarming rate.

Even the Yukon, a very poor area of Canada, has recognized the importance of investing in education and for over 20 years has provided approximately \$5,000 for each of its graduating students accepted at an accredited institution. Part of that is for travel and part is for tuition and books.

This is a really poor area of the country that through thick and thin has provided that amount of funding for students. I believe the federal government should match that as well as provide funding for the institutions to make sure that our students and our young people have a place to go and be educated.

The modest increases in transfer payments to the provinces and territories do not begin to restore the cuts made in 1994. The Liberal government is only giving back a small portion of what was taken from Canadian people.

Saddest of all, this budget ignores the poor people of our country. It has nothing for the poor and the minimal tax breaks announced will for most families amount to less than \$500 in tax relief a year.

It will not take the elderly poor off the tax rolls. Over and over members of my community ask why, when they get so little, they

have to pay so much in taxes. That is income taxes and the GST. People are struggling to make ends meet. Gone are the days when the single income would support a family.

This budget is a reflection of free enterprise government, a government willing to transfer responsibilities for governing this country to large, private corporations or business associations.

The Liberals have created fundamental shifts in the building blocks of this Canadian society. Canada is running toward a society where the protection of profits and corporate rights are paramount to the protection of our individual rights, our culture, our health, our social and our educational institutions.

This budget confirms the direction of policies that select a few to thrive and prosper while the rest sink and suffer. An important aspect that we are missing in the debate is the original causes of the huge government deficit.

The finance minister stated that never again will we let old habits return of defining bigger government as better government or believing that every problem requires another program.

What is happening is the denying of anything more than a minimal role for government in the economy and a minimal role for governing our country, a government that believes only private companies and market forces will bring employment and prosperity to Canadians. This is not true. It has brought only poverty, not prosperity.

The liberal Conservatives or conservative Liberals running the government are believers in high unemployment but low in stable inflation and low in stable interest rates as the tools for profit oriented companies looking to take over the role of government in society.

The Minister of Finance is preaching a misleading hypothesis that deficits have been caused by extravagant, big-spending government and the only cure was to cut back. Who was cut was the poor and middle class.

The deficit came from high interest rates, overspending and support for very big business and high unemployment. A Statistics Canada study indicated that the rise in deficits came mainly from high interest rates to a Bank of Canada obsession with zero inflation.

An Alberta former civil servant explanation of the deficit is government overspending on business support while slashing health and education that was the real cause of the deficit.

• (2055)

Montreal economist Harold Chorney argues that high unemployment with its loss of revenues and social costs has created far more debt than social spending. The above explanation seems to be shared by the finance minister who said that only a quarter of the



savings that cut the deficit came from program cuts. Far more were due to low interest rates, growth and raiding the UI funds.

There is no balanced budget with the present government policies. There was a drastic shift of federal government deficit to the provinces through federal transfer cuts, then to municipalities and finally to individual Canadian families. We see the consequences of these policies in our health system, our education system, in UI benefits that are no longer available, in housing that is no longer there and in the total loss of a whole generation of young Canadians.

Canadian priorities and the priorities of the NDP are being ignored by Liberals. There are no new job strategies, no support for education or health infrastructure and no indication of a fair tax system. Our priorities for the federal budget are to make full employment the primary goal of government and to make a real commitment to addressing the cost of education. It is not a sustainable policy to provide a student with small financial relief if the universities are not being funded and are forced to increase tuition costs to counter government cutbacks.

We want strategic investment to rebuild health care and targeted direct tax relief. This government must stop taxing the poor and the elderly who live below the poverty line. We want targets for the elimination of child poverty as many countries do not accept the level of poverty we accept. Our country is wealthy and we do not have to accept poverty in our midst. We want to rebalance taxes to achieve greater fairness and advance broader goals. We want to see government bring the people of Canada to the centre of government policies.

Between 1993-94 and 1996-97 government budgetary revenues increased by \$24.9 billion. Of this increase, 48% was due to personal income tax. Corporations through corporate income tax paid \$7.6 billion or just 30%, a clear indication that the federal government is squeezing the people of this country.

To reward Canadians for their individual contributions to the reduction of the federal deficit, the government reduced federal cash transfers to the provinces for health care, education and social assistance from \$18.7 billion to a floor of \$12.5 billion.

The Yukon has already faced a reduction of 11% in just one year which comes at the very time of a major closing of a mine in the Yukon and absolutely devastates its economy. The federal government is not willing to do anything to recognize the hardship and strife of Yukoners. This is compounded by changes to the EI system where people are not eligible and will not be relocated out of the north to places where they can work.

Canadian living standards are falling. An ever increasing slice of the family budget is consumed by income tax. Twenty-two per cent

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of Canadian families spend their budget on income tax. The federal government has been taking a bigger slice of Canadians' income but there are still hundreds of rich Canadians who are very good at not paying taxes.

Recent figures indicate that 230 individuals who earned at least a quarter of a million dollars did not pay income tax. Another 1,520 who earned between \$100,000 to \$250,000 a year did not pay any tax. These figures provide a very good picture of the growing disparities in our country. It is clear that the Liberals are not reinforcing the foundations of an egalitarian society at all.

The minister needs to look back to students with high debts and no jobs, back to those waiting for surgery, back to working Canadians who are slipping economically and socially, to those who are not working and who cannot even get UI. The federal government says that it has won the war on the deficit but its policies are based on the need to make corporations profitable while the social and economic costs are not a concern.

Let history record that the Liberals tore up the just fundamentals of our society and that the deficit was defeated on the backs of Canadian people and the fundamental tenets of a caring society.

• (2100)

Numbers and words say this budget is balanced, but is our country balanced? Poor regions are sinking into poverty and they are taking the young and elderly with them. This budget makes sure it will stay that way.

**Mr. John Bryden (Wentworth—Burlington, Lib.):** Mr. Speaker, it is a pleasure to rise in this debate.

My remarks by coincidence are going to dovetail to a certain extent the remarks of the member for Mississauga West. The member was commenting that one of the provisions in the budget is the mandatory reporting of construction contracts which would help solve some of the problems of the multibillion dollar underground economy.

The member for Mississauga West was saying that this change in the budget came as a result of lobbying by members of the construction industry, the unions and so forth. I do not doubt that these groups lobbied, but I happen to know that a colleague of the member for Mississauga West, the member for Mississauga South, was a very strong champion throughout the previous Parliament in addressing the issue of the underground economy. Indeed he moved a private member's motion that addressed among other things the possibility of bringing transparency to the reporting of construction contracts as a means of solving the problem of GST evasion.

This is one of the things I like about the budget. We on all sides of the House should admire this budget as it is very much the MPs'

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budget. As we look through it we find many instances where the finance minister has heard MPs and made the appropriate changes.

I am thinking for example of the restoration of funding to the Medical Research Council. There was an enormous movement inside the Liberal caucus asking for this funding to be restored. I do not doubt that members on the opposite side also campaigned to restore this funding.

Similarly there was a concern on all sides of the House about the problem of student debt. This budget has provisions which will help alleviate the problem to some extent for students who have found themselves burdened with enormous debts at the conclusion of their studies.

I too had input into the budget and had hoped that the finance minister was listening to me. I must say that after reading the budget I was disappointed to a certain degree because I have long been a champion of cutting back on the GST. Reducing the GST by even one percentage point in my view would be a very positive saving for Canadians, particularly because of the underground economy. In the previous Parliament I was very concerned about the amount of money that was being lost to government coffers and to the economy at large because of unreported work and the resulting unpaid taxes.

I was disappointed for a short while in what I found in the budget, but then I encountered that portion of the budget which dealt with the elimination of the 3% surtax for all those Canadians earning incomes of less than \$50,000. The more I looked at this provision, the more I realized the government had come up, if I may say so, with its own novel answer to some of my own concerns. I do not remember at any time before the budget was actually brought down a debate at least in my own caucus about getting rid of the 3% surtax.

When we examine this initiative we can see that there is some genuine wisdom on the part of the government. By limiting the elimination of the tax to 13 million Canadians whose income is less than \$50,000, what we are in effect doing is putting more money in the pockets of not only less better off Canadians but also younger Canadians.

The reality is that those who earn more than \$50,000 are likely to be the more affluent Canadians and more likely older Canadians who have established households. They have boxed their worldly wealth and are probably enjoying retirement and perhaps leaving the country to take holidays down south. Younger Canadians on the other hand, those earning less than \$50,000 are the ones who are going to be buying consumer goods. They are going to be buying automobiles, refrigerators and new homes. They are going to be stimulating construction.

• (2105)

When we think of the elimination of the surtax in this context, that it actually puts money back into the pockets of consumers,

what we see is a very efficient way of not only stimulating the economy but getting maximum value for the tax cut dollar which has been put in place.

When these young people buy things, it creates jobs. It creates employment. It creates salaries for people who will in turn pay taxes. The tax cut which is involved in eliminating the 3% surtax has enormous repercussions throughout the economy.

Particularly after the remarks of the member for Mississauga West, I realize that the government in its wisdom has found a better solution than I had thought of with respect to the underground economy. It is stimulating younger Canadians to purchase by eliminating the surtax instead of simply taking a percentage point off the GST. That would have been an across the board tax cut. It would not have been half as effective as eliminating the 3% surtax.

It is very important not only to praise the government and to look at what was done in this budget, but also to look ahead. We have to tell the finance minister at this early stage what we would like to see in the next budget.

I regret that sometimes the opposition members focus only on criticizing what is already on the table and what is already very good. They should be looking at this debate as an opportunity to make suggestions to the finance minister on what we can do next year. He listens.

In fact I will give an offhand compliment to the Reform Party. The Reform Party embarked in 1993 on a deficit reduction platform and continued the deficit reduction campaign. If the NDP had been the official opposition, there is no doubt in my mind that the finance minister would have perhaps within his own caucus had more of a struggle with the very good and tough medicine he came up with. Even the Reform Party shares in the success of the finance minister's budget, and so it should be.

Let us look ahead. I am very interested in finding novel ways in which to make the economy run more efficiently. One of those ways is for the government to address those sectors of the economy which have been overlooked for decades. One of those sectors is the not for profit sector.

Some people would be amazed to realize that the Canada Business Corporations Act has fairly stringent reporting requirements for profit companies, yet it requires virtually nothing of not for profit companies. For example, not for profit companies are not required to prepare financial reports on an annual basis, as are for profit companies. There are no standards set for not for profit companies to prepare financial reports for their own members. There are problems.

Some of the not for profit companies are very large. Many charities are not for profit companies. Large entities such as the Canadian Automobile Association are not for profit companies. These companies take in millions of dollars a year, yet the

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government requires no financial reporting to government of their activities. There are no mandatory standards on how these not for profit companies should report to their memberships.

It is amazing to realize that the Canada Business Corporations Act does not even require not for profit companies to use a qualified accountant or auditor to prepare financial statements for their members. Literally anyone can do them. There is a lack of transparency. I could go on.

• (2110)

Even Revenue Canada has no way of adequately tracking the financial activities of not for profit companies. Such reports as are required of these companies to Revenue Canada are not public documents.

I would like to see the federal government take careful aim in the next budget at the not for profit sector and rewrite the Canada Business Corporations Act. It should require of the not for profit sector the same standards of financial transparency as are required of the for profit sector. Since the not for profit sector deals with an area of the economy in the billions of dollars, I think it would be a very positive measure for the next budget.

**Mr. John Herron (Fundy—Royal, PC):** Mr. Speaker, it is with pleasure that I have this opportunity to speak on the 1998 budget.

This budget represents a lost opportunity for Canadians. It is a lost opportunity for us to actually change course in the direction we have had within our economy.

I will be speaking over the next 10 minutes about our plan for growth and what we should have seen in the budget. It is the plan presented by the member for Sherbrooke, the leader of the Progressive Conservative Party of Canada. He is someone who will be the best prime minister we will ever see in this country in a few years from now.

We need a plan for growth in this economy. A plan for growth based on less tax and less debt will ultimately mean more jobs and more money back into the pockets of Canadians.

Budgets are supposed to be a reflection of our values and our priorities. I find it very difficult to understand that this budget has not provided tax relief to the middle and lower income Canadians. By that I mean as a society, within this budget we are saying it is acceptable to tax someone who makes \$7,000 per year, \$14,000 less than the poverty line. We are saying as Canadians that it is acceptable to tax those individuals.

We need a plan to grow our economy so that more individuals, middle and lower income earners, can actually participate in the economy to the degree they are capable of doing it.

It is not just the Progressive Conservative Party that actually understands that we need a plan for growth in our economy. I would like to make reference to a press release sent out by the Canadian Chamber of Commerce on February 24, shortly after the budget. The Canadian Chamber of Commerce challenged the government to draw up a detailed fiscal framework for the new millennium based on clear criteria for growth, competitiveness and opportunity rather than arbitrary commitments to allocate half the surplus to spending and half to debt reduction and tax relief. We need to deal with it more strategically.

I am speaking on behalf of the citizens of Fundy—Royal. Actually the chairman of the board of the Canadian Chamber of Commerce, Gerry Pond, happens to be a Fundy—Royal resident. What he is saying can actually be incorporated with the initiatives we have put forth in this budget.

Before we actually start talking about a surplus or perceived fiscal dividend, I think it is very healthy for us to actually examine whether we have a surplus in the first place.

Members probably know as they may have heard when we were out campaigning back in the month of May leading up to the election on June 2 that there is a \$14 billion accumulated surplus in the employment insurance fund, \$14 billion. I know the member from Kings—Hants and the member from Chicoutimi understand that that money belongs in the pockets of Canadian taxpayers. The chief actuary for the EI fund maintains that the EI fund is sustainable at \$2 per \$100 of insurable earnings as opposed to \$2.70 where it certainly lies.

• (2115)

There has been a lot of debate on whether lowering job killing payroll taxes will actually have a jolt in terms of job creation. One does not have to take it as my word. In this very same press release the Canadian Chamber of Commerce stated that if the premium were a \$1.95, which is even lower than the \$2 I mentioned, instead of the present \$2.70 per \$100 of insurable earnings, every medium size company across Canada would be able to hire at least one more person. Those are not my words but those of the Canadian Chamber of Commerce.

We need to put more disposable income into Canadian taxpayers' pockets. I would like to quote the member for Sherbrooke who understands this initiative. He stated that the message the Prime Minister and his government seemed to be sending to Canadian taxpayers was that he knew how to spend their money better than they did. The truth is that less taxes and less debt means more growth and more jobs for Canadians and more money in the Canadian taxpayers' pockets.

The government actually maintains that there is tax relief within the budget. The average amount of tax relief for a low or middle

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income earner in Canada is about \$80. That represents a cup of coffee a week. As the hon. member for Kings—Hants pointed out it would represent one a month if you go to Starbucks.

We are actually pledging as one of our primary first initiatives to raise the personal exemption on the income tax form from \$6,500 to \$10,000. That one initiative alone would take two million off the tax rolls overnight, two million Canadians who should not have been there in the first place.

We are also calling for an initiative that actually kills the 3% surtax, the deficit elimination surtax, as the budget is now perceived to be balanced. We can actually put more money back into Canadians' pockets.

Before I go further I want to point out that we have a balanced budget. We should say bravo, that is good for all Canadians. It ensures that we are headed in a better direction and that we will not continue to mortgage the future of younger generations any further. We have a debt of \$600 billion. The younger you are, the higher proportion of the debt you have to repay. It is fiscally immoral to pay for today's programs with tomorrow's moneys.

We need to ensure that we never go into the spiral of deficit spending again. I challenge the government to bring in a balanced budget legislation with teeth. One of our proposals within our plan for growth, which the member from Kings—Hants was instrumental in developing, was to ensure that if we do not balance the budget we would cut the salary of the Prime Minister and the salaries of the cabinet ministers if they failed to reach their actual targets. That is the minimum we owe Canadians.

The balanced budget initiative has been a result of almost 15 years. As pointed out in the *Economist* magazine's year end review, Canada's balanced budget is largely due to structural changes in the Canadian economy implemented in the late 1980s and early 1990s. It pointed to tax reforms, privatization and making our economy that much more cost effective, or free trade as the member of Kings—Hants pointed out.

Meanwhile the Liberal government has balanced the budget on the backs of Canadian taxpayers by only having the courage in leadership to cut Ottawa bureaucratic spending by a mere 9% while cutting transfer to the provinces for health care and education. These are the priorities of the Liberal government. Yet it actually maintains that its priorities are health care and education. It gutted health care and education by over 35%.

Over the past five years the government has taxed and cut indiscriminately. The advent of a balanced budget does not give the authority to tax and spend indiscriminately. Canadians have made their priorities clear: increased job creation, the protection of health care service and investing in young people's future through education.

• (2120)

Canada needs a plan for growth. In the budget the government had an opportunity to outline some positive measures to make our economy grow, and that starts with real, meaningful, across the board tax relief.

I apologize to the 410,000 unemployed young Canadians that I am leaving youth to the end of my speech. In terms of our economic spending we almost forget about our youth. When it comes to student debt, I understand that back in 1993 in Atlantic Canada there were nine students who actually had a student debt of over \$30,000. Today there are 904 students who have a debt of over \$30,000.

If we do not actually provide the funding that today's younger generation requires to ensure that they have access to post-secondary education, and we do not have a lower tax regime so that once they graduate from university they actually have a chance to seek a job and have some opportunity, the brain drain we talk about will turn into a brain train.

I challenge the government to actually provide Canada with a plan for growth through less tax. Less debt means more jobs and more opportunity for young Canadians.

**Ms. Carolyn Bennett (St. Paul's, Lib.):** Mr. Speaker, it is with great pride that I am able to speak to the budget, especially after my week back in the riding of St. Paul's where it was very clear that the people of St. Paul's and indeed the people of Toronto were extremely grateful to the Prime Minister and to the Minister of Finance for their leadership in what they felt they had asked for, in what they had voted for and in what had been delivered.

I would like to thank the people of St. Paul's and all other people of Canada. Everybody knows that over this past four years there had to be tough decisions. Those people have paid in ways that they felt hard. They are very relieved that the days of cuts are over.

The comments I had on the budget back in Toronto were that it was thoughtful, intelligent, practical and compassionate. It exceeded people's expectations of how well the pulse of the people had been taken.

As has been said before, it was not only a balanced budget but it was a budget that demonstrated balance in its being able to deliver new programs, debt reduction and strategic tax relief. The people felt relieved.

It was a great privilege last week to see my predecessor, John Roberts, who was ecstatic that we could actually reach a time where Jeffrey Simpsons from the *Globe and Mail* could actually applaud a Liberal budget. His quote was:

As a long-standing and often acerbic critic of federal budgets, let me switch gears completely. This week's budget was the best in a generation. Here's why: It got priorities roughly right. It helped redefine the proper role of government in a modern

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economy. It balanced revenues and expenditures. It opted for prudent forecasts. It resisted the temptation to spend gobs more money in the wrong areas—

It contained modest tax cuts. It was a balanced budget. It provided additional spending in the right places and avoidance of foolish spending. It adds up to the best budget in a generation and it sets a stage for what must come next, lower taxes and less debt.

The budget has been called an education budget. It was interesting to see the faces of our Reform colleagues at the HRDC meeting last week when Frank Graves of Echos Research came to present his data on what Canadians wanted with respect to the role of the federal government in training and education. Well over 59% of Canadians said that the federal role must be increased and 21% said that it must at least remain the same.

It was interesting that the sentinel piece of the budget is indeed the \$2.5 billion millennium fund which the Prime Minister promised to Canadians. When we look around the world in the year 2000 we will see that lots of countries built buildings and great monuments to themselves. This country will be seen to have created a legacy in terms of the future of our young Canadians.

• (2125 )

Life-long learning is indeed the future. As we see people perhaps requiring four careers in a lifetime, the ability to go to university is one of the biggest things we can give.

Last week at a skating party in St. Paul's Ken Dryden came to sign autographs and was able to talk to people about what we were raising some money for in terms of the three out of the cold programs in our riding.

Mr. Dryden actually has his own scholarship fund where every year he is able to fund six young Canadians. He chooses young Canadians from either group homes or foster homes. He says that the hardest thing is to read those 75 applications for those six precious spots and realize that every one of those extremely special young children has demonstrated with very little family support an ability to go to university. He would love all 75 of them to be able to go.

It is interesting to look at the other budget items in terms of the RESP and the Canada education savings grant, huge incentives for parents to save for their children's future education.

The tax free withdrawals for life-long learning from RRSPs is important when we realize that the most important indicator for Canadians at 30 years of age of whether or not they are working is whether or not they have been to university. It is something important for us to move forward on. The presence of the university community was felt today on Parliament Hill. University presidents are very happy with the millennium fund, a future investment in young Canadians.

Robert Pritchard from the University of Toronto, where I am on the faculty, said that we could not do a better as a country. He could not be happier for our students because this help will make all the difference in the world to them and their ability to manage the costs of higher education.

As a physician I heard clearly the member for Winnipeg North Centre complaining about no new money for health care. I feel I should respond and say that I am very happy with the direction of the government in health care. The restoration of the CHST to \$12.5 billion is exactly what the National Forum on Health asked for. The additional \$134 million for the MRC, the \$211 million for the HIV and aids initiative, and the \$60 million for the new blood agencies are indeed new money.

The innovative tax relief evidenced in the budget in health and dental care allows self-employed people to proceed with preventive care. The caregiver tax credit is the beginning of a home care plan. Tax credits for training courses for caregivers of dependent relatives with disabilities and helping families with child care show the ongoing commitment and dedication of the government to health care.

I was happy with the 1997 budget where we began with a health transition fund of \$150 million, the innovation fund of \$800 and the national system on health information with \$50 million. These are the building blocks to creating a sustainable health care system for the future.

I believe the percentage of GDP, which is a good marker for countries in terms of health care, is appropriate. At 9.7% for Canada it is clear that the 14.2% in the United States does not give better health care, does not give better perinatal mortality or better health in all the other markers we now have.

I am encouraged. We need principles and values. Then we can form a plan and only then can we cost it out. The health transition fund is helping us with these three conferences, the last of which concluded today on pharmacare, information structures and home care. We still do not have consensus on exactly what is the right thing to do. We cannot in any way allocate budgets until we know what we want to do.

In pharmacare there is still a debate on whether it should be a single payer or whether we should patch the holes in the patchwork quilt. In information structure we know we need an ability to be able to measure quality as we go so that we can then allocate resources appropriately.

Information technology is imperative. We are still overcoming the stumbling blocks of privacy and confidentiality. We must do those things first.

*The Economy*

• (2130)

In terms of home care we need research into health care delivery and we still need to debate who is doing it.

Yesterday the minister of health eloquently articulated the principles and values and the priority of this government to maintain the confidence of Canadians in our health care system. We recognize that when medicare was designed health care was delivered in hospitals by doctors and nurses. Times have changed and we must now evaluate that delivering medically necessary services to Canadians cannot depend on the building in which the care is delivered.

We must move on to a new system so that Canadians do not lose confidence in their system. We as a government are committed to that and we will not allow the slippery slope of two tier medicine that happens when Canadians lose confidence in the system. We have to do our homework. We develop a plan and then together we can go together with the post-budget consultations and plan for the budget of 1999, the health care budget.

**Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Ref.):** Mr. Speaker, the constituents I represent I think have a correct sense that the country is not functioning anywhere near its economic potential. They know they are generally worse off this year than in past years and they know that the average person is not confident about their financial future. Neighbours talk about the weather but soon they break into groans of dismay or sad laughter of hopeless resignation that the federal government just does not care. They are saying that it knows little about their financial realities, the real truth about families and what they face.

My neighbours may not be experts in macroeconomic and the doublespeak of the annual budget speech. However, they did have some reasonable expectations this time around and they were sadly disappointed. It was not extreme but reasonable to desire that the federal government live within its means and not spend more each year than it takes in.

The federal Liberals were excruciatingly slow to get this country to the balanced budget situation, and in hindsight the numbers reveal that the most prudent course would have been a balance last year after the debacle of the Conservatives.

Their government was replaced in October 1993 and the Liberal's spending control really began with the 1994-95 budget. However, like in 1984 when there was a national mood and general public will to quickly get the national finances in order, the Liberal government dithered and we wound up with worse pain and unneeded deeper financial wounds to heal.

There was a big missed opportunity in 1984, and again in 1994 there was brief hope but it was soon dashed with another big disappointment when the Liberals set such an anemic response to a Canadian financial situation that was by then almost out of control. We plodded so slowly toward a balanced budget but we failed to reap the benefits of earned confidence from the international community and we dragged out the pain of internal disruption.

We also achieved a balanced budget through massive tax hikes rather than a more appropriate balance of spending restraint. We got to the right economic position in the wrong way, in a needlessly painful way, especially concerning health care. The Liberal's cut on that national trust was heartless. It reflected their lack of competence to cut elsewhere, to stop the giveaways to favourites. They failed to be realistic with program review concerning measuring the actual results of much of their program spending. Then from a balanced budget Canada is again disappointed.

Setting a right course for budgets is not all that difficult when a government listens and strives to be accountable to the community. The Liberals are weak in view of the national challenges because of that very fact. They are not committed to local community accountability. They have too many vested interests. They care too much about other agendas and they are too weak to control them. The needy average Canadian at the lower end of the economic order becomes only a Liberal afterthought or a mere slogan. The Liberals lack the accountability to what average Canadians want and need, and this is revealed in the numbers of every budget since the election in 1993.

My constituents have told me that they agreed with the opinion of the leader of the Reform Party when he said: "What a disappointment. For the first time in a generation a prime minister could have charted a new course for our country. He could have set us on the path to debt reduction and tax relief, but he blew it".

• (2135)

This is what the Leader of the Opposition said at the first question period following the February 24 budget speech. What is resonating in British Columbia is exactly this, debt reduction and tax relief. It seems that those from the left are also attempting to adopt the notion of fiscal responsibility, albeit with a radical twist.

The NDP member for Qu'Appelle recently made some interesting comments in a newspaper article when he stated: "The party and the left in general now has realized that we have to have now a sound financial base".

This goes back to the CCF and Tommy Douglas. The first thing he preached is that you can't do anything for people unless you have your financial house in order.

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The radical twist is that the NDP now wants the government to allocate large amounts of money on new program spending while maintaining strong fiscal practices.

I would like to suggest to the member for Qu'Appelle that a sound financial base includes debt reduction. We cannot ignore the debt. As of today, it is moving frighteningly close to \$585 billion or more. Canada's fiscal house is not in order. It is not even close.

The Liberals in the last election promised that of the surplus, half would go to new spending and the other half would go to debt reduction and tax relief.

Canadians may have been impressed by this notion, however Reformers knew very well that, like so many broken promises before, this was just another to throw on the heap of promises.

The Liberals promised to make changes to the North American Free Trade Agreement and they did not. The Liberals promised to scrap the EH-101 helicopter deal. At first they did and then the pressure got to them and they were forced to renege on that promise. Then there was the infamous promise to scrap, kill and abolish the GST. They did not.

These were major policy decisions upon which governments are made or unmade, a series of broken promises. I cannot speak for all Canadians, but I can speak for my own constituents in New Westminster—Coquitlam—Burnaby and I can assume that their feelings are similar to those from other cities and provinces and territories. They simply want promises kept. It is as simple as that.

Why is it so tough for this government to understand what is meant by integrity in politics? Government members sit in their seats, smirking, thinking about how wonderful it is to have gotten away with broken promises. They said things to get elected which they had no intention of keeping. These actions will come back to haunt.

I watched the newspapers quite closely following the budget. It was important to me to see how the others reacted, in many cases columnists and financial institutions in the private sector with their finger on the pulse of the nation.

I want to read a couple of the quotes that I pulled from the papers: "The government's approach in this budget falls far short of providing adequate emphasis on debt reduction". That is Ernst & Young's analysis of the 1998 federal budget.

Another one: "Lower tax rates would generate more spending, jobs and income. They would increase Canada's attractiveness for new investment and improve the quantity and quality of job opportunities, particularly among our youth". That was also from the Ernst & Young analysis.

Another quote: "For a situation in which balanced budgets are being forecast for the years ahead, there is not nearly enough relief for overburdened taxpayers who have taken the hits for deficit reduction". That was Neville Nankivell of the *Financial Post*.

From the Canadian Chamber of Commerce: "The federal budget sets its sights on the wrong target by focusing on spending rather than taking strong action to pay down the massive \$583 billion national debt. The federal debt translates into \$19,000 for every man, woman and child".

Canadians are being squeezed to death and they are pleading for tax breaks, yet the finance minister feels that Canadians want more program spending. Did the minister not consult with the average citizen to see what they really needed most and wanted?

Did the average citizen really tell the minister that what was needed was a \$2.5 billion millennium scholarship fund that would only affect 6% of all students in Canada and would discriminate against students who choose open public universities that do not take taxpayer money through direct support?

Did the minister believe that Canadians would accept a tax increase to pay for new program spending of paid day care while discriminating against parents who sacrifice income for one parent to stay at home to look after their own? Absolutely not.

The minister does not care what ordinary Canadians think because they have expanded their discriminatory ways. The only thing that the minister cares about is finding new methods to reclaim the old Liberal ways of spend, spend, spend.

The Reform's budget plan says there is a need to revise the Income Tax Act regulations to end discrimination against parents who provide child care at home and also ensure equitable treatment for one income child care at home.

● (2140)

Thankfully this year's budget is balanced but now is not the time to open up overall spending again. Canada cannot continue down that path. Our fiscal house is not in order. The finance minister cannot claim victory. There is still a tremendous amount of work to do.

Moody's Investor Service of New York has indicated that it is not ready to reinstate Canada's highly coveted triple A rating. It says that the success of this budget was due to extremely good luck due to the upturn in the economy and tax increases. This says to me that the government could have done so much more. Had the government attacked the debt Moody's may have been compelled to boost the national credit rating.

I want to close by saying that though things may not look very good, Reform is not going to give up. In 1993 we came to Ottawa

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with ideas that made sense and they make even more sense now. The vision we have for this country is sound and we have stood by our principles and our promises. We believe in Canada and we believe strongly that it can recover from this fiscal crisis.

I desire to serve to bring a better Canada to everyone regardless of economic situation, and with more economic compassion we can do better as we enter the next millennium.

**Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.):** Mr. Speaker, it feels like a very short time ago, but a little over four years ago I as a newcomer to the House of Commons heard my first budget presentation by the hon. Minister of Finance.

It brought a little apprehension to me because after listening I believed what he was saying. He said that we could do what was necessary to achieve our deficit target of 3% of GDP and we would repair the disaster that was left to us by previous administrations. Naturally I had faith in his plan, a plan that was laid before us. However, I am going to be very honest, there were some reservations.

Why did I have these reservations in my mind? It was simply because I as a student of the political scene had followed the 34th session of Parliament during Brian Mulroney's government and had watched the hon. minister of finance, Mr. Wilson, time and time again make predictions and discover that he was always way off in his predictions. I was a little fearful that maybe that would be a permanent sort of occurrence that happened with every budget.

Fortunately with my faith I knew that we could achieve the target. However, not in my wildest dreams did I think we might be in the position that we are today, balancing the budget so quickly and so far ahead of schedule.

Sure, I am ecstatic about this situation and proud but I am also relieved to see that the promises made back then have been fulfilled and then some. We have a balanced budget and Canadians should be proud. Their efforts and sacrifices have paid off.

Yes, we have all made sacrifices. We all know the vast majority of companies in this country have debts. We know the vast majority of households in this country have debts. However, there comes a time, whether in a corporation, a company, a business or in a household, when some decisions have to be made. We cannot have expenditures exceeding income. That is when the sacrifices have to be made. In a household that is when the husband and wife get together and say they cannot afford this or that and must make a decision. They have to curtail their spending. They decide that the wife will not get a fur coat this winter but will get it when they can afford it.

In other words, sacrifices of that nature had to be made on a personal basis by all Canadians in order for us to achieve the targets that we have in a little over four years.

As a long time educator, I was particularly pleased to see the efforts that were made to improve the situation that faces our students. Improvements for the management of student debt, the provision of tax relief for interest payments on student loans and the granting of increases in funding for advanced research and for graduate students were most welcome announcements.

● (2145)

We all are aware of the fact that we have done quite a few things by implementing certain measures in past budgets as well as this one. I predict that there will be many more measures in budgets in the years ahead. These measures will help many to survive and benefit from their involvement in the post-secondary educational system.

I would like to point this out to all the august members of the House of Commons who are here to listen to my presentation tonight. Just about everything the budget implements has a direct or indirect bearing on the educational development of each and every citizen of this country. Whether they be health, agriculture or industry, whatever measures are implemented will have positive spin-offs as far as learning processes are concerned.

Despite popular support for this educational budget initiative, we are still hearing complaints from the opposition. For instance, Premier Bouchard and his Bloc allies have claimed that the millennium scholarship fund represents interference in provincial jurisdiction. Others also complain about that very same issue. The reality of the matter is that his position is seriously at odds with the sentiment of his constituents.

A survey which was taken last fall by a major polling company indicated that the notion of a scholarship program was widely popular in Quebec, so much so that only 6% of Quebecers opposed the concept of a scholarship fund. This is clear cut evidence that the Bloc and Mr. Bouchard are seriously out of touch with their constituents, as are other premiers of this country.

Last weekend I was very fortunate to have spent three days in Montreal. On Friday night I spent over two hours with four students, three from McGill University and one from a college. They pointed out to me that they were not opposed to any federally funded initiative that would help people in post-secondary educational systems in their province, provided that it was fair.

When I asked for their definition of fairness they said "What is good for the goose is good for the gander. If we can get it, it must be equally available to someone else in another province. Whatever they get in British Columbia we should also receive".



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An interesting point emerged. They felt that fairness could only be achieved through national federal programs. That is quite obvious. When there are as many provinces and partners as there are in this federation, which represent a variety of ideological political positions and which have a variety of strategies for achieving their goals, there will be great discrepancies between and among each and every province.

The only way we can get uniformity and the only way we can maintain a degree of fairness is to have a nationally instituted, initiated, administered program.

I believe the real problem is that Mr. Bouchard has a serious problem allowing young Quebeckers to be aware of the fact that Canada contributes moneys to their education.

Let us take a look at what is happening in the province of Ontario. There have been a lot of complaints about the transfer payments. We know that the 30% tax cut pledge of the Mike Harris government will cost that province \$4.8 billion each year. This represents money that could have been used for education and health care in Ontario.

• (2150)

This tax cut in the province of Ontario amounts to approximately five times more than the federal transfer reductions to Ontario in 1998 and 1999. Rarely does a premier of any province mention the transfer of tax credits which is another strategy we have agreed upon to transfer money directly to the provincial coffers.

Higher and higher levels of education are now necessary in order for Canadians to adequately participate in today's job market. I am not only concerned about the job market, but also about quality of life. It is absolutely essential that we be the guardians of the individuals in this country. That is the main purpose of a government, to protect its citizens, to see to it that their quality of life is enhanced on an ongoing basis, to see that its citizens grow. We must bring about those strategies to guarantee that all people in Canada will continue to progress.

I could go on for another two or three hours talking about all the wonderful things that have happened, are happening and will happen under this government.

[*Translation*]

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Mr. Speaker, like you and everybody else in the House, I am really eager to wrap up this debate, which is of concern to all our fellow citizens, since we are talking about the budget.

I am extremely disappointed by the budget brought down by the finance minister. He is known to be somewhat undemonstrative, with a lack of vision and imagination, as shown in previous

budgets. What we did not know, however, was how little concern the Minister of Finance and his government had for social issues.

Mr. Speaker, you who are concerned with social justice, can you understand how this government, in a context of budget surplus, the first in a number of years, can give no thought to those people who are our society's most disadvantaged and who need the government's help?

I would have hoped to see much greater concern in this budget over the social role of the banks. I would like to give you an example of the situation in the United States since 1977, when the Democrats passed a certain bill. It certainly cannot be said that the United States does not foster freedom of enterprise. Well, since 1977, they have legislation that requires banks to become involved in underprivileged communities.

This legislation annually reviews a public report, which obviously receives a lot of attention from consumers. The report, released in June, evaluates the social behaviour of banks.

Is there one good reason why such legislation would not be well received in Canada? There is one: we need a government that has some backbone, that has vision and that can stand up to the financial world. We know that we are not talking about this kind of government.

Like you, Mr. Speaker, I am a great traveller and, undaunted by a challenge, I went to Washington three months ago. There I met members of the American Banking Association, businessmen and consumer groups and I was told about all the good this sort of legislation brought about.

I got the list of investments. If members want to obtain a copy, I would be delighted to circulate this list. Since 1977, American banks have invested \$356 billion in local communities?

• (2155)

What did Canadian banks do? Throughout the world, conventional wisdom has it that Canada is the easiest country of all for banking. It is a well-known fact that Canada is a very well protected market for bankers.

What has happened in Canada? We have four major chartered banks which have made record profits. In 1994, profits stood at \$4 billion, but they reached \$7 billion last year, and there is no reason to believe this trend will abate. In this context of banks getting richer and richer, with our Canadian borders closed to foreign competitors, banks have resorted to the most drastic streamlining ever.

I remind the House that since 1991, banks have laid off one way or another 10,000 employees. In the next ten years, they are expected to lay off 35,000 more. All of this, when profits are at a record level and the return on common equity has never been so high.

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Why should this Parliament remain indifferent and silent, callously silent, about the social role banks could play? In many communities experiencing a great deal of poverty and unemployment, where it would be important for the banks to get involved in the development of the local economy, banks are conspicuously absent.

Let us take the riding of Hochelaga—Maisonneuve, for example, which I believe you had the chance to visit recently, Mr. Speaker. The number of underprivileged people there is quite high. But I hasten to add that there is also an intense community involvement, so that for each of the existing problems, we have community resources to help individuals through their particular situations.

Seniors in my riding tell me that 20 years ago, we had about ten branches of the various chartered banks. Believe it or not, no more than two are still there. They tell me that there are no banks in Saint-Henri any more. If it were not for institutions like the caisses populaires, it would be impossible for people to access basic financial services.

How can a Minister of Finance responsible for preparing a budget, one with any feelings, remain cruelly silent on the question of financial institutions? Are members aware that, across Canada, there are 600,000 Canadians who have no bank account, because the existing rules demand identity documents, and some branches even require them to have a job, and they therefore do not have access to basic financial services.

I believe that it must be made perfectly clear that the banks have acted like highwaymen, like Shylocks, like thieves, without any respect for consumers. In major cities, there are voices asking that we, the law makers, regardless of political affiliation, take action to get the banks to shape up.

I think that in the next few days, we could adopt a community investment bill, as they call it in the United States. We could give the Superintendent of Financial Institutions the mandate of assessing them on the basis of widely known and accepted criteria; this could be done in co-operation with community groups, representatives from the banking community and the private sector. Banks should have to account every year, in a report which would be made public, for their actions, investments and community involvement.

• (2200)

You know what I am like. I am certainly not someone who shrinks from political life. Faced with the problem of the banks, I introduced a private member's bill that, as luck would have it, is now before the House and should be debated in the coming days, probably in early April.

I call on the solidarity of all my colleagues. Can it be that, for once and for all in the House, we are going to ask the banks to behave like true corporate citizens with a stake in their community? It requires a certain amount of political courage. It requires that we work together.

I have not given up the hope of creating a coalition with a number of members to pressure this government to provide legislation such as they have in the United States.

Mr. Speaker, I need only your support now. I know you support such action, and I am sure that legislation of this kind ensuring social justice will, in the end, be passed in Canada.

**The Deputy Speaker:** Pursuant to order made earlier this day, the motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 10.01 p.m.)





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