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OFFICIAL REPORT
(HANSARD)

Tuesday, December 11, 2001

—
Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Tuesday, December 11, 2001

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

•(1005)

[*English*]

ORDER IN COUNCIL APPOINTMENTS

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to table today, in both official languages, a number of order in council appointments made recently by the government.

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GOVERNMENT RESPONSE TO PETITIONS

Mr. Geoff Regan (Parliamentary Secretary to the 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 several petitions.

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REPORT ON RURAL CANADA

Hon. Andy Mitchell (Secretary of State (Rural Development) (Federal Economic Development Initiative for Northern Ontario), Lib.): Mr. Speaker, I am pleased to table, in both official languages, the second annual report to parliament on rural Canada entitled "Enhancing the Quality of Life for Rural Canadians".

* * *

WORLD WAR I

Hon. Ronald Duhamel (Minister of Veterans Affairs and Secretary of State (Western Economic Diversification) (Franco-phonie), Lib.): Mr. Speaker, hon. colleagues, I rise in the Chamber to speak about the first world war and the fate of some Canadian soldiers, a fate that has been essentially forgotten in the pages of history.

For the young nation of Canada, the promise and optimism that infused the dawning 20th century was abruptly cut short by the first world war. No one anticipated such carnage, or that we would soon be sending young citizens into a war that would see 65 million people from 30 nations take up arms, where 10 million people would

lose their lives and 29 million more would be wounded, captured or missing.

Never before had there been such a war, neither in the number of lives taken, nor in the manner of their taking. New weapons would turn fields of battle into slaughter grounds, while the rigours of life in the trenches would kill many of those who escaped bullet or bayonet.

[*Translation*]

This "war to end all wars" challenged our small country of 8 million to its limits. Almost 650,000 served in the Canadian Forces in the Great War. Over 68,000—more than one in ten who fought—did not return. Total casualties amounted to more than one third of those who were in uniform. Thousands came home broken in body, mind, and spirit.

The service of Canadians in uniform was as remarkable as it was distinguished. History records their sacrifice in places whose names resonate even to the present day. Battle names such as Ypres, The Somme, Vimy Ridge, Passchendaele and Amiens.

Those who lived then and the historians who followed would declare that Canada came of age because of its actions and ingenuity during World War I.

But where history speaks of national sacrifice and achievement, it is too often silent on the individual stories of triumph, tragedy and terror of those who fought and died on the terrible killing fields of France and Belgium.

[*English*]

Those who went to war at the request of their nation could not know the fate that lay in store for them. This was a war of such overwhelming sound, fury and unrelenting horror that few combatants could remain unaffected.

For the majority of the Canadians who took up arms and paid the ultimate sacrifice, we know little of their final moments, except that they died in defence of freedom.

Today I want to talk about 23 of our fallen. I would like to tell the House about these soldiers because these circumstances were quite extraordinary. These 23 soldiers of the Canadian Expeditionary Force occupy an unusual position in our military history. They were lawfully executed for military offences such as desertion and, in one case, cowardice.

We can revisit the past but we cannot recreate it. We cannot relive those awful years of a nation at peril in total war, and the culture of that time is subsequently too distant for us to comprehend fully.

Routine Proceedings

We can, however, do something in the present, in a solemn way, aware now, better than before, that people may lose control of their emotions, have a breakdown for reasons over which they have little control. For some it would have been known today perhaps as post-traumatic stress disorder.

To give these 23 soldiers a dignity that is their due and to provide a closure for their families, as the Minister of Veterans Affairs on behalf of the Government of Canada, I wish to express my deep sorrow at their loss of life, not because of what they did or did not do but because they too lie in foreign fields where poppies blow amid the crosses row on row.

●(1010)

[*Translation*]

While they came from different regions of Canada, they all volunteered to serve their country in its citizen-army, and that service and the hardships they endured prior to their offences will be recorded and unremembered no more.

[*English*]

Allow me to enter their names into the record of the House: Quartermaster Sergeant William Alexander, Bombadier Frederick Arnold, Private Fortunat Auger, Private Harold Carter, Private Gustave Comte, Private Arthur Dagesse, Private Leopold Délisle, Private Edward Fairburn, Private Stephen Fowles, Private John Higgins, Private Henry Kerr, Private Joseph La Lalancette, Private Come Laliberté, Private W. Norman Ling, Private Harold Lodge, Private Thomas Moles, Private Eugene Perry, Private Edward Reynolds, Private John Roberts, Private Dimitro Sinizki, Private Charles Welsh, Private James Wilson and Private Elsworth Young.

[*Translation*]

We remember those who have been largely forgotten. For over 80 years, they have laid side by side with their fallen comrades in the cemeteries of France and Belgium.

[*English*]

I am announcing today in the Chamber that the names of these 23 volunteers will be entered into *The First World War Book of Remembrance* along with those of their colleagues. Adding the names of these citizen soldiers to the pages of this sacred book, which lies in the Memorial Chamber not far from here, will be a fair and just testament to their service, their sacrifice and our gratitude forevermore.

Lest we forget.

Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance): Mr. Speaker, on behalf of Her Majesty's Loyal Opposition, we fully support what the minister has done today. We believe this is not only owed to our veterans but that it is one of the ways in which the great country of Canada can avoid covering up or trying to hide and instead can give recognition where recognition is due.

Canada can be proud of its participation in World War I and of its significant contribution to world peace and political stability. It was also a time when we became a nation. In World War II we were one step ahead in lending support to the allies. Not only that, we made a defining difference to the outcome of both wars.

Many Canadians do not realize that 94 of our Canadians received the Victoria Cross which is awarded for bravery, a daring act of valour or self-sacrifice in the presence of the enemy. Even with our small population, Canada received about 10% of all honours issued worldwide. Let no one ever doubt that Canadians were among the very bravest in the world.

However, as the hon. minister has noted, when we speak of the horrors of war we describe experiences and traumatic events that, even for the best of our soldiers, were very hard to overcome. Every soldier handled the horrors and terrors to the best of their ability. Yet, not unlike today, there were some who were not able to cope with the events.

Today we have toned down the language that was used at that time. What is sometimes referred to today as post-traumatic stress disorder was simply called shell shock or some other negative term. Before that, some soldiers were simply labelled as cowards or deserters but they were not deserving of those titles. That is what the hon. minister has done in bringing this issue forward. Whatever the label, whatever the cause, there exists in our history what might be called a dark spot, but today that dark spot has been erased forever.

Twenty-three of our soldiers who were executed in a foreign land and whose graves occupy foreign soil are today receiving what is rightfully theirs: the formal recognition of their deaths recorded forever in *The First World War Book of Remembrance*.

With this act it is my hope and indeed the hope of the opposition that closure will be given to the families of these individuals to this event in history.

●(1015)

[*Translation*]

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Mr. Speaker, on behalf of the Bloc Québécois, and the entire Quebec nation I am sure, I would like to express our satisfaction with the acknowledgement of the involvement of these 23 soldiers in World War I.

These 23 young men volunteered to defend freedom. They took part in a cruel war, and one we realize today was completely pointless: 30 countries, 10 million dead, 29 million wounded. These young men came to question certain decisions, to wonder about the appropriateness of certain commands.

For daring to think, for daring to question, the cruel law of war, instead of trying to understand them, had them executed, forgetting the months of sacrifice they had given in the service of their country.

Today we are correcting that error, at least in some part, by entering their names among our heroes in the Book of Remembrance.

I would like to encourage their descendants to be proud of these men. I would also like to extend to them the condolences of my party and myself.

I would like to remind them of the words of the great French author, Alexandre Dumas, "Those whom we have loved and lost are no longer where they were, but they continue forever to be wherever we are".

Routine Proceedings

[English]

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, it gives me great pleasure on behalf of the federal New Democratic Party across the country to welcome the veterans affairs minister's comments today in the House of Commons and let him know we support without question the induction of the names of these 23 brave men into the hallowed book of remembrance on Parliament Hill. It is a wonderful act. It is long overdue, but we are glad some closure can be brought today.

One cannot help but think about soldiers, those who die on the battlefields and witness the horrors of war, and notice the courage and bravery these men and women have shown throughout the history of our country.

Courage and bravery are also shown in this room today by the Minister of Veterans Affairs who brings great honour and courage to his department. On behalf of the New Democratic Party I wish him and his family the very best of the holiday season and better health for the near future. May God bless him.

As one who comes from a family liberated by Canadians in World War II, I will also mention the sacrifices made by Canadians. When a young man or woman signs up they do not know what it must have been like until they get there and smell, feel and see the horrors.

Who in the Chamber could say they would not show a bit of cowardice or challenge to authority if someone told them to get out of a foxhole and run toward a bunch of shooting arms in their way? How many of us would have the courage to do that? Unless we are in that situation we do not know what goes through the mind of a young man or young woman.

The names of these 23 men have a rightful place in the book of remembrance. We are proud to stand here today with the Minister of Veterans Affairs to show our support not only to him and the department but to the families of these men. As he said, lest we forget their names, forever they will be honoured in the House of Commons.

•(1020)

Mrs. Elsie Wayne (Saint John, PC/DR): Mr. Speaker, I thank the hon. minister for what he has done today in the House of Commons for these 23 first world war veterans.

It is an honour to rise today and pay tribute to these men. When the Great War began in August 1914, Canada was still in its infancy. In many ways the volunteers who joined the Canadian expeditionary force reflected Canada itself: young, full of innocence and eager to prove themselves.

None of the soldiers, regardless of what part of Canada they came from, could have been prepared for what they encountered. The barrages of artillery and constant machine gun fire that surrounded them always left them wondering "Why am I here? Only for my people back home in Canada and around the world". They constantly waited for the whistle to blow that would send them across the mud fields of the Somme, Vimy Ridge or Passchendaele.

My mother's only brother, my uncle Samuel Cook, was one of those who was in the first world war. He was shot. The bullet went

through his neck, through one side and out the other. However he was one of those who came home.

I had the honour and privilege of visiting Vimy and seeing all the names of those who were lost in the war. Their bodies did not come home. Their names are on the monument. These 23 men walked past friends who had fallen on barbed wire fence and much too often had fallen to death. In the four years of fighting 10 million soldiers were killed and 20 million were maimed.

The war was a psychological nightmare for all. We are not here to debate the 23 soldiers who were executed for military offences. We are here to remember and honour them. They experienced horrors we can only imagine. Even then it is beyond our grasp. We are aware now that the horrors and subsequent reactions were beyond their control. We cannot go back in time to help them through the horrors but we can give these 23 soldiers a dignity that is their due. They were Canadians. They were soldiers. They were men who made sacrifices. Their names should now be included in our *The First World War Book of Remembrance*, and rightfully so.

I thank the minister and the House, particularly at this special time of Christmas. Lest we forget.

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COMMITTEES OF THE HOUSE

FISHERIES AND OCEANS

Mr. Sarkis Assadourian (Brampton Centre, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the fifth report of the Standing Committee on Fisheries and Oceans.

Pursuant to Standing Order 108(2), the committee completed a study on marine infrastructure, small craft harbours.

* * *

•(1025)

PETITIONS

PERSONS WITH DISABILITIES

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, pursuant to Standing Order 36, I present to the House a petition on behalf of a number of Canadians concerning the issue of protecting people with disabilities and the Latimer decision of the Supreme Court of Canada.

The petitioners ask the House under subsection 15(1) of the charter of rights and freedoms to uphold the Latimer decision of the Supreme Court of Canada.

SCIENCE AND TECHNOLOGY

Mr. Benoît Serré (Timiskaming—Cochrane, Lib.): Mr. Speaker, I present a petition on behalf of residents of my riding of Timiskaming—Cochrane. They request that the Parliament of Canada ban human embryo research and direct the Canadian Institutes of Health Research to support and fund only promising, ethical research that does not involve the destruction of human life.

I would like the record to show that I agree with the petitioners.

*The Budget***QUESTIONS ON THE ORDER PAPER**

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I ask that all questions be allowed to stand.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

The Deputy Speaker: I wish to inform the House that because of the ministerial statement government orders will be extended by 19 minutes.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from December 10 consideration of the motion that this House approves in general the budgetary policy of the government.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, it is an honour to resume debate on the motion with respect to the budget following last night's adjournment of proceedings.

The budget presented by the hon. Minister of Finance yesterday represented a time of choosing for the government, a time to set things right and get priorities straight. However this was a budget that occurred 652 days since the previous accounting to this place on behalf of the Government of Canada, the longest stretch ever in the history of our parliament without an accounting of the nation's finances. That in itself is unacceptable.

It is doubly unacceptable that the government was forced into finally presenting a budget plan to the House because of the onset of an unexpected international security crisis and a recession which has come to fruition under the watch of the finance minister. It is unfortunate that we find ourselves in a position where the government had to scramble to put together something that would have the appearance of a fiscal plan at a time of crisis and uncertainty.

When we look at the budget it is quite clear that the government had an opportunity to get its priorities straight and make difficult decisions to provide adequately for national and economic security. Those were the tests it faced in the preparation of the budget. It failed those tests. It failed to get its priorities straight. It failed to make the difficult decisions and provide adequately for our national and economic security. The government has failed the test.

It is quite clear when we look at the budget that the predictions offered by the senior communications officer in the Prime Minister's Office bore fruit when she said in an unprecedented shot at the finance minister that "This budget will be written by one person. It happens to be the Prime Minister of Canada, not the finance minister". Apparently that came from Francoise Ducros, director of communications in the Prime Minister's Office.

If indeed it is true that it was the Prime Minister who wrote the budget, and it appears to be, that might explain why it took 652 days. It certainly explains why the budget so closely resembles the tax and spend and spend and spend budgets of Liberal governments during the vintage years of the Prime Minister when he was finance minister in the late 1970s and a member of cabinet in the early 1980s.

We have not seen spending increases in a federal budget at the levels proposed since the heady days when the current Prime Minister was part of a government which helped drive Canada into a deep, deep fiscal hole from which we are still trying to recover.

As I said last night, if the budget were to have a title it would be "2001: A Waste Odyssey". We have seen a proposal in the budget for an increase in program spending in the coming year of ostensibly 9.2% or \$11 billion. That is the largest program spending increase presented to this place in living memory. It is a 9.2% increase.

To put it in perspective, in a year when the economy is projected to grow at only 1.1% the government is proposing a spending increase nine times as large as the rate of growth in the economy and about four times the combined rate of growth in inflation plus population. That is irresponsible. It is unsustainable.

As I said, the 9.2% program spending increase proposed here is only ostensibly 9.2%. When one looks more closely through the fog of the budget numbers as presented by the finance minister it turns out the spending increase next year will more likely be in the range of 10.6%, moving spending up to \$133 billion.

• (1030)

Why do I say that? I say that because what was known as the contingency fund, the rainy day cushion against downturns in the economy, has been reduced from \$3 billion to \$1.5 billion and even that \$1.5 billion has been pledged to expenditures in other areas. The government expects to spend that money if in fact it does not end up consuming what is left of the contingency fund to finance an unexpected downturn in revenues as a consequence of the Liberal recession.

We can expect a 10.6% increase in spending next year. That follows from an \$8 billion or 8% increase in spending in the current year or a combined spending in two years of over 18%. That is unprecedented in the fiscal annals of this parliament.

The spending far outstrips the productive capacity of the nation. We do not know whether the government will stop there. Its track record on spending is a business and its spending is out of control.

Let me give the House an example for the current fiscal year 2001-02. In the fall 1999 budget the finance minister stood in his place and projected that spending in the current fiscal year to end next March would be \$121 billion. He then said in the fall 2000 budget that spending in the current fiscal year would be \$130 billion. He now advises us that spending in the current fiscal year will be \$136.6 billion. If he plays games with the contingency fund as he suggests, spending would likely be closer to \$140 billion. That is \$19 billion more than initially projected and \$19 billion off budget.

The Budget

The point of a budget is for the finance minister to give parliament a transparent picture of the fiscal plans for the nation of the executive branch and to allow parliament to pass judgment on it. How can we pass judgment on budgets from the government knowing that its track record is to overshoot spending projections by as much as \$19 billion or 20% for a given fiscal year?

I submit that the 10.6% budgetary increase projected for the 2002-03 fiscal year would likely outstrip anything we have seen in the fiscal history of the nation if the government follows the precedents it has set.

All of that would be understandable in certain circumstances. Increasing spending in and of itself is not necessarily a fiscal evil if there were a legitimate national emergency. One can make that the case if we were to find ourselves in emergency-like circumstances following the end of our holiday from history on September 11.

We in the official opposition have been the most vocal and consistent voices of fiscal prudence and discipline. We have recognized the need for additional security spending in the current environment.

Let me anticipate one of the objections from some of my colleagues opposite by saying that objecting to huge increases in overall spending does not mean that we are objecting to increased security spending. What we are objecting to is the government's total object failure to set priorities. That is the problem.

I am disappointed in the Minister of Finance for whom I have some considerable regard. On September 17, 2001, in an article in the Toronto *Star* the Minister of Finance was quoted as saying:

—and Ottawa is reviewing its \$124 billion in spending on an item by item basis to see where reductions can be made. We are looking at what are the lower priority areas and how do we make sure that we can fund the higher priority areas.

• (1035)

That was a sensible remark. I was encouraged when I heard it because it echoed what we in the Alliance had been saying for years: the idea of reallocating, setting priorities and cutting in low priority areas.

This sentiment was endorsed overwhelmingly by the report of the Standing Committee on Finance. The official opposition concurred in that report partly because it called for the reallocation of spending from low priority areas to high priority areas. The report stated:

To the extent that new spending on security and defence could lead to a deficit, the government must balance this new spending with spending cutbacks elsewhere. The committee recommends that the government make a firm commitment to balanced budgets.

This is not an official opposition publication although we concurred in this recommendation. This is a recommendation from every government member on the Standing Committee on Finance including the Parliamentary Secretary to the Minister of Finance. They understood, as did virtually every business group and responsible think-tank that appeared before the finance committee, that in difficult times difficult decisions and choices must be made. Yet not one cent of reallocation, not one dime of reduced spending in wasteful areas, is found in the budget.

What that says to us is that in the exercise of setting priorities the government has no priorities: every dollar is of equal priority;

additional resources for the frontline of our military are equally important as grants and handouts to TV and film producers; additional resources for the provinces to improve the quality of and access to public health care are equally important as the billions of dollars in grants and handouts and corporate welfare provided by the Minister of Industry; and additional resources for our police, security and intelligence agencies are equally important as the hundreds of millions of dollars of waste detailed in the recent auditor general's report.

Andrew Coyne, a leading commentator on fiscal matters in Canadian journalism stated in today's *National Post*:

At no point in the entire document is a single area identified where the government might reduce spending. Not one. Everything, it seems, is a priority.

I studied formal logic in college and that is a non-sequitur. Prioritization means that certain things are identified as being more important than others. Yet the government has utterly failed in that exercise. A bar was set by its own Standing Committee on Finance, by every major business group in the country and by all clear headed people. The government has imperiled the fiscal health of the nation by failing to get its priorities straight.

We have given the government whatever small share of credit is due to it for eliminating the large deficits inherited from the Mulroney government. However the vast majority of the deficit elimination which occurred between 1993 and 1997 was attributable to increased revenues through higher tax rates and working families putting in more hours and working harder to pay more to the government. Canadians were principally responsible for giving the government a windfall in revenues through which it moved toward a balanced budget.

The government essentially made the wrong choices in terms of spending. The vast majority of its program spending cuts were reductions in transfer payments to the provinces to finance the top public spending priority, namely health care.

• (1040)

It cut departmental spending by less than 4%, except in the Department of National Defence, RCMP and CSIS, the frontline agencies of national security, which it cut by over 20%. It was a government that made wrong decisions. It cut health care, national security and raised taxes.

Nevertheless we did manage to find ourselves, thanks to economic growth and free trade with the United States, in a surplus position for the last four fiscal years. The budget imperils that hard won taxpayer surplus through fiscal irresponsibility.

Many Canadians may not be acquainted with the Byzantine accounting methods of the government. Let me offer a brief tutorial on how the government has engaged in its fiscal planning in recent years.

The Budget

The Minister of Finance developed an innovation starting in the mid-1990s. It was based on an honest analysis of the grotesque fiscal failure of the Mulroney government. The finance minister used to come in with rosy scenarios that were blown out of the water by economic circumstances. We always ended up, year after year from 1984 to 1993, exceeding the projected deficit. That reduced international and market confidence in the fiscal credibility of the government.

The current Minister of Finance sensibly proposed that the government adopt as a line item in its budget something known as a contingency factor. He set it at about \$3 billion a year and it was supposed to increase over the years. He added a second prudence line, known as the prudence factor, which was to take into account potential fluctuations in national income and the growth of the economy.

These two factors together were to act as a fiscal cushion should the government's projections not be realized, should revenues fall short of their projected level and should expenditures outstrip those that were planned, which incidentally happened in every year of the government's mandate.

The prudence and contingency factors, cumulatively representing \$4.5 billion in the last fiscal year, would soften the blow and prevent us from moving into a deficit position. Further, if the combined prudence and contingency factors were not spent by the end of the fiscal year, they would be applied to reducing the national debt. That has helped some of the nominal reductions in debt we have seen over the past two or three years.

However the whole idea of prudence and contingency is to have a fiscal reserve when times get tough. We do not need a fiscal prudence plan for good times. We need it when the economy turns sour as it currently has under the government's leadership. Yet the government has decided at precisely the wrong moment to make the wrong decision to eliminate the prudence factor and to cut the contingency factor to \$1.5 billion.

If the government's projections for the economy were slightly off we would find ourselves in an underlying deficit. However the government applied a new reasonable term called the planning surplus or planning deficit. It appeared in all budget documents since 1996. If the government's surplus were to exceed the combined value of the prudence and contingency factors it would then be known as a planning surplus.

Indeed in this place last spring my colleagues will recall that the Leader of the Opposition and I and others raised questions day after day with the Minister of Finance about projections coming from independent private sector economists indicating that the government was headed for a planning deficit; that is to say, it would have to eat into the contingency and prudence factors to stave off an actual deficit.

• (1045)

The finance minister danced, denied and did not fess up, but what has happened is quite clear. By failing to make tough choices, by failing to set priorities, by allowing the Liberal leadership campaign to take over the spending agenda of the government, by allowing spending to grow at a grotesque rate of 18% over two years, the

government is now in a planning deficit and is skating oh so close to an actual deficit. It is skating far too close to threatening the progress that Canadian taxpayers have made over the past years in the hard won fight against the deficit.

In fact, there will be a combined planning deficit of \$6.2 billion in the fiscal years 2001 through to 2003. What we projected in the spring has come true. I believe the finance minister's denials have been discredited along with much of his credibility as a fiscal manager.

Let me make another brief note about the way the government presents its budget. This may seem to some an arcane point, but it is critical to the ability of parliament and Canadians who are concerned about such matters to properly assess the fiscal progress of their government.

It is very interesting. If we look through the budget document, I would submit that about 80% of it is produced by the government's propaganda department or sales and marketing. It has nothing to do with transparent presentation of the fiscal plans of the government. There are selectively chosen charts and tables that the government thinks would be helpful in presenting the most positive gloss on its fiscal story.

However, in the document, some plans and programs are presented on a one year horizon, others on a two year horizon, some on a three year horizon and occasionally we actually see five year numbers creep in when the government needs a five year horizon, for instance, to squeeze in its tax plan or its security spending increases.

If this was a public company and the finance minister was its treasurer, and he presented a document of this sort, I submit that the auditing firm reviewing a document like this would throw the book right back at the treasurer. The board would fire him and he would end up making licence plates in a provincial institution. This is not a document presented according to generally accepting accounting standards for the public sector.

One of the central functions of parliament is to give the representatives of the people an opportunity to provide the checks and balances to provide scrutiny against the power of the purse exercised by the crown, vested in the cabinet. We essentially are unable to do so because we do not know where the government is going in five years, as I already have said. In the past three fiscal years alone its combined overspending, above and beyond what it had projected, was \$13.2 billion. For the current year alone, it is as much as \$19 billion.

Because of our concern about the fiscal direction of the government, made yet more acute by the planning deficit presented in yesterday's budget, we need to see consistent, transparent, five year projections of the government's fiscal plan. We made this point last spring. The official opposition has done its homework. At the finance committee on May 17, the hon. Leader of the Opposition demanded a commitment from the finance minister that he would provide a five year forecast in this budget to allow for full transparency.

The Budget

•(1050)

Guess what the finance minister said? “We will be providing five-year numbers in the fall, Mr. Day”. That commitment, “preference for five-year planning horizon”, was the preference of the Standing Committee on Finance. Again, the finance minister has flip-flopped on his commitment to provide transparent projections and has rejected the recommendation of his government dominated finance committee.

This may seem like an arcane point, but it is not. Last spring we issued a warning about a planning deficit, which has been borne true. On behalf of the opposition, today I issue a warning that the government is driving us toward not just a planning deficit, but an actual deficit in the out years of its fiscal plan. We want full accounting. We demand it and that is our right in this parliament.

This failure to get priorities straight has not only jeopardized the fiscal health of the country, not only are we again threatened by a deficit, but the government has utterly failed in this document to address one of the largest and most pernicious factors in our long term economic slide as a nation. That is our national debt of \$547.5 billion which is still costing us nearly \$41 billion in interest or \$7,500 in interest payments paid through taxes for an average family of four. It is still the third highest level of public indebtedness in the OECD and the second highest level of indebtedness in the G-7, second only to the infamous fiscal basket case of Italy.

This is not sustainable and yet we see in the budget document not one patina of debt reduction. I refer to page 24, the fiscal outlook, wherein the finance minister projects a net public debt in 2000-01 of \$547.4 billion; in 2001-02, \$547.4 billion; 2002-03, \$547.4 billion; and a net public debt in the year 2003-04 of \$547.4 billion. There is not one dime in debt reduction for a country with the third largest debt in the developed world, the second highest debt in the G-7.

This is wrong. The parliamentary secretary is absolutely right. It is wrong for the government to have dropped debt reduction as a priority. Government members say that the debt will shrink as a percentage of national income over time and so on.

I see the finance department is calling my colleague across the way with talking points.

An hon. member: He needs a lot of help.

Mr. Jason Kenney: He needs help. Debt reduction is one of the top priorities of Canadians for obvious reasons and should not be a discretionary matter.

Again, those of us in the official opposition should take some pride for being a bit prophetic about these things. When we proposed, as we have for years, the idea of a legislated debt reduction plan in law with an annual requirement of at least \$6 billion in debt reduction, we did that for a purpose. We understood that when times got tough, Liberal politicians were likely to let debt reduction fall right off the chart. That is what they have done.

We have been completely vindicated in our call for debt reduction legislation, which we proposed would require, at bare minimum, an annual debt reduction of \$6 billion plus 75% of any unanticipated surpluses. This is legislation that has been adopted and which has worked practically in Alberta, Manitoba and Ontario. There are other

less stringent statutes in other legislatures, which have been very effective.

•(1055)

The government has given us an object lesson in the need for a debt reduction strategy and today we renew our call for that kind of statutory fiscal discipline so that an irresponsible finance minister does not have the discretion to pass onto future generations a burden which belongs to us. It is a moral responsibility and one which we must take up.

The failure to pay down the debt, the risk posed of a future deficit and the reality of a planning deficit imperils our economic security. The government, as I said at the outset, had two obligations in this budget. One was to provide for national security. The other was to provide economic security. Again we submit that it failed on both counts.

In terms of economic security, Canada is still suffering the effects of a decade of decline and economic drift, mainly under the management of this government. In 2000 the total tax burden was 44.3% of gross domestic product, up from 1999. However the Canadian standard of living has been falling for 20 years. Personal disposable income is below where it was 18 years ago.

The gap between Americans and Canadians, in terms of personal disposable income, increased by \$2,900 between 1989 and 2000. That gap now represents \$7,557. Those figures are in Canadian dollars or dollarettes.

That is a \$7,500 gap between the average Canadian and the average American thanks to a decade long decline in our standard of living, our personal disposable income, our productivity and our competitiveness, fuelled principally by these destructively high levels of debt and taxation, as well as a burdensome regulatory regime which crushes much of the creative energy out of our economy. That is the long term economic challenge facing this nation; a \$7,500 gap in the personal disposable incomes of the average Canadian versus the average American.

If we extrapolate that to an average family, as the current Minister of Foreign Affairs did when he was Minister of Industry at a speech he gave in the spring at the Empire Club, \$7,500 times four, the average Canadian family is about \$25,000 behind or poorer than its American counterpart in terms of personal disposable income. That is a consequence of the decade of drift. On an annual basis, our labour productivity is growing at half the level as that in the United States.

The best evidence of our relative decline in wealth and productivity as a nation is very obvious to any one of us who has followed the sad story of the Canadian loonie. That lame loonie, under Liberal management, reached 62.37 U.S. cents three weeks ago, the lowest value of our currency in its history.

The Budget

We know that the value of a currency reflects the international market's perception of the value of an economy. The international currency markets have clearly given the government and its fiscal management a failing grade with the value of our currency. The government has said that it is just an aberration, or that it is just because of low commodity prices or it is a flight to safety in the United States. It is excuse after excuse. Every time we reach a record low, we hear another excuse.

The reality is that since the government came to power in 1993, we have seen a reduction in the value of the loonie of over 20%. We have lost value over the past couple of years against the Mexican peso, against the British pound sterling, against a number of other currencies, including the Japanese yen. In fact, the Bank of Canada reports that we have lost 20% of the value of our currency against a basket of six major international currencies over the past several years.

• (1100)

I submit that this budget ought not to have simply addressed the immediate fiscal agenda of the government but rather the long term economic agenda of Canada. We cannot afford to take a break in the race to international productivity and competitiveness. We cannot afford to sit on the sidelines and say there is an international recession or a security imperative that we must address. That is not an excuse. There is no excuse for complacency in the fight to improve the standard of living of working families in Canada.

We must be relentless and tireless in moving to reduce our debt levels, our tax levels and our regulatory burden and to liberate our labour markets so that we can see more wealth in the country, more investment, more savings, more employment and a higher level of personal disposable income that real people feel in their real lives. That should be the first economic responsibility and priority of the government, yet it clearly is not. Not only is the government threatening a deficit and neglecting to pay one cent on the national debt, it did not offer one dime in new tax relief in the budget. When a nation has the highest level of personal income tax as a percentage of national income in the G-7 and the government does not offer a dime in new tax relief as the country goes into a recession and people are losing their jobs, it is shockingly irresponsible.

In fact, next year the government will be raising those taxes that are most sensitive for the labour market. It will be raising payroll taxes. Combined payroll taxes will be going up next year by 6%. There is a \$40 billion cumulative surplus in the employment insurance account which, parenthetically, is more than twice than what is necessary, according to the auditor general, to finance benefits in the most extreme downturn. Notwithstanding that, there is a cumulative surplus of \$40 billion and an annual surplus of \$6 billion in the EI account. Yet the government has announced a rate reduction per \$100 of premiums of only five cents for employers and employees next year. That will be far outstripped by the largest increase in CPP premiums in Canadian history, which means that the average employee will be spending an extra \$300 next year on payroll taxes split between the employer and employee.

What does that mean when we are in a recession where unemployment is going up, as it did last week? Last week Statistics Canada reported that unemployment had risen from 7.3% to 7.5%

with a loss of 43,000 full time jobs. Yet the government, starting January 1, will increase the price of a job. It will make it more difficult for small businesses to hire people on the first rung of the ladder in the labour market. That is irresponsible as we move into a recession.

What we need to do is make it easier for people to be employed. We need to reduce the cost of hiring Canadians by reducing payroll taxes. We could reduce the combined employer-employee EI premiums by 25 cents to the break even level. The government would still be left with at least a notional surplus of \$40 billion. We could also look at more meaningful fundamental reform to secure the future of public pensions. By giving younger workers an option to direct a portion of their savings into regulated private savings vehicles, we would allow them to increase their returns at lower cost, thereby decreasing the overall payroll tax burden even further.

Yesterday in his budget speech the finance minister said that in the mid-1990s some Canadians were concerned about the sustainability of the public pension system but they no longer are. He is dead wrong. Canadians who understand the demographic time bomb and the dynamics of the aging population know that the changes made to the Canada pension plan in 1997 and 1998 simply are not sufficient to manage the enormous future expectations of our retiring population.

• (1105)

The government has failed to provide stimulus to the economy in the midst of a recession into which it has led the Canadian economy, even though Canadians want and understand intuitively that tax relief helps create wealth. According to a Léger poll from November 18, 74% of Canadians prefer tax cuts to spending as a key to jump-starting the economy. Almost precisely the same result came from an Ipsos-Reid poll published last Friday. Three-quarters of Canadians said they wanted to see tax relief in this budget to stimulate growth in this recession and a majority of Canadians said they opposed new spending if it meant moving us into a deficit in this recession.

Canadians get it. They understand, after all the pain we have gone through over the past decade in the country, that leaving more money in the pockets of entrepreneurs, working families and home-keepers does more to create wealth and jobs than giving that money to government politicians and bureaucrats like the ministers of industry, culture, heritage and HRD to waste. They understand that and so too should the government.

The Budget

The government might say there is no more room for tax relief. First, the government alleges that it is providing, get this, \$100 billion in tax relief over five years. When we go to Wal-Mart and see something priced at \$9.95 we understand that is a marketing gimmick. It is choosing a price level for marketing purposes. The finance minister, when his bureaucrats were trying to come up with a tax plan last year, said "We have to make this \$100 billion, a nice big round, three digit figure. We have to get that number as close as we possibly can to the Alliance's vigorous \$125 billion tax cut". He said "Whatever you do, boys, add up the numbers so they come up to \$100 billion". That is exactly what they did. It was a joke.

The fact of the matter is that the real value of that tax cut was \$42.5 billion. Of the \$100 billion the government claimed, \$7.8 billion was increased social spending, transfers to persons, through the program known as the Canada child tax benefit. It is not a tax cut. It is an interesting and worthwhile program, but it is a spending program, not a tax cut. There was \$29.5 billion eaten up by the increase in CPP premiums that I just talked about. Of the government's notional tax cut, \$20.7 billion was the effect of indexation of the tax brackets, of the thresholds and the exemptions.

Let us just think about that for a moment. The government is saying "We will no longer tax you on inflation and that non-taxation of inflation will count as a tax cut". The government is saying that it is counting as a tax cut a non-tax increase. Based on that logic and accounting, with revenues of \$130 billion and an economy of one trillion dollars it could say that there is an \$870 billion tax cut. When we net all that out, the total real tax reduction, for which we give the government some credit for grudgingly moving in our direction, was \$42.5 billion or \$58 billion less than advertised.

Even after it is fully implemented, that will still leave Canada with the highest income tax burden as percentage of national income in the G-7 and in fact in the G-8. Let me just say that Russia is experiencing an economic turnaround today. It has doubled its tax revenues and is improving its balance sheet. Why? Because it adopted a single rate tax of 13% two years ago. Sometimes good ideas, when given a practical chance, actually work.

On corporate income tax the government did nothing yesterday. It was not just the Alliance that again had recommended further tax relief. In fact, the finance committee in its report tabled in this place a couple of weeks ago recommended the immediate elimination of the capital tax, which is an insidious tax on innovation.

•(1110)

Virtually every single business group that came before the finance committee echoed this recommendation, which is why it found its way into this report. That quote is:

The Committee recommends that the federal government encourage a harmonization of the capital tax base, and the elimination of the capital tax.

There was a Liberal majority on the finance committee. I see one of the members here who approved this. Are they upset that did not find its way into this budget? This is not a huge revenue item. It would represent notionally forgone revenue of \$1.3 billion a year, which is a relatively small piece of revenue. It is less than the finance minister throws around as baubles to his leadership campaign friends, for TV producers and high speed Internet programs and such.

It is \$1.3 billion, but every major business group in the country says this must happen. For instance, Bruce Burrows of the Railway Association of Canada stated:

At the risk of sounding repetitive, by eliminating the capital tax...the federal government would be sending a strong, positive signal to investors at a critical point in the business cycle. What better way could you provide a step to further encourage the deployment of new energy-efficient and productive assets to serve the economy?

The government talks about its innovation agenda, but when businesses, the leaders who actually innovate in our economy, who create wealth, who make profits and who employ people, say that this is the best way to help our economy innovate, the government does not listen. Instead, it gives \$110 million to the industry minister to hook up people to the Internet. What is the government thinking?

There is no capital tax relief and there is no further corporate tax relief. There is no tax fairness for the resource sector, which is still being penalized at a second level of 28%. Over half a million Canadians work in the energy industry involving oil, gas and mining. It is a core industry in Canada. Those industries are being penalized by the government with a discriminatory rate of 28%. Every major group from that sector has called for changes, but none have been offered.

Let me say, lest I sound too polemical, that there were some minor technical tax changes in the budget that we approve of. We are pleased to see that after vigorous efforts on our part the government accepted certain technical changes to the treatment of venture capital. We also are pleased to see that the government accepted the recommendations we made allowing more generous treatment in terms of capital gains for gifts of shares to registered charities. This was something that was pressed for very effectively by Nesbitt Burns vice-chairman Donald Johnson in Toronto. Those are some baby steps in the direction of tax reform.

However, there is no personal income tax relief contained in this budget. Payroll taxes have been increased. There is no capital tax relief. The government ignored the public's call for further tax relief. In fact, to close out my remarks on taxation, the government, believe it or not, is increasing taxes and revenues in this budget. With the \$1.2 billion increase in CPP premiums next year, the new air traveller security charge announced and a \$430 million tax increase presented to us in the supply motion currently before the House, we are talking about \$2 billion in additional taxes next year.

The Budget

The finance minister claims that he is providing stimulus for the economy in this recession. He says there will be what he claims is a \$20 billion tax cut in the calendar year 2002. Nonsense: if we do the real accounting the actual tax cut the government is offering is in the range not of \$20 billion but of \$9 billion. If we net out an additional roughly \$1 billion in tax increases proposed in this budget for that year, it comes down to \$8 billion, which is a measly portion for such an overtaxed economy.

The government has failed to get its priorities straight when it comes to tax relief, when it comes to the long term slide in our economy, when it comes to reallocation. Let me address this now in terms of government expenditures.

I talked about the huge spending increase proposed in this budget, but the government will say that it is important spending. For instance, it will say that the delivery of \$160 million for fetal alcohol syndrome and youth health care programs delivered by the Department of Indian Affairs and the health care department is important spending. I do not think any of my colleagues would disagree with that.

• (1115)

We understand that one of the moral imperatives of the government must be to address the root causes of poverty and despair on our aboriginal reserves, but let us be clear. There is \$10 billion of combined spending from all three levels of government on aboriginal persons. There is \$7 billion alone at the federal level. While that department has received the largest spending increases of any department over the past six or seven years, we continue to see the standard of living of people who are the ostensible recipients of that generosity deteriorate, the despair increase and the hope disappear.

Something is wrong with the way in which we are actually allocating those moneys. Certainly the auditor general has identified at length the waste, mismanagement and frankly, corruption in the administration of programs through aboriginal affairs. I have a 10 page briefing note of misuse of taxpayers' money by band councils which was extracted from the auditor general's report. There were hundreds of millions of dollars of waste. My colleague from Vancouver Island North, the official opposition critic for aboriginal affairs, will be detailing some of the waste.

The point is that we should be putting money into fetal alcohol syndrome, youth education and health care for aboriginal people, but we should be finding that money by taking it away from the waste and corruption that the auditor general has identified. Instead of increasing overall spending and ignoring the wasteful spending, we should cut the wasteful spending to target it strategically in areas like fetal alcohol syndrome. That is called priority setting. That is what the government has failed to do. It does it in various departments.

Look at some of the waste in the budget. First, we just need to refer again to the auditor general's report last week. She referred to grants and contributions of over \$16 billion which are rife with waste. She said that there is waste and abuse in at least 16 departments. She identified grotesque examples of this kind of waste. We all know what they are. That has been added to in the budget.

The finance minister has given the Minister of Industry, as I mentioned before, \$110 million for his pet project for the Internet so that he could say that he won something in the budget in the bizarre ego game that goes around the Liberal cabinet in the budget-making exercise.

There was \$160 million for the Minister of Canadian Heritage's friends in the TV industry. What is that about? We are talking about kids starving on aboriginal reserves, about Canadians waiting six months for critical operations, about a military with equipment that dates from the 1950s and we are giving \$160 million to TV producers? Where is the government's priorities?

There will be \$170 million given to the Minister of Health for health programs that will not actually deliver any health care to people.

Andrew Coyne said in his article today that he is not sure when it was decided that the leadership campaign should be publicly funded but at least the Minister of Finance should have been told. In other words the Prime Minister seems to have written the budget.

There is waste. We have identified \$6 billion to \$7 billion of low priority spending which could be reallocated to the urgent and high priorities of national security, tax relief and health care. Some \$6 billion of waste. There is at least \$1.2 billion in corporate welfare grants from the government. There is \$1 billion a year in regional development schemes like western economic diversification.

Often when we talk about regional development in this party people think we are picking on one region. I will offer up, and I think my colleagues from the west would agree with me, we do not want western economic diversification and its \$300 million of business welfare. Let it go into the private sector along with FORD-Q and ACOA. There is \$1 billion there.

There are subsidies to bloated crown corporations like the \$1 billion annual subsidy to the CBC. We know that company could offer it more effectively by raising capital through the private sector.

• (1120)

We have talked about waste in the department of aboriginal affairs, not core spending but waste. As well, there are certain tax expenditures that the government could crack down on to save taxpayers money. For instance, we are losing about \$800 million a year on a tax break that is being abused by certain people in the film production business. That should be cracked down on.

The Mintz commission recommended over \$2 billion in base broadening measures for the corporate tax system which have not been implemented by the government. These measures alone could be implemented so that we could afford the tax measures for the resource sector and afford the elimination of the capital tax.

The Budget

My colleagues remind me that in terms of priorities, our farmers are going bankrupt because they are on the losing end of an international trade war being subsidized by the treasuries of the United States and the European Union. It is virtually not even an issue on the foreign policy agenda of the government.

We have asked for \$500 million, a relative pittance in international terms as emergency support for our agricultural sector. The government has been able to find \$160 million for TV producers, an \$800 million tax break for movie producers that it still has not closed, but it cannot find \$500 million for farmers who are going bankrupt and are losing fourth and fifth generation farms. The government does not have its priorities straight.

As I was saying, we have identified \$6 billion in waste and low priority spending. I would include in the list over \$2 billion in equity positions which the government still has in Petro-Canada and Hibernia. The government made commitments to sell those shares years ago.

It was in the 1997 budget that the finance minister said the government would liquidate its shares in Petro-Can, shares which reached historically high values about six or seven months ago and which are now on the decline. The government has already lost an opportunity for \$2 billion that could go to debt reduction which would reduce the interest payments by a couple of hundred million dollars. That is \$200 million that could then go to health care and agriculture.

The government is holding on to Petro-Canada and Hibernia shares because the Prime Minister has some strange 1970s twisted dream about government ownership of the energy sector. He does not want to lose hold of that symbol of the national energy program.

Instead of reallocating, instead of making choices as the finance minister said he would do, instead of selling redundant assets, instead of allowing crown corporations to raise their funds in the private sector instead of from taxpayers, instead of ending corporate welfare, the government has not done one of those things. This is why we find ourselves driving into a big fiscal hole.

I have not been able to calculate the full effect of yesterday's budget, but before yesterday's budget, it was very clear that the government was missing a \$50 billion opportunity over the next four years to get its priorities straight. Let me explain.

Almost every private sector economist and business group has encouraged the government to limit its program spending increases to 3% per year on average, which would be the average combined rate of inflation plus growth in population. In fact the finance committee reiterated its longstanding recommendation that the government limit spending increases on the program side to 3% a year. If we were to do so, that is the combined level of inflation and population so it would mean no absolute cuts in program spending but, as I have expressed, the government has been raising spending at rates of 6%, 7% and 8% per year. If the government were to restrain its program spending to the level of 3% that we have recommended, it would have over the next four years an additional \$50 billion available for tax relief, debt reduction, health care and agriculture, in other words, the priorities of Canadians. That does not

even account for the effect of the reallocation of \$6 billion a year that we in the opposition have suggested.

• (1125)

The Parliamentary Secretary to the Minister of Finance often says that our numbers do not add up. If he takes out a calculator and extrapolates the program spending line of 5% minimum, which is what the Liberals are on, versus the 3% that we recommend, he will find an extra \$50 billion that could go to working families to improve their standard of living, to eliminate capital taxes, to pay down the debt, to reduce payroll taxes, to improve the quality of and access to health care for Canadians. In other words it would get the priorities straight, which the government has failed to do.

Let me now turn to the last section of my remarks regarding national security. The government has agreed that the budget must address the urgent imperative of national security. We do not need a lot of poetry about what happened on September 11. We all suffered an abrupt wake-up call on that morning. It has changed our world but I really do not think it has fundamentally changed the government's priorities.

Three months ago today, violence of the worst kind was inflicted on our neighbours, friends and relatives to the south. We realized that the idea of globalization is not a concept; it is a reality and it is here, particularly for those of us on this continent. We share such a marvelous relationship with that great democracy to the south.

We must do our part. We have a moral obligation as a free and democratic nation not to be a grudging or half-hearted participant in the war on terrorism but to be there on the front line, shoulder to shoulder with the United States of America and our treaty allies every step of the way.

In the budget yesterday the government outlined some \$7.7 billion in ostensible security measures over five years. Again with its goofy accounting some of these measures are over two years, some over three years and some over five years, but we do not have the time to break down the accounting here.

Suffice it to say that of the moneys it is proposing for security areas, first of all, it is not all security. Some \$600 million of it is for infrastructure at the borders, which is good. We endorse that. We recommended half a billion dollars for infrastructure at the borders so that we can accelerate trade.

We endorse and support a number of the measures: increased resources for screening incoming immigrants and refugees; pre-screening overseas; hopefully new technology for passport screening; biometric identification technology or at least we hope prototypes will be experimented with; and additional personnel at both customs and immigration. These are all measures we support.

Indeed the government actually has taken a step in the right direction in terms of funding for both the RCMP and CSIS. However I would point out the reason it had to take a step in that direction is that since 1995 the government has cut resources drastically for our front line police and security intelligence services. It is proposing a \$1.6 billion cumulative increase for these two agencies.

The Budget

The CSIS budget, even after these increases, will fall far short of where it was in real terms in 1993. It will still be 20% lower than the \$244 million it was at in 1993. In fact we in the official opposition have recommended a much larger increase to the intelligence agency. We have proposed a \$100 million annual increase and the Liberal budget breaks down to a \$55 million annual increase. We proposed an increase roughly twice the size of what the government has.

Just as an example, we currently spend less than \$200 million Canadian on intelligence. The United States spends some \$30 billion U.S. on intelligence. We literally spend a fraction of one per cent of what the Americans do in relative terms.

In terms of the RCMP, it saw its budget gutted. As a result the RCMP saw the amount of federal officers decrease by 16% from 5,200 in 1994 to 4,300 in 2000.

• (1130)

Over \$100 million a year is needed just to reverse the decline in officers. RCMP resources were already stretched to the limit before September 11. We do not think the funding increase for the RCMP is adequate. It falls short of the minimum \$250 million needed for 2,000 new officers. That is why we have called for a \$315 million increase to the annual RCMP budget.

We support the border measures and new infrastructure to expedite trade at the 49th parallel. However the sharp edge of national security is our military and national defence. It represents our ultimate power as a nation to assert our values in defence of freedom and democracy. The budget is an embarrassment and an abject failure when it comes to providing adequate resources for our men and women in uniform.

There are some 56,000 people, 44,000 less than there were in 1993, who wear a uniform which symbolizes their willingness to die for Canada and its values. These are people who stand willingly to make the ultimate sacrifice. We as a parliament, and indeed taxpayers of the country, must be prepared to make a sacrifice for them by giving them the equipment they need to do the job we assign them.

Yesterday's defence budget was an embarrassment. The government announced \$1.2 billion for the military over five years, an average annual increase of just \$240 million. That is far short of the \$1.3 billion minimum the auditor general said is required to bring the forces up to a level of minimal operational effectiveness and further short of the \$2 billion the Conference of Defence Associations has recommended for operational effectiveness.

Defence spending last year totalled \$9.7 billion. That is \$1.6 billion lower than the 1993 total of \$11.3 billion in nominal, not real terms. The defence budget would have to increase to \$12.6 billion just to bring inflation adjusted spending in defence up to the 1993 level.

The consequence of these drastic military cutbacks is that Canada now has the second lowest defence expenditure in NATO. To our everlasting shame we are virtually tied with the lowest defence expenditure, that of the Duchy of Luxembourg which has a standing army of 800 people. In relative terms it is the only country that spends less than we do on the military.

We spend less than half the NATO average. As a percentage of national income our defence expenditure is 1.1% of our gross domestic product. The NATO average is 2.1%. Our American friends whom by neglect we effectively force to subsidize our defence spend 3.3% of their national income on defence. That is three times what we do in relative terms.

Canada ended the second world war with the third largest navy in the world, the fourth largest standing army, and one of the most effective and respected air forces. It was a true valiant defender of freedom from 1940 to 1945. Now we are an open joke in international defence circles, not because of a lack of bravery, expertise or courage on the part of our fighting men and women but because of a lack of equipment, resources and personnel through government funding. It must end.

I thought September 11 would wake us to this new reality. If we were to simply raise our spending to the NATO average, not exceed it but meet it, it would require a doubling of our defence budget. Clearly that is something we cannot achieve overnight. It gives us a picture of how far behind we have fallen.

In yesterday's budget the government provides only \$300 million for new equipment. About three-quarters of new defence expenditure announced yesterday will be allocated to new tasking being given to our military such as guarding important installations, nuclear power sites and so on.

We are giving the military a dollar but saying it must use 75 cents of it to do new tasks. We are giving it virtually nothing in terms of new equipment. It is no wonder the budget has been roundly condemned by experts in the Canadian defence community.

• (1135)

We in the Alliance Party have recommended an immediate increase of at least \$2 billion in addition to the \$1 billion or \$2 billion for operational costs immediately associated with Operation Apollo so we can, it is hoped, eventually achieve something like the NATO average. My colleague from Lakeland, the opposition critic for defence, will be expanding on this.

This was not a security budget. The government took some small steps in the right direction in certain areas and thankfully followed our advice in some of those areas. However the war on terrorism is not over. The war in Afghanistan was phase one of a task that will take years and potentially decades.

The Budget

Yesterday's budget reflects a basic flaw in Liberal political thinking. The Liberals believe peace is the ordinary condition of humankind. They believe in the perfectibility of human nature. They cannot understand that every now and then we are interrupted by violence and the reality of history. They cannot understand that there is evil on the planet from which we must protect ourselves and all other free nations.

I will say this one more time because I feel it so strongly. We have a moral obligation to do our part and no less. It is so wrong for us to get on our moral high horse, as Liberals so often do in Canada, and criticize our friends in the United States for their many failings while at the same time allowing and essentially forcing American taxpayers to subsidize our defence. It is wrong and it must come to an end.

The budget has failed to get the government's priorities straight. It has failed to present clear, easily understood and transparent projections for the future of the government's accounts. The government has put Canada into a planning deficit based on its previous accounting standards before it moved the goal posts in this budget. It has refused to give even a token acknowledgment of the need for debt reduction in a country with the third highest debt in the developed world. It has done nothing to respond to the recession into which it has led us.

There is nothing in the budget in terms of the tax relief three-quarters of Canadians are demanding. There is nothing to help us reverse the decade of drift we have suffered under the Liberal government. There is nothing to set priorities straight, reduce wasteful spending, reallocate spending and liquidate redundant government assets. The budget has fallen far short of what is minimally necessary to provide our military with the resources to defend and advance our national security.

In closing, the budget falls far short of what I expected from the finance minister. Once again it reflects the politics of his boss, the Prime Minister. It is a shame. It is a missed opportunity, the consequences of which will be clear to us in the years to come.

I move:

That the motion be amended by replacing all the words after the word "That" with the following:

"this House rejects the Government's Budget statement because it fails to provide adequately for the national and economic security of Canada by continuing to underfund Canada's military at the second lowest level of defence expenditure in NATO; by increasing overall spending at a rate nine times faster than the rate of growth in the economy; by failing to reallocate spending from low to high priority areas such as health care and agriculture; by failing to address the long-term slide in Canada's productivity and standard of living; by increasing payroll taxes in the midst of a recession; and by planning for no reduction in Canada's \$547 billion debt".

• (1140)

The Deputy Speaker: The Chair will take the amendment under advisement briefly. In the meantime we will continue debate.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, today we are still wondering why the Minister of Finance brought his budget down now instead of waiting until March. Two months ago, he was asked to move it ahead, particularly with respect to

defence and security, and to support the flagging economic and employment situation.

A person did not need to be a genius—and I include the minister in this group—to figure out that the economy was in a downturn. That is why he was asked to move up his budget.

Yesterday brought a rude awakening, however. An examination of the budget shows that it contains nothing significant for the economy. This budget even includes one totally ridiculous measure, which demonstrates this government's lack of finesse and intelligence.

As we know, the first industry hit by the economic slowdown, and even more so by the events of September 11, was the airline industry. We were expecting the government to help this industry. It did the opposite. It imposed an additional tax of \$2.2 billion on air travel.

What prompted the government to slap another tax on the sector hit the hardest by the economic slowdown and the events of September 11, as it was claiming to be supporting the economy? Where is the logic? This measure alone shows how ridiculous and illogical the budget is. It also shows how little impact it has on the economy.

The Minister of Finance had the means to support the economy. We will return to this a little later, when we talk about the surpluses and the tradition that has established itself in parliament since the Minister of Finance took office. I refer to the systematic annual underestimation of the government's true surpluses and the real manoeuvring room available to him, as of this year, to assume his responsibilities as the Minister of Finance and support the economy and employment.

Everyone looked for support for the health and education sectors. In Quebec as in the rest of Canada, everyone has been calling for the past year for an infusion of money into health care and education. Last year's agreement was not enough.

With the provinces and the government of Quebec drained, obviously even the slightest increase is immediately welcome, because health care and educational needs are growing.

Despite the means at the disposal of the Minister of Finance, nothing in the budget provides for the return, through the Canada social transfer, to the government of Quebec and the provinces, of the wherewithal to enable them to meet their obligations in providing health care, education and income security.

It is really quite incredible that, given today's headlines about the lack of resources for seniors and the sick, the Minister of Finance is unmoved by their fate and that reserved for education. Our Minister of Finance is cold and insensitive.

The Budget

The Minister of Finance has cut the Canada social transfer by \$35 billion since 1995. This is approximately the amount by which he has paid down the debt. He has used the sick, the elderly and the most disadvantaged members of our society to pay down the debt. And he has used these unexpected surpluses in the EI fund—\$7 billion again this year, which the Minister of Finance will pocket instead of helping the unemployed—to produce these surpluses and these annual performances.

Let us talk about employment insurance. From a strictly logical point of view, we would have expected to see the government act on the 17 recommendations made by the Standing Committee on Human Resources Development and reform the EI system so that the majority of workers who find themselves unemployed are not disqualified from receiving benefits.

Now we are facing a major downturn, or a recession, to call it what it is, where thousands of people, and there will be more in the weeks to come, will join the ranks of the unemployed.

• (1145)

Instead of helping these people through a difficult period, the Minister of Finance has decided to maintain the status quo and continue to deny them benefits.

With this economic slowdown, many people will find themselves in a tough spot tomorrow morning, thinking that they are entitled to EI, because they have never had to apply for benefits during the last eight or nine years of economic growth. They will be in a tough spot when they find out that they do not qualify, because the criteria are too restrictive.

The actuary has just given his forecast a few days ago; the ink on the documents is not yet dry. The actuary said that the surplus would be \$7 billion. This is \$8 billion less the \$1 billion set aside by the Minister of Finance for reductions in premiums; the balance is \$7 billion. In his budget, the Minister of Finance notes that the surplus in the EI fund is barely \$3.7 billion. This is cooking the books. This is what we have come to expect of him in the past five years; that he will underestimate the surplus. As Minister of Finance, he is not doing his job.

We were also expecting announcements to be made to help and support regions that are experiencing problems. Instead, the Minister of Finance mentioned the transport tax that will hit the airline industries. The regions will be severely affected by this measure. A person flying from Gaspé to Mont-Joli will pay \$24 more on a return ticket, as though air fares in the regions were not high enough to begin with.

All things being equal, it is the regions that will be hardest hit by this new tax. Another tax. This is another fee being charged that relegates people living in the regions to the status of second class citizens.

Let us talk about tax breaks. Yes, last year's tax breaks have been maintained. That is precisely what we did not want. We wanted the minister to restore some balance to the tax breaks, because the tax breaks introduced for the next five years help those in very high income brackets for the most part.

Let me provide an example. This year, Mr. Speaker, you would be lucky if you earned \$250,000 or more, because you would save \$9,000 in federal taxes. I know that this is not the case for you, Mr. Speaker, but those earning \$250,000 were coddled by our millionaire Minister of Finance. He will be saving \$9,000 in federal income taxes this year. A person earning \$40,000 however, will save \$300. Last night I took part in—

An hon. member: Shame.

Mr. Yvan Loubier: It is shameful, yes. Last night I took part in an open-line broadcast. A gentleman called in and said that his family income was approximately \$10,000 per year. He has a permanent disability, and a dependent. Last year and this year—this year, I am referring to last April—he paid \$600 in federal income taxes. His income is \$10,000, he is a person with a disability and has a dependent. Is this what a fair tax system looks like? Is this what tax breaks that help everyone look like? It is time to stop kidding us and taking us for fools.

We had asked that some balance be restored to these tax breaks to help middle and low income earners. Nothing. All this time, our Minister of Finance, whom we have been watching closely since 1993, with his shipping lines in Barbados for example, has been working on a tax convention between Canada and Barbados that has been denounced by the OECD.

The OECD is not full of members of the Bloc Québécois. The OECD has said that tax conventions signed with countries such as Barbados, which is a tax haven, facilitate tax avoidance. They facilitate unfair tax practices. They even facilitate, to some degree, money laundering in a number of tax havens, which have been clearly identified by the OECD.

But the Minister of Finance pushes on, as though it were no big deal to allow this tax convention to be maintained. The auditor general recently said that in a sample of 53 of the richest taxpayers in Canada, among them, they had \$800 million in assets in Barbados, completely sheltered from federal taxes, while back home, we are forcing a person earning a yearly income of \$10,000 with a dependent and a disability to boot to pay. We are making him pay federal income tax, but \$800 million in assets belonging to 53 of the richest people in Canada is tucked away in Barbados, sheltered from the Canadian tax system.

This tax convention is being allowed to remain in effect. It is shameful. Since 1993, we have been asking the Minister of Finance to reform the tax system to make it fairer, to close tax loopholes and put an end to injustices.

The Budget

•(1150)

The Minister of Finance carries on as if nothing were amiss, as if he had done everything possible, as if his cumulative tax cuts of \$100 billion, which he speaks of ad nauseam, were helping everyone. Easy, one accumulates funds for five years and ends up at some point with a huge sum. Who is going to benefit from this? His gang, not the people watching us here, not the people who helped put public finances back on an even keel. The middle income families and the workers with their contributions to the EI fund, as well as the employers, particularly small and medium size businesses, are the ones who financed part of the spectacular announcements our poor excuse for a Minister of Finance has been making to us for the past five years. This is disgraceful.

They are patting themselves on the back as far as international aid is concerned. It has been stepped up by \$300 million per year. Under the circumstances that have been a concern to us ever since the events of September 11, it became evident fairly quickly—and to everyone, not just my colleagues in the Bloc Québécois—that there are two ways of combating terrorism. There is force, via national defence and security, and then there is the ongoing battle we must be engaged in against world poverty. This is what produces the breeding ground for international terrorism.

Osama bin Laden and the Al-Qaeda recruit their future terrorists, the people who will become suicide bombers, and where? In areas fertile for terrorism, that is in areas where children and adolescents living through civil wars, or just plain wars, have been without hope since they were very young. Year after year, they have to deal with growing injustices. They have access to the media and see how rich the West is. They know our children are born with hope for the future.

The countries with pockets of incredible poverty, particularly in the Middle East and Africa, offer a fertile terrain for terrorism. There it is easy to recruit people who have nothing left to lose and everything to gain for the future of their people. Because of their vulnerability, they can readily be convinced that they will become heroes, immortalized by a glorious death.

It is easy to recruit terrorists in these breeding grounds, and this is why international aid becomes one of the key facets in any strategy against terrorism. What do we learn from the budget? That there will be \$300 million more annually.

The government is increasing international aid from 0.25% of the GDP to 0.26% of it, one tenth of one percentage point. Is this not incredible? The objective proposed by the OECD of 0.7% of the GDP is the figure proposed by former Prime Minister Pearson, winner of the Nobel peace prize and initiator of Canada's peacekeeping force. At the rate we are going, we will never achieve this objective. We calculated the growth of the GDP with spending at the rate presented yesterday. At the rate of \$300 million a year, we will never reach 0.7% of the GDP.

People have to understand that we must, of course, look after the poor and our fellow citizens. However, the events of September 11 should perhaps make people give thought to the wars going on overseas, in the middle east and elsewhere, and the human suffering involved. Globalization brings human suffering closer, through the

media and unfortunate events such as those of September 11. In this case, we can no longer say that the events are happening elsewhere and do not concern us.

They are taking place elsewhere right now and they concern us. The government, which has not been pulling its weight in international aid—this fact is recognized worldwide—should have further increased international aid, and did not do so in the latest budget.

In the case of infrastructure, things are shameful. The government said it was going to invest in infrastructure in order to stimulate the economy and get the jump on projects. In Quebec, in the most recent budget, Ms. Marois, the finance minister in the Landry government, with few means at her disposal, decided to push projects along in order to stimulate the economy and help people get through the economic slowdown.

•(1155)

In this case, the government has the means, but not the ideas. It is incredible. It is putting \$600 million new dollars into infrastructure over the next three years. It talks about a foundation that will perhaps one day be receiving funding. But it has budgeted nothing for this period, when what was required was rapid action to stimulate the economy. Now it is talking about creating a foundation, which it might fund in the future. Why has it not used the money at its disposal? Why has it not put it directly into the trilateral agreement with the provinces and municipalities? It would have been so simple. But it would not have been a good idea politically.

This is a government that is interested in appearances only, and that resorts to propaganda. It actually says that health and education are its priorities, when for every dollar the government of Quebec spends on health, it spends only 13 cents, and for every dollar the government of Quebec spends on education, it spends only 8 cents. And it calls these priorities? Right.

It mails out propaganda to everyone saying that it considers health and education priorities. Is this not a shocking misrepresentation?

In the case of parental leave, the budget contains nothing in the way of a transfer to Quebec City for the young families awaiting the introduction of Ms. Goupil's parental leave system. Is it not disgraceful to put one's popularity as a manager generating spectacular unexpected surpluses ahead of the needs of young families? It is reprehensible.

Let us talk about aboriginals: \$185 million over two years is peanuts. Following through on the recommendations in the royal commission of inquiry would have required a minimum of \$500 million, and \$238 million this year alone to help young aboriginals with their post-secondary education.

It is all very fine and well to say that one wants to help aboriginals and support their initiatives. But when one says before the budget is brought down that it will be a budget for aboriginals as well, and then announces spending as paltry as this, it is a disgrace.

The Budget

Did the Minister of Finance have the means to do this? Of course. We will repeat again what we have been saying for the past five years, namely that, this year again, the Minister of Finance has systematically underestimated the surplus. This year's surplus will not be \$7 billion, with nothing under these new initiatives; it will be \$13 billion.

So, the minister is again hiding a net surplus of \$6 billion. This is \$6 billion he could have invested in health, to help the elderly, in education, and in employment insurance reform, to help the unemployed. This is rather incredible.

For the past eight years, the Minister of Finance has been telling people "Help me put our fiscal house in order; help me deal with our deficit; help me make sure that we have a sound tax system". The public said "Yes, we are prepared to make sacrifices". But when the time comes to help these same people make it through difficult times, the Minister of Finance runs and hides. He has abdicated his responsibility.

After nine years of economic growth, this once we asked him to come up with innovative ideas to support the economy, to do his job as manager of the public treasury, so as to get us out of this recession as quickly as possible. But the Minister of Finance is not proposing anything to support the economy.

He thought he would confuse us with his defence and security issues. People are not stupid. Defence and security, sure, but economic security is also important. Helping the unemployed and those who will join them in the future because of the economic slowdown is also important.

But no. The minister claims that he has done everything he could, that he does not want to have a deficit again. What a joke. It is ridiculous to say that we could have a deficit this year or next year. We have looked at the worst case scenarios for economic growth. We did a thorough analysis of the government's expenditures and revenues, and concluded that it is "i-m-p-o-s-s-i-b-l-e" to have a deficit, particularly with yesterday's budget. It is plain impossible.

The Minister of Finance tells us that we must be careful. He is also budgeting a surplus of only \$3.7 billion for this year in the employment insurance fund. He must really think we are stupid to come up with something like this.

We are condemning this budget and, on behalf of the Bloc Québécois, I will propose an amendment to the amendment presented this morning. We will work very hard to explain to the public this budget, which does not include any measures to help those who will the worse off in the coming weeks.

•(1200)

The Deputy Speaker: I would ask the honourable member for Saint-Hyacinthe—Bagot to move his amendment to an amendment.

Mr. Yvan Loubier: Mr. Speaker, I move:

That the amendment replace all the words after the word "fails" with the following: "to reallocate spending from low to high priority areas such as health care and education via the Canada Health and Social Transfer, employment insurance reform, support for seniors, increased international aid, practical measures to assist the regions and aboriginal peoples, assistance to agriculture and adequate support for a faltering economy, and because it may be supposed that this statement hides a six billion dollar surplus for the current fiscal year which can be used to achieve these objectives".

[English]

The Deputy Speaker: Let me now rule on the amendment that was proposed by the member for Calgary Southeast. The Chair finds the amendment in order.

[Translation]

As regards the amendment to the amendment put forward by the hon. member for Saint-Hyacinthe—Bagot, it too is in order.

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I have two questions for the member. First, almost all of his remarks are based on a fictitious surplus of about \$13 billion. Given that he is the only economist in the country with such a far-fetched forecast, my question for him is the following: why should the government believe him rather than all the other economists in the country, unless he is perhaps the most brilliant economist in the land?

My second question concerns health. In terms of health funding in Canada, it seems to me that the BQ and the PQ are talking from both sides of their mouth. On the one hand, they never acknowledge income tax points that we have given in the past as federal transfers. The federal share of government spending in Quebec is actually 30%. They never mention it, because this figure includes tax points. On the other hand, today they are asking that tax points to be transferred; in other words, they want the federal government to provide the Quebec transfer in the form of tax points. After which, Quebec would not count these transfers. So, from the separatist perspective, this is a great idea. However, from the perspective of the federal government or of Canadians who are not separatists, why would such a proposal be considered?

•(1205)

Mr. Yvan Loubier: Mr. Speaker, as usual, the parliamentary secretary is extremely cynical, and his words are verging on demagoguery and insult.

What I have here in my hands is a calculator. If our Liberal colleague were less lazy, he would take his out, as he did when an economist for the Royal Bank—and a little more objective than he is now—and would do his calculations as we do, according to the economic growth forecasts by the major Canadian banks and financial institutions, the Desjardins movement, the Caisse de dépôt et de placement du Québec, the Royal Bank, the Toronto-Dominion Bank and so on. We come up with the same figures as the Minister of Finance for the growth of the GDP over the next few years.

However, while making use of the economists' hypotheses—we are intelligent enough here to do some calculations and use some non-partisan discernment—we also use this little thing I showed, called a calculator, and look at the government's funds coming in and going out, the month-by-month expenditures, and formulate certain hypotheses.

The Budget

I would remind my cynical colleague that, every year for the past five, we have called a press conference to release our estimates of the surplus, six months or often even a year before the Minister of Finance releases his, or before the end-of-year surplus is announced. In five years, we have been out a total of \$3 billion, while the Minister of Finance has, particularly since 1995, been \$60 billion out in his predictions.

So, why should the public believe us instead of the Minister of Finance? Because they have been deceived by the Minister of Finance for the past five years. For five years, the Minister of Finance has made some unbelievable errors in calculation. For five years, the Minister of Finance has been concealing surpluses. Why now should they favour the transfer of tax points to the government of Quebec?

I can see why he is no longer with the Royal Bank. Because economic analysis is not his strong suit. Once tax points have changed hands, they no longer belong to the one who has handed them over. It is like selling a house; it is no longer yours once you have sold it. The tax points from the 1960s and 1970s for funding health care, education and so on were handed over to the government of Quebec.

If the hon. member wants these points to be taken into account, let us also take into account the tax points that the province gave to the federal government for the war effort, when it gave up its direct taxation field. If the hon. member takes into account the tax points given by both sides, he will be surprised to see how much the federal government owes to Quebec.

Why are we in favour of transforming federal cash transfers into tax points for the Quebec government? For two reasons. First, to protect ourselves against the political decisions and drastic cuts that the Minister of Finance has been imposing since 1995 in the Canada social transfer.

Second, we want the transfer of tax points for personal income tax, because it will grow in the coming years. It has been growing at an annual rate of 6% of federal revenues over the past four years. These are two good reasons.

The third reason is that even a federalist such as the leader of the Quebec Liberal Party is in favour of a transfer of tax points. There is a consensus on this issue in Quebec. The hon. member should know that, since he lived in Quebec for a long time. But it is true that, at some point, partisanship made him forget everything, including his past, his analysis and his qualifications as an economist.

Why should we favour a transfer of tax points? It is for these three main reasons. There may be a fourth reason, which is that we are convinced that the needs are in Quebec. The needs are in the Canadian provinces. These are urgent needs in areas such as health and education. This government does not have the brains to realize it. The budget it delivered yesterday shows without a doubt that it does not have a clue as to what people's priorities are.

• (1210)

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, I have a question for the Bloc Quebecois member too. The people of Canada have another need. I refer here to farmers and farm producers across Canada. There is nothing here at all for the farmers.

I have looked through the whole thing. There are 300 pages. There is nothing at all.

Farmers throughout Quebec and in western Canada are facing a major crisis. I am thinking of farmers in Saskatchewan and Manitoba, who are involved in the production of wheat and so on.

What does the member propose for our farmers with regard to subsidies or federal government aid?

Mr. Yvan Loubier: Mr. Speaker, I am pleased by the question from my colleague of the New Democratic Party, since I used to be an economist with L'Union des producteurs agricoles du Québec. I am still very much attuned to farming issues.

Today, the problem of farm subsidies remains unchanged. In recent years, and especially with the eighth GATT round, which led to the establishment of the World Trade Organization, it was decided to reduce trade distorting subsidies. That was in 1993. It concerned 140 countries belonging to the WTO. It was agreed to reduce these subsidies to a given level annually until they were finally eliminated and to retain only those subsidies that did not have a distorting effect on international prices and exports.

Unfortunately, some countries made greater efforts than others, and Canada is one of these. We were, to put it another way, more catholic than the Pope, as we would say in Quebec. We cut our subsidies more than the Americans and the Europeans, so that, at the moment, prices on international markets remain depressed. Western exporters are facing lower prices on the export market. These lower prices are the result of the unfair American and European subsidies.

So we again find ourselves in a situation like this, where competition hinges not on the quality of our agricultural products—wheat, pork, dairy products, and so forth—but on the subsidies provided by governments of the larger nations or regions in the world. It is essential that the current round of WTO negotiations correct this problem.

As for this government, it has thrown out the baby with the bath water. In attempting to do something about subsidies which were causing distortions, it jeopardized, and is still jeopardizing, the survival of farm families. Even though they are among the best producers in the world, with top quality products and an excellent price-quality ratio in a normal market, they are not able to compete with producers and exporters receiving billions of dollars in subsidies annually.

It is time that the government did something, stepped up its negotiations and took a stronger stand internationally, first, so as to reduce subsidies, which are distorting international prices and, second, to put a little money in the pockets of agricultural producers in Quebec and in Canada, to give them a new lease on life. This is what it will take to keep our agri-food industry going. Otherwise, its survival is at risk.

[*English*]

Mr. Grant McNally: Mr. Speaker, I rise on a point of order. I think you might find consent if you were to seek it that we deem all private members' bills for this parliament votable.

The Budget

The Deputy Speaker: Does the House give its consent to the hon. member to propose the motion?

Some hon. members: Agreed.

Some hon. members: No.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, I would like to indicate at the outset that I intend to divide my time with the NDP finance critic, the hon. member for Regina—Qu'Appelle.

I listened very carefully to the budget address yesterday delivered by the finance minister. In that budget address he congratulated himself on the clear-eyed vision contained in the budget. I believe those were the words. I would suggest that the finance minister needs to make an urgent appointment with an optician, an optometrist or an ophthalmologist.

Let us hope that in the process he will discover one of the really short-sighted measures or shortcomings in the budget, which is to give the kind of resources to our health care system and recognize what an important part of the definition of security this is for the average Canadian.

The finance minister also made it clear that the central purpose of the budget was to make Canadians safer and to ensure that Canadians had greater security. I am compelled to say that, even in terms of the definition given by the government, the stated purpose and principal objective of the budget, it has failed miserably. It has failed miserably because its definition of security is so narrow that it excludes a great many of the priorities that Canadians would list if we asked them what things they wanted their government to accept some responsibility for to create greater security.

The budget in many ways is a fraud, a deception. It really is a bogus budget because it conveniently ignores many commitments already made by the Liberal government. It actually ignores a number of things contained in its own red book. There is nothing new about that. It completely ignores previous commitments made but not budgeted in previous budgets. It is very evident that it absolutely dismisses and discards a number of priorities, which the government stated when it brought forth its most recent Speech from the Throne. There are many I could list but I will just give two examples.

One is increasing the security and helping to lift out of poverty first nations people in the country. Second, whatever happened to the commitment to climate change? There was absolute silence in this budget about taking any proactive measures or leadership to finally live up to our Kyoto commitments. Security, at its most basic, is about Canadians having the opportunity to breathe clean air and drink safe water. On those issues the government virtually was silent in the budget introduced yesterday.

What is in the budget? The budget contains a lot of measures that are regurgitated, repeated and recycled from previous budgets, in fact measures that are already implemented and in the financial stream. When we set aside all the measures that fall into that category, what we have essentially is \$1.5 billion in the budget that could be described as a genuine allocation of resources to deal with Canadians' priority concerns about security and a mere \$1.5 billion that could be described as genuinely stimulative of the economy.

It is absolutely true that there are some measures to deal with airport security and some measures to reinvest in policing and border controls, but let us be very clear that that is only one kind of security, physical security which is important, and we support those measures.

•(1215)

However let us also not forget, even though the government would conveniently like to forget and hope Canadians forget, that what is largely required in this area is to reinvest and reinstate dollars to provide for adequate RCMP and other policing, to rehire immigration and customs officials and others who actually lost their jobs because the government decided that public sector jobs did not matter and that public services were not what Canadians wanted. Thank goodness the government has finally recognized it and is responding to the urgings we have made again and again,

Congratulations for this belated revelation on the part of the government. We welcome its conversion to the view of the majority of Canadians that public services do matter, not just in a crisis, not just in the aftermath of something as horrifying as what happened on September 11, but day in and day out, year in and year out.

What about the security provided by our military? It is true there are some measures in this budget that address the chronic underfunding of our military in a number of important areas. However when we take account of the \$510 million already committed in Operation Apollo, what is left is less than \$1 billion allocated to the military over the next five years. This is unbelievable.

I come from Halifax. I have a lot of families in my riding, as do my colleagues from Dartmouth and Sackville—Musquodoboit Valley—Eastern Shore, which I think is the longest name of any riding in the country. Does anyone know what those families think of when they think of security? They think of their loved ones, their mothers or fathers, who are committed to military duty for the country and who stand up for Canadians. They think of their loved ones when their jobs require them to fly in a Sea King helicopter, and they are racked with fear and insecurity about the possibility that the Sea King will crash.

My colleague, the NDP defence critic, and I just did a quick calculation of the budget figures. We have concluded that, based on the allocation of dollars in this budget over the next five years for Canada's military, we could purchase one and a half new helicopters in each of the next five years. That is what we have. That is without beginning to address what is needed in the way of more resources for recruitment, for training and for adequately paying military personnel. A great many of those families are not only racked with the insecurity of what it means to have loved ones go off into a military combat arena, they are racked with the insecurity of families who are not even adequately paid and have inadequate shelter.

The Budget

• (1220)

[Translation]

Security is a dual concept. Clearly, there is the physical security, but there is also the economic and social security, security for the poor, particularly the children, the homeless, the unemployed, low income families and small farmers, who are going through a serious crisis these days. There is the security of Canadians who have to live through the recession.

[English]

The finance minister has tried to create the impression that this is a stimulative budget, that it will address many of the economic and social concerns in the country and at the same time give the kind of stimulus that is necessary to ensure that Canada does not tip into a recession.

There is very little basis for confidence that the budget will avert the recession that is surely coming down the road. Today's analysis of the budget makes it very clear that this is not a stimulative budget. It would have required an investment of \$9 billion to \$10 billion on top of the security provisions that were clearly going to be part of the budget. When we strip away all those already announced, already implemented provisions, the stimulus is approximately \$1.5 billion.

I do not know whether Avery Shenfeld, senior economist with the CIBC world markets, was among the 100 economists who said in advance, through the Canadian Centre for Policy Alternatives, that we needed an investment of \$10 billion to avert a recession. However, he said in *Globe and Mail* today said:

"Consumers won't see any immediate income boost or incentive to spend". On the spending side, the economic activity generated by the government's program will be a long time coming.

If we are going to find ourselves in a recession in the next year or so, it will be a made by Martin recession, one that—

• (1225)

The Acting Speaker (Mr. Bélair): The hon. member knows that she cannot refer to a member by his or her name, but only by his or her position or riding.

[Translation]

Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.): Mr. Speaker, I would like to ask a question to the leader of the New Democratic Party.

Can the leader tell us what she would do, what she would be prepared to do for developing countries, if she were the head of the government? What is her policy on issues concerning the countries of Africa, Central America and Latin America?

[English]

Ms. Alexa McDonough: Mr. Speaker, I welcome the question although I find it absolutely shocking to think that the secretary of state would not be aware of what the NDP's long time policy has been with respect to overseas development assistance.

Let me make it very clear. The first plank in that priority platform would be to do what the government has steadfastly refused to do, and that is to move decisively and dramatically in the direction of restoring overseas development aid to .7% of the GDP. This was a

commitment made by the government when it sought office, yet it has brought us an unprecedented reduction of overseas development assistance, down I believe to .25% of our GDP. That is unbelievable. This is less than one-third of what the Liberal government said it would do and far less than what many countries in the world, which are a great deal poorer than Canada, have long implemented in their respective budgets.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, I know my hon. leader only had 10 minutes in which to speak, but I would like her to comment further on the budget.

Probably the most serious crisis in the country right now is facing our farmers who provide food for our breakfast, lunch and dinner every day. In the budget there is just a paragraph about having further talks with the farmers and not one red cent to assist our them. Would she elaborate on why the government has ignored such an important sector of our economy?

Ms. Alexa McDonough: Mr. Speaker, my hon. colleague is absolutely right. We have a serious farm crisis on the prairies, in other sectors of the agricultural economy and in other parts of the country as well. Yet the government's commitment to deal with that crisis constitutes nothing more than a commitment to continue discussions about what might be done.

It is absolutely clear that we need to put in place workable income stabilization programs. We called in advance of the budget for a commitment to do that. That is exactly what the farmers and farm families have called for. That is exactly what farm communities, municipal leaders and business leaders in those farm communities have called for. They know that, if the government does not begin to act on the farm crisis, it will devastate not just the lives of a great many farmers and their families but it will devastate whole rural parts of the country.

Hon. David Kilgour: Mr. Speaker, will the hon. leader of the NDP tell us specifically what she would do in terms of overseas development assistance? What kinds of programs would she continue? What kinds of programs would she discontinue?

Ms. Alexa McDonough: Mr. Speaker, continuing overseas development programs when the Liberal government has gutted the existing programs is laughable so I have no suggestions along those lines, although I am sure it was suggestions about eliminating things that led to the paltry budget measures of the government for ODA.

Let me say that I want to give credit where it is due. It is welcome that the government has finally seen fit to commit to some increases, but I am very worried. When I look in the budget for a line item that makes it absolutely clear those dollars have been committed, they are not there. In this budget no dollar amount has been allocated for increased overseas development aid.

When we asked finance officials about this they said the dollars would come out of the surplus, if there was any. I do not call that an ironclad commitment to remove the shame and embarrassment of the government's paltry commitment to overseas development aid. I do not think it gives much comfort to many Canadians who have been fighting for an improved allocation of international development monetary assistance.

The Budget

• (1230)

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, the budget presented yesterday is really one that contains an awful lot of smoke and mirrors in terms of the wizardry of the Minister of Finance. In fact, there are probably more tricks in this budget than there are in the Harry Potter movie. There is a lot of smoke and mirrors and a lot of bark but very little bite in this budget when it comes to what is really necessary for the people of this country.

The budget is really a budget of missed opportunities on the part of the federal government. The only thing the government addresses is the issue of national security and much of that was under pressure from the United States in terms of our national security budget, which will be \$7.7 billion over the next six years. About \$2.2 billion of that, though, will be recuperated in terms of a special fee or tax on air travellers in the country.

When I was travelling the country with the finance committee, person after person told us what they really wanted was economic security. The government has missed an opportunity to provide some economic security for the people of our country.

I ask this question: Where is the economic security for Canadian farmers who are suffering and leaving the land? A farm bill in the United States that has gone through the house of representatives will supply American farmers with \$173 billion over the next 10 years if it goes through the senate and gets approved by the president. This money is on top of \$70 billion already approved and spent in the last four years in the United States. American farmers get four times as much from their government as our farmers get in Canada. European farmers get seven times as much as our farmers. Where is the security for the farmers of Canada?

Where is the security for the 7.5% of the Canadian population that is unemployed? There is an accumulated surplus in the EI fund of \$36 billion, much of which is used through general revenues to fund a tax cut for wealthy people and corporations. Where is the security for the unemployed? Why did the government not extend eligibility benefits? Why do we not make sure that the benefit period is extended? Most unemployed people now do not qualify for EI. In fact it is predicted that in Toronto about 80% of those who are unemployed worked in the service industry and will not qualify for unemployment insurance benefits. Where is the security for the unemployed in Canada?

Where is the economic security for our aboriginal people, the first nations of this country? The United Nations human resources index states that Canada is the third best nation to live in, but when using the same index for first nations people Canada becomes the 63rd best nation to live in. People are living in Third World conditions in Canada, yet there is no economic development and no economic security for them in this budget. Why is it not there?

[Translation]

Where is there something about the economic security of children in Canada? I remember very clearly that, twelve years ago, in 1989, one child in seven was living in poverty in our country. Now, twelve years later, the ratio is one child in five, or 20% of all children, living in poverty. Where is the security for children in Canada?

[English]

Where is the security for people who need housing? There are many people in need of housing. If we were to build houses in Canada it would create two and a half jobs per house. Where is this in the budget? This is also missing.

[Translation]

Where is there national security for our health system? Our health system has suffered substantial budgetary cuts, substantial cutbacks, in 1995, to the hands of the Minister of Finance. However, yesterday, there was absolutely nothing for our health system in the minister's budget.

[English]

Where in the budget is there security for people who need jobs in this country, for the 7.5% who are unemployed, for the 43,000 people that lost full time jobs last year? Then we have some 57,000 people who have part time jobs. Where is the vision for creating jobs?

Where is the security in this country for the environment? Where is the environmental security? Where is the commitment to Kyoto? Where are the funds to clean up waste disposal sites? Where is the money to look for alternative fuels and where is the money to retrofit buildings in this country? It is not there.

Where is that economic security? This is a budget of missed opportunities. I am surprised that the parliamentary secretary can sit there in the confidence that this is a good budget knowing his past record on some of these things.

What is the Liberal vision? Do they have a vision? They have a vision of a low wage, part time economy where there are jobs at Tim Hortons but not at IPSCO in Regina in the steel mill or at General Motors in Oshawa. That is the vision of the Liberal Party across the way.

The Liberal vision is one where the income gap in our country is widening each and every day but bank profits are going up despite a slow economy, with \$9.3 billion in profits last year and \$9.6 billion the year before. We see the constant vision of a deferral of investment in the human and physical infrastructure in this country which is in need of money now. We see a vision of a loss of sovereignty in our country and of giving more and more control of Canada to people who live outside our borders.

We see a vision of a smaller and smaller federal government. In the 1980s the government represented 16.4% of the GDP and now it is at 11.3%. This is the smallest it has been since 1949. It is a vision that is really an adoption of the Reform-Alliance agenda and the only thing that makes that budget look good across the way is the Alliance Party of Canada. Every morning when the Minister of Finance gets out of bed he gets up and says "Thank God for the Alliance, thank God for the Leader of the Opposition, thank God for the Reform Party and thank God for the former leader of the Reform Party of Canada," because they are implementing their agenda. This is exactly where they want to go.

The Budget

Our country needs a new vision. We need a vision where there is once again a role for the government in leading the way in helping plan a mixed economy. There is a role for the government and people realized that after September 11 and the problems with security.

There is also a role for the Bank of Canada to once again assume more of the national debt. At one time about 20% of the national debt was held by the Bank of Canada. The national debt is now down to 8% or 9%. This role of the bank would give the government more fiscal flexibility.

We need a vision in the country where jobs are the number one priority, where yesterday we would have spent 1% of our GDP in terms of investment on infrastructure, housing, social programs and agriculture. That has to be the priority of the government.

We need a vision of creating wealth in Canada by investing in education, training and skills because knowledge is power and knowledge is wealth in the future.

We need a vision where the role of small business is more important. Small business today creates 80% of the new jobs, and 80% of small businesses, by the way, have revenues of less than \$1 million per year. That is where a lot of the action is.

We need a vision that has a dream of an environmental society and a sustainable environment in our country where we have a greener economy and a dream of social programs that are fully enhanced and fully funded to create more equality of conditions for all the people of Canada.

We also need a new international vision, where the IMF and the World Bank are democratically accountable to the people of the world and where the WTO is not the new world government and we worship at the altar of large corporations.

We need a vision of more foreign aid, a vision of a world economic development organization so that we could have a new Marshall Plan for places such as Europe and Afghanistan, a vision where we have a tax like the Tobin tax on currency speculation to fund international development and slow down the speculation in currency. This is the kind of vision we need.

I think we also need a vision of having the sovereignty and the independence of our country once again reclaimed, because we are losing our country. Chapter 11 of NAFTA, the national treatment clause of the trade deals, gives more rights to corporations than to people. People working in other countries require a working visa, but corporations can come in without any visa and dictate the rules and buy up our country at will. This has to be changed.

We are selling out our country. Even the boss of the Royal Bank, Gordon Nixon, for whom the member across the way used to work, said in Regina that in the last two and half years 20% of our publicly traded companies on the TSE had been sold out and that 23 of 35 companies on the oil and gas index on the TSE have been sold to foreigners, mainly Americans.

• (1235)

Since 1985 we have lost about 13,000 companies in this country. They were sold to foreigners, mainly in the United States. That

includes these companies: MacMillan Bloedel, Tim Hortons, Shoppers Drug Mart, Gulf, Laura Secord chocolates, the CNR, and soon the CPR, and the Montreal Canadiens hockey team, sold to Gillette of the United States.

In addition to selling out our companies, we are privatizing. The government privatized the administration of Canada savings bonds to EDS of Texas last year on June 30, the day before Canada Day, the very symbol of our sovereignty.

In my last half minute, let me say that in the future we are in danger of losing our dollar, our loonie, our currency, as more and more people across the way, and the Reform and the Bloc, are talking about using a currency in common with the United States, the American dollar, which will be controlled by the Americans and the American federal reserve.

I will conclude by saying it was a budget of missed opportunities, but we have great potential to take control of our economy, to take control of our sovereignty and to make this country whole and great once again.

• (1240)

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, the hon. member is complaining because we did not do his party's \$10 billion stimulus when in fact the stimulus we provided was on the order of \$26 billion. The point is that because of actions taken a year ago we have \$17 billion in tax cuts in this year alone. That is the biggest tax cut this year of any G-7 country. We have an extra \$3 billion in health care and we have a number of other items, adding up to \$26 billion, which is much more relative to the size of our economy than the Americans are proposing and the Americans have not yet implemented those proposals.

My point is that contrary to what the hon. member said we have in fact had a very large fiscal stimulus, to the point where we are proposing not to pay back any debt this year and possibly next year. If we wanted to go any further we would clearly have to go into deficit, because any further than not paying back any debt is a deficit.

The question I am asking is this: the hon. member must be proposing a return to deficit. Otherwise I do not see how his numbers add up.

Hon. Lorne Nystrom: Mr. Speaker, I think the parliamentary secretary should go back to the Royal Bank the way he is starting to count nowadays. He could take some lessons from the new president of the Royal Bank, Mr. Nixon.

Of the \$26 billion that the parliamentary secretary is referring to, some \$24 billion was committed in previous budgets. The extra stimulus, or the maximum in this budget, is \$2 billion. We have about \$1 billion or less in terms of new programs. We have a few other things that were thrown in there, but very little new stimulus.

The Budget

Even the infrastructure program that they are talking about, which might have \$2 billion, and I repeat might have, is dependent on there being a surplus in the next fiscal year. It is not even a line item.

I know you cannot see this far, Mr. Speaker, but when we come across the infrastructure program here in the budget there is nothing listed at all. There is no line item in the next fiscal year or the fiscal year after that. It is the same with the Africa fund of \$500 million. The government members say in both cases that there will be money there if there is a surplus.

In terms of the deficit, I just do not believe it. We could have spent an extra \$10 billion in this budget. The government spent an extra \$2 billion or \$2.5 billion. It could have been \$10 billion of new stimulus without going into deficit, because part of that stimulus would come back to the federal government in increased taxes. More important, the Minister of Finance has always overestimated the deficit and underestimated surpluses and he is doing the same thing here. In fact in the last seven years he has been out by \$75 billion in terms of his mathematics. The minister across the way cannot count. Members opposite have no imagination. We have missed an opportunity in this budget to create jobs and to stand up for the Canadian people.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, first I want to commend my hon. colleague for Regina—Qu'Appelle for the great work he has been doing in standing up for the interests of agriculture in his area and in Canada in general.

I would like to ask him a question. Could he explain to us what the farmers and farm families are going through in his riding? What could the government have done to help them? No new measure is provided to help farm families.

Hon. Lorne Nystrom: Mr. Speaker, indeed there is nothing at all in the finance minister's budget for Canadian farmers. Yet, farmers, that is grain producers in Saskatchewan, Manitoba and Alberta are going through a deep crisis. Many of them have already left their farms because it was no more possible for them to continue without help.

•(1245)

[*English*]

It is nothing at all. There is unfair competition in the world with massive subsidies in Europe and the United States going to their farmers. It is no wonder our farmers cannot compete. They receive very little help. Our farmers are efficient. They produce grain and food in a very competitive way.

I will give an example. Grain farmers get 9 cents on the dollar from the federal government. American grain farmers in Montana and North Dakota get 35 cents on the dollar from their federal government in Washington. In the European Union, farmers in France or Italy get 55 cents on the dollar from their federal government in Brussels. That is not fair. That is why farmers are leaving the land. There was nothing in the budget last night for the farmers of Canada.

Right Hon. Joe Clark (Calgary Centre, PC/DR): Mr. Speaker, two events since summer have changed the course of our country. The first was the terrorist attack in September. The second was the

gradual onset of what the Minister of Industry last week correctly called a recession in Canada.

The budget tabled yesterday, and a budget widely and deliberately leaked before parliament saw it, should have dealt with both security and prosperity. The budget is a disappointment on both counts. It does precious little to address security and it does nothing at all to encourage the prosperity of Canadians.

This is only a half budget. It is a short term limited response to security and terrorism. It is not a full and honest budget which would set a course for the future. The minister's own officials told the *Ottawa Citizen* that "There could be another budget in early summer". This constitutes an utter abandonment of the kind of reliable budget cycle that Canadians could count on.

[*Translation*]

At the very least, the fact that another budget is already anticipated a few months down the road indicates the government's inability to develop a strong action plan to avoid recession. At worst, that is sowing fear and uncertainty.

Does the finance minister have anything to hide from us? What bad news does he have in store for us come next spring or next summer? We know the government has stopped paying back the debt. The minister has admitted that debt repayment will be zero dollar in 2002, zero dollar in 2004 and zero dollar even in 2006.

[*English*]

The deficit forecasts are highly suspect. They are achieved by fancy accounting. For example, the government claims to be giving a tax break to small and medium size corporations. It is not a break; it is a deferral.

Those corporations would pay their \$2 billion in taxes six months later. Why is that? The only way the government could avoid showing a deficit next year was to shuffle that \$2 billion of tax take into next year's revenues. Otherwise the government would show a deficit next year. This is hocus-pocus. This is not fiscal planning.

A major purpose of a budget is to provide certainty to individuals, families and businesses that must plan their own finances. Canadians can draw no certainty from a budget whose timeframe in the minister's own words is only "the year ahead".

The minister claims to be prudent. Yet the budget shows reckless disregard for a budget's central purpose of providing context and direction for the decisions which individuals, families, workers, taxpayers and investors must make.

[*Translation*]

The Finance Minister proposes a budget which truly speaks to the type of government this is. It contains no real action plan for the future, nor any true solution to the problems in areas such as health and agriculture or on the issue of taxation reform.

Apart from repeating measures already announced in previous budgets, which is another trademark of this government, one would believe, by reading the minister's speech, that those problems do not deserve the attention of decision makers.

*The Budget**[English]*

The most ironic line in the budget is when the minister solemnly states:

Let there be no doubt that the plan which brought these benefits will see us through the current downturn.

Two events brought Canada the fiscal windfall of the last few years. They had nothing at all to do with the Liberal government. The first was the economic boom in the United States. Economists and economic policy commentators agree that the second set of decisive factors was free trade and the GST which the government did everything it could to stop.

The government has no economic plan. It never had one. It rode high in the good times and it stands forever accused of having wasted that period of growth when Canada had the fiscal room to take the initiatives that would have kept us among the economic leaders of the world. However this emperor has no clothes.

This is a government that takes no initiatives. There has been no significant economic initiative taken by the government since NAFTA. There is no plan to see us through the recession, which ministers admit exists but which the federal budget, the economic planning document for Canada, fails to mention.

Those are not the hallmarks of an honest budget. This is either a con game or Liberal arrogance at its worst. In either event it breaks trust with the people of Canada.

• (1250)

[Translation]

How can the minister expect our fellow citizens to be able to plan their financial future and that of their businesses and families if he is unable to propose an action plan which has more than a few months span?

[English]

The budget is decisive proof of the arrogance of a government too long in office. It is clear that the minister's leadership aspirations matter more to him and influenced the budget more than his responsibility as the economic leader of the government.

The minister needed cash. The auditor general identified 16 different ministries with wasteful spending that cried out for attention. The minister ignored the auditor general and the waste. He refused to cut the spending of ministers whose votes he needs and wants in the Liberal leadership campaign. To make matters worse, the minister buckled when the Prime Minister insisted that other leadership candidates be given tiny trophies from the treasury.

An hon. member: A Tobin tidbit.

Right Hon. Joe Clark: The Minister of Industry, the Tobin tidbit, who wanted \$4 billion, settled for \$110 million in new money for high speed network technology, which is \$110 million more than the desperate and basic agriculture industry received in the budget.

The Minister of Canadian Heritage and the Minister of Human Resources Development are allowed to keep on wasting millions of dollars in their grants and contributions programs despite the clear and repeated criticisms of the auditor general.

In a country in recession the Minister of Finance needs to impose discipline on his colleagues, but the minister is a candidate for his party's leadership and so he does not hold to account the cabinet colleagues whose leadership votes he needs.

There is not a single cent of new money for agriculture. Nor does the budget provide for a rollover of unused safety net funds from previous years as requested by farm organizations. Farmers need a long term vision. They need to move beyond year to year crisis management. The budget provides neither for agriculture.

[Translation]

The same goes for health care financing. The budget contains no new initiative for this issue of such great concern to Canadians.

[English]

To use a phrase from another time, the minister had options. He had a choice. He could have used the good economic times of the last few years to bring up funding for health care, defence and other priorities. He could have been a leader in tax reform in those good years when Ireland, Germany and the United States were pulling dramatically ahead of Canada. Instead he drifted through the good times and now has to deal with defence and security issues that should have been addressed long ago.

The contribution to national defence is pitiful. It is an insult to the men and women who serve Canada abroad in whatever theatre. As part of the much vaunted security package the budget gives the Department of National Defence \$629 million over five years for the Canadian forces. However the department's own business plan states that it is \$1.3 billion short per year to fulfill the tasks already assigned to it. The government adds more new tasks than money.

Once the funds are stripped away, allocated to the current commitment to the war in Afghanistan and earmarked for JTF2, the military would only receive \$300 million to deal with capital programs. That would only buy five search and rescue helicopters, or three Hercules planes, or one C-17A heavy transport. There would be no money to replace the CF-18 fleet, the Iroquois class destroyers and the Aurora maritime patrol aircraft fleet. Yet they are all due to be retired by the end of the decade.

The government proposes to invest \$1.2 billion itself in a security policy and have taxpayers contribute another \$2.2 billion in higher ticket fees.

• (1255)

[Translation]

As regards our border, Canada could have shown leadership by proposing a typically Canadian action plan. However, because of our silence, the silence of the Government of Canada, we have to settle for the American proposal, which provides, among other things, for the presence of American helicopters at the Canadian border.

The Budget

On the issue of foreign aid, the government has obviously completely wiped out any potential benefits from our contribution to humanitarian aid. By reducing aid levels, as they have done since 1993, they have severely reduced our capacity to act on the international level. The budget tabled yesterday damages but in no way rehabilitates our reputation around the world.

[English]

The government's record on foreign aid has been abysmal over the last seven years. We fall well below the OECD average on foreign aid spending. Currently we are at 0.25% of GNP, down from 0.46% in 1992 and far below the UN target, the Lester Pearson target of 0.7%.

The real challenge for Canada is to become internationally competitive again. We must pay down our national mortgage. There should be a scheduled debt reduction plan that would force the government to pay down our debt. The government could eliminate plenty of waste. It could start with the \$125 million it is spending on advertising and polling. There is a good place to start.

The budget would repeat last year's pre-election tax cuts. However, after taking into account bracket CPP premium increases and the child tax benefit, that would still keep current levels of taxation above those of 1993. The only major tax break would defer the taxes of smaller corporations, the fancy accounting whose only purpose would be to hide the deficit next year. It is notable that no similar relief is being offered the unincorporated small business owners, farmers or fishermen.

[Translation]

On the transparency and accountability fronts, the finance minister is sending troubling signals about the future direction of his government. Again, we are witnessing the establishment of a new foundation.

[English]

Last week the auditor general criticized the government for establishing these foundations. This week the government sets up yet another one. The strategic infrastructure foundation would not answer to parliament. It would be run by a board of Liberal Party friends. It would be another step into the darkness where more and more of the activities of government would be conducted in secret and at great distance from parliament which exists to control the spending of the Government of Canada.

[Translation]

Last week, the auditor general noted in her report, and I quote:

While the foundations will support worthy causes, I am...also concerned that Parliament has only limited means of holding the government to account for the public policy functions performed by these foundations.

[English]

She continues:

There are many ways for the government to pursue its policy objectives. It has not yet assessed the appropriateness, the cost, or the effectiveness of this particular vehicle. I think it should.

That she said last week, in saying stop this practice. What did they do? They turned around and they set up another corporation that

parliament cannot get at, whose records will be secret, run by Liberal Party lackeys distorting the Canadian public interest.

It is ironic that this half budget, this guise pretends to be a response to the terrorist attacks because those terrorist attacks showed the Liberal government at its most inept. While Tony Blair played a leading role in responding to the terror, there was no one home at 24 Sussex Drive, just as there has been no one home, no leadership on economic policy in a decade. We are paying a price for that now.

The budget yesterday was an opportunity for Canada to begin to face the possibilities of the future, to begin to turn around the growing recession. This half budget is the latest proof that the government is letting Canada down and is costing us our future. Canadians deserve better than this short term, shortsighted budget.

• (1300)

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I will be speaking shortly about the budget, so I will limit myself to one question for the right hon. member.

I do not understand for the life of me how he can boast about his own government's record when it was the Conservatives who left this government in 1993 with a \$42 billion deficit. That was absolutely central to the first several years of this government. That was why the *Wall Street Journal* said Canada was about to become a third world country. That was why we had to cut foreign aid, among other things, to get us out of this Tory hole.

Now that we are finally out of the Tory hole, we are restoring foreign aid and health care and we are cutting taxes.

How he can claim that he left us a wonderful legacy of a \$42 billion deficit, from which we emerged only several years ago, is quite beyond my capacity to understand.

Right Hon. Joe Clark: Mr. Speaker, that is not what the Royal Bank used to say through the voice of its chief economist. He had a much clearer view of reality at that time and was quite prepared to acknowledge two things. First is that the Progressive Conservative government, when it came to office, came to office facing a \$38 billion deficit that had been left by Liberal governments before. Second and far more important is the transforming impact upon the country and its prospects of the economic initiatives that were taken by the government during the 1980s and the early 1990s.

The real tragedy here is not to debate the merits of free trade or the merits of the GST, all of which have been debated. The real focus here is that it was a government that was prepared to act to make Canada a leader in the world. It perhaps took too many initiatives. It certainly paid a high political price for those initiatives but at least it acted.

The Budget

We have seen, sitting here in the most fortunate country in the world, a government now through three terms. When I asked the Prime Minister in debate during the election campaign could he name one single major accomplishment of his time in office, he could not name one, nor could the Minister of Finance. As I said in my remarks, there has not been a significant economic initiative taken by the government since NAFTA and NAFTA was closing up the business of the government that went before it.

What we need if we are going to maintain our capacity as a leader among nations is a government that is as imaginative as its people are. We need a government that is prepared to take the kinds of long term risks to build for the future and make Canada an economic leader in the future.

I am immensely proud to have been part of a government which was prepared to bring in the free trade agreement, which was prepared to face the hard realities of the GST.

Yes, we accepted the advice then of the chief economist of the Royal Bank of Canada. He had better advice then than he does now. It was good advice. It was good for the country. It has given us great opportunities which the Liberal government year after year has wasted. It has wasted and squandered them again in the budget that was brought down yesterday.

The budget could have followed the advice of the auditor general. It could have taken her direction as to where the waste was rampant and eliminated that waste. That would have given us the room for targeted corporate tax cuts. It would have brought growth to the country and given us the room for investment. It would not have been an insult to the men and women who serve in the armed forces.

There is so much that could have been done. There has been so much that could have been done over this last wasted decade, but the Liberal government sat, drifted and let the world pass us by. Now Canadians are paying the price.

Soon Canadians will have a choice. When they have that choice they will say that they have had enough of a government that wastes the potential of Canada and let us get back to building this country again.

• (1305)

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, it is always amazing as a New Democrat to sit here and watch the Tories and Liberals banter over who is responsible for the high debt and deficit of the country when both are responsible.

I admired the speech of the hon. member for Calgary Centre. I agree with many of the things that he has said, especially regarding the military. The fact is that the budget was to end the terrorist threat in Canada as we would not allow terrorists in. However, when we look at the minuscule budget that went to the coast guard and the armed forces, terrorists can still drift into this nation and do whatever harm they wish to do. The budget will do nothing about that.

My great concern is that the previous budgets years ago used to have employment figures in them. There were targets for unemployment rates. Since 1996 those figures have disappeared. They are gone. There has been absolutely no commitment on the part

of the government over the last eight years to tackle the unemployment situation or to even tell Canadians what the current rate of unemployment is, whether it is going up or down, and what the government is going to do about it.

Why does the hon. member think those figures are missing from previous budgets and this budget as well?

Right Hon. Joe Clark: Mr. Speaker, that is a very good question. It is a perceptive one because it goes to the heart of the con game that the government has been trying to play for so long with budgets.

The Minister of Finance always exaggerates the figures that he puts in his budgets and he keeps away information that is germane. Those unemployment targets should be in the budget of Canada. They allow people to have some sense as to what our prospects are and what our path should be.

We have seen this again in the budget that was brought down by the minister yesterday. He claims he is making a \$2 billion tax cut for small and medium size businesses. He says that it will be a great help to them. It will let them defer their tax payments for six months. Why is that? Because he knows that if they pay those taxes this year and not next year, he will show a deficit next year. What is pretending to be a tax deferral for some, not farmers, not fishermen, but some small businesses, is actually a means of cover. It is a means by which the Minister of Finance can try again to fool more Canadians about the real state of the Canadian economy. He does it by hiding unemployment figures. He does it by playing hocus-pocus with tax changes.

What we need is a budget whose honesty and figures Canadians can count on. We did not get it yesterday.

Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.): Mr. Speaker, the right hon. member twice now has mentioned the matter of the tax deferral for incorporated small businesses. He incorrectly stated that this does nothing for farmers and fishermen. He said it twice in this place. The member is quite incorrect, as he well knows, because farmers and fishermen can also incorporate their businesses.

The member would like to suggest that somehow the government is deficit planning. He should well admit that cash flow to small businesses is absolutely essential particularly at a time when, some have said, Canada is in a recessionary period, which the member will well know is going to severely restrain cash availability.

I would like the member first to admit that he was incorrect with regard to his assertion regarding all farmers and fishermen—

The Acting Speaker (Mr. Bélair): The right hon. member for Calgary Centre.

Right Hon. Joe Clark: Mr. Speaker, I do try to be accurate. The parliamentary secretary is correct. Some few farmers can incorporate and some few fishermen can but most do not. The people who need help most in those industries will not receive it. That is the perspective.

An hon. member: They do not farm or fish in Mississauga.

The Budget

Right Hon. Joe Clark: My colleague reminds me that they do not farm or fish in Mississauga, but they do farm and fish in parts of the country where the economy is in terrible shape and there is a real need for help.

Let me tell the hon. member that if he wants cash flow for small business, let him reduce the EI premium. If he wants cash flow for small business, let him change the capital gains tax.

An hon. member: The EI cannot do it. They have to do it on the basis of payroll, not taxes.

Right Hon. Joe Clark: No, Mr. Speaker, the member shouts from his seat that the EI cannot do it.

Let me say who cannot do it. The Minister of Finance cannot do it. The government cannot do it. It is not that the Liberals cannot do it; it is that they will not do it. They will not rise to their responsibilities or to the opportunities of the country. That is why the budget is such a travesty and why it could be such a tragedy for a country like Canada.

• (1310)

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, just one last word to the leader of the Tory Party on his comments. His first line of defence for his \$42 billion deficit was that he inherited a \$38 billion deficit from the Liberals in 1984. What an achievement. He turned a \$38 billion deficit into a \$42 billion deficit, whereas the Liberals inherited a \$42 billion deficit and we turned it—

An hon. member: That is what they say every day in this place.

The Acting Speaker (Mr. Bélair): Order, please. The hon. parliamentary secretary has the floor.

Mr. John McCallum: Mr. Speaker, the point I was making was that their achievement was to turn a \$38 billion deficit into a \$42 billion deficit some nine years later, whereas we turned a \$42 billion deficit into a sizable surplus. I guess it has to do in part with the size of the objectives and goals one sets for the future.

Mr. Speaker, I neglected to mention that I will be sharing my time with my colleague from Beauharnois—Salaberry.

I want to talk about two myths that have been propagated by the opposition and some provincial premiers about this budget and then I will summarize with a very brief statement on why it is a good budget.

The first myth is the idea that the budget has provided no stimulus to the Canadian economy at this time of global economic slowdown. Contrary to what has been said on the other side of the House, it does not much matter when the decision was made. What matters is how much support is provided to the economy this year and next year when we are in the midst of a world economic slowdown.

The fact of the matter is that because of wise decisions taken a year ago, Canadians have \$17 billion extra in their pockets this year because of a tax cut, the largest among G-7 countries.

We have an extra \$3 billion for health care this year because of the health accord a year or so ago.

In addition, because of infrastructure programs and a number of other initiatives in research, we have a total fiscal stimulus this year of \$26 billion, which in American terms would be \$260 billion since it is 10 times larger than Canada.

In fact this year and next year the government is providing substantially more support to the Canadian economy through lower taxes and investments in health care, research and innovation than the U.S. or other G-7 countries.

It is partly for those reasons that economists in the IMF and the OECD unanimously say that Canada will do better than the U.S. this year and next year in terms of both jobs and growth. Those are facts.

The second myth is related to the first, which is an idea propagated by provincial premiers, notably Ontario and Quebec, to the effect that when the bill for health care has to be paid the federal government goes to the washroom. The fact is that because of the health accord and other actions, over the last five years the federal government's share of health care expenditures in Ontario has been rising and its share of total Ontario program spending has increased from 22% of the total five years ago to 27% this year. In Quebec it is even higher. The share is 30%.

Why are the provincial governments saying different things? It is because they choose not to include our contributions in the form of tax points or tax rooms contributed some years ago. Those are just as much contributions as the cash. If they added up the sums correctly, using the a nice chart in the budget book, they would find a rising share of federal contributions to provincial coffers over the last five years.

[*Translation*]

If the behaviour of the Ontario government is reprehensible, the behaviour of the Parti Québécois and their friends from the Bloc Québécois is worse. Not only do they hide the real federal contribution, but after saying that they do not count tax points as part of the federal contribution, they then ask the federal government to give nothing but tax points to the Quebec government. This means that they want us to give more to the provincial government, but that this contribution will not be recognized at all.

Of course, from a separatist point of view, if you are a separatist, which I am not, it is a fantastic idea. More money coming from the federal government and no acknowledgement whatsoever of the role played by the federal government. It is therefore a separatist ploy. I can say that this government is not stupid enough to accept such a separatist idea.

The Budget

•(1315)

[English]

The statement that this budget gives no stimulus is a myth. It is well over 2.5% of GDP. It is in the form of lower taxes which puts more money into people's pockets. It gives more money to health care and more money to the government's key priorities: the learning agenda, the environment and research and innovation. We are simultaneously providing economic stimulus to support the economy and investing in the key areas that matter most to Canadians, health, research and so on.

The budget provides support to the Canadian economy at a time when the Canadian economy needs it most. It also implements the government's long term vision. It does what is necessary with regard to safety and security, our number one priority, but it is not doing more than is necessary on that front. It also addresses a matter of absolute importance to the Canadian economy, that is to say, the Canada—U.S. border in terms of both its security and the free passage of goods and people which is absolutely crucial to the long term health of our economy.

On all those scores, this is a good budget that sustains the economy when it needs it most. It is consistent with the government's long term vision of where this country is heading. It does what is needed on security and safety and addresses the critical question of maintaining a border that is both secure and free flowing.

[Translation]

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Mr. Speaker, the Parliamentary Secretary to the Minister of Finance has dealt with something I am interested in, tax point transfers. He said that members of the Bloc Québécois and the Parti Québécois do not talk about that. But he forgot to mention—

An hon. member: Separatists.

Mr. Antoine Dubé: The hon. member used the word “séparatiste”. He can use any word he wants, but I would like to ask this member a question.

Tax points—and I am not referring to cash transfers—were introduced because, as far back as Duplessis, the provinces did not agree with the federal invasion of provincial jurisdictions, more specifically in health care, education and social assistance.

The provinces realized that the federal government was using its constitutional spending power to do it, and they demanded compensation in the form of tax points and cash transfers.

Let me point out a specific aspect to the Parliamentary Secretary to the Minister of Finance. Does he find it normal that, in 1961, personal income tax generated \$2.130 billion in federal revenues, and \$89.580 billion in 2000? This is 40 times higher than 40 years ago. This was condemned by all the Canadian provinces, not just by Quebec separatists, not only by the sovereignists, but also all good federalists in Canada.

•(1320)

Mr. John McCallum: Mr. Speaker, let us suppose that, tomorrow, the federal government were to convert all cash transfers to Quebec into tax points—it will not do so, but let us suppose for a moment that it did—what would happen?

The Quebec government would say that today the federal contribution to health and education is nil. But the real contribution of these transferred tax points would be equal to what it is today. Thus, what separatists are asking us to do is to indicate that our contribution to the provinces is nil, according to them, even though, in terms of funds lost by the federal government, it would be the same thing.

This is why I say that this is a separatist idea, one that the federal government would be absolutely crazy to follow. And this is why I also say that we will not do so.

[English]

Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance): Mr. Speaker, when I look back at Canada in the 1990s and the early part of this century, it seems to me that there are two provinces that are largely responsible for the economic growth in the country, the provinces of Ontario and Alberta, especially Ontario in the last five years of the 1990s. The first five years of the 1990s were rather dismal.

When I look at the other provinces I see economic performance either going sideways or backwards. When I see a city like Montreal losing its baseball team and the Montreal Canadiens losing their ownership to Americans, I ask myself what is happening in other areas of the country.

I ask my learned colleague on the other side of the House, are the Liberal policies really designed to bring prosperity to Alberta and Ontario or is it perhaps the Liberal government, the provincial governments and other governments in other provinces that are holding the provinces down so they cannot perform like Ontario and Alberta?

Mr. John McCallum: Mr. Speaker, I am delighted to hear the suggestion from our hon. colleague from the Canadian Alliance that the Liberal government has been biased all these years in the direction of favouring growth in Alberta rather than in other parts of the country. I take that as a compliment. I am not sure it is quite true but we certainly have not been against Alberta. As he has suggested, possibly the good policies of the federal government over the years, as well as a spot of oil, have helped Alberta make a certain progress.

However it is also true that there has been some catch up, that over the last 20 years to 30 years, or indeed since the second world war, in terms of per capital income, GDP or living standards, the have not provinces of the maritimes have caught up to a significant degree and are closer to the national average living standards than they were 20 years or 30 years ago.

[Translation]

Mr. Serge Marcell (Beauharnois—Salaberry, Lib.): Mr. Speaker, I take this opportunity to participate in this debate on the budget that was brought down yesterday by the Government of Canada. We are well aware that, when a government brings down a budget, it is analyzed and criticized positively or negatively.

The Budget

I am analyzing the budget, wondering what more we are getting, compared to previous years. Does this budget cut services? Does it increase taxes, compared to last year? Given the present economic situation, there are numerous questions that parliamentarians must focus on.

On the face of it, I find that, compared to last year, this budget is a marvellous plus, because the government is maintaining what it had announced for the next few years. In health, the government had announced \$23 billion over five years. Given the economic situation, was the Government of Canada able to maintain his commitments to the provinces, its commitment to hand over \$23 billion to the provinces? This sector could have been affected.

When they are faced with a crisis, an emergency or a difficult situation, governments act like they did in the 1990s. To lower their deficits, the federal government as well as its provincial counterparts analyzed all their programs, dropped the least effective ones and cut services. But no, the amount of \$23 billion is maintained, which is a plus. This means that in the next four years, \$23 billion will be handed over to provinces.

The same thing applies to housing. We had announced \$685 million for housing for the next five years. Is this program at risk or is the government trying to maintain it at the same level? All the funds already pledged for subsequent years have been maintained in this budget.

As for the tax cut, it has been in effect only since January 1, 2001. Therefore, it is the first year of the five year \$100 billion tax reduction program. Such a big tax cut had never been seen in the history of Canada. It too has been maintained.

We now realize that all the commitments made last year by the Government of Canada have been maintained. It is staying on course. There is no coming back. On the contrary, almost all the commitments have been increased.

The good thing is that tens of billions of dollars will be invested in the economy as such. When there is an economic downturn, the government must create a positive environment for businesses to be competitive and to generate wealth, so that services can be paid for.

The stronger the economy, the more revenue the government can collect, which allows for more and better services for the public, such as health care, social services and so on. The government is involved in the economic environment precisely to allow businesses to be more competitive.

The proposed budget is extraordinary in this regard. We will invest in the security infrastructure for all Canadians, just as they requested. The people told us what they wanted. The psychosis of terrorism was making its way into Canadians' lives. The public asked the Canadian government to introduce new security measures, at least domestically.

The measures proposed in the budget reflect this clearly. Several billion dollars will be invested in infrastructures relating to security and border crossings. There are several border crossings in my riding. We will act in this area. We responded to the public's requests.

A government is not there only to do what the opposition parties want. The government is there to represent all Canadians, to listen to them and to meet their needs.

• (1325)

What is also fairly important, is that above and beyond all of the announcements made in last year's budget, beyond the new infrastructure programs between Canada and Quebec, or rather Canada and the provinces and municipalities, providing almost \$2 billion over five years, now there are resources allocated to the environment, green funds for the municipalities that will be doubled, and a new infrastructure project which introduces an obvious idea: that we can now also act in concert with the private sector.

I would like to talk further about Quebec and about the greater Montreal area to demonstrate that the implementation of this strategic infrastructure foundation will indeed have an impact on Quebec, all of Canada too, obviously, but particularly on Quebec and the greater Montreal area.

When referring to the deficits run up by greater Montreal area businesses due to delays shipping to the U.S. market, it is important to recall that 85% of Canada's exports go to the United States, and that our market really is the U.S. We do more than \$2 billion in trade every day with the United States, with Americans. Our market is in the U.S. Where are our competitors? They are in the United States and Mexico.

The Government of Canada's responsibility is therefore to help Canadian business be more competitive on the U.S. market and with our other competitors.

In 1999, the greater Montreal area alone lost more than \$500 million due to shipping delays. What can we do to help our businesses respond more quickly to the market? We can equip them with infrastructure that will give them access to the market. We are therefore finalizing plans for a major project, highway 30, as part of a proposal made by the firm Roche to the Federal Bridge Corporation. On January 19, 2000, Mr. Chevrette asked the Government of Canada to build the bridges that span the seaway.

All I can say is that I am delighted the government is going to invest a minimum of \$2 billion in a foundation that will enable Quebec and the other provinces to put forward projects and fund them, not just with the provinces and municipalities, but with the private sector as well. This is a totally different approach, a brand new one, and I am delighted to hear it announced.

The \$2 billion can be renewed annually. At the end of each fiscal year, surpluses may be invested in this foundation. It means that, in years of huge surpluses, there could be more and, in years where there are not any, well there will not be any. We can say, though, that we at least have announced an immediate investment of \$2 billion.

The Budget

I think all businesses and the mayors of Quebec—we got their reaction yesterday—are very pleased at this announcement. This morning I was speaking with people from the Conseil du patronat, who were positive about a budget commitment of this size.

It is something else to take a country with an operating deficit of \$42 billion and a very large debt and, in the space of barely eight years, totally eliminate the operating deficit, lower the debt by over \$36 billion and save over \$2.7 billion annually in interest that does not have to be paid and can be used for other purposes, such as job creation and support for the economy, do all that and return \$23 billion to health care and invest \$2 billion in infrastructures and housing. It took a government that had courage and vision. Today, we have positive results and a positive budget for Canadians and Quebecers.

• (1330)

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, I listened carefully to the member who just spoke. I was unable to be here yesterday evening when the budget was brought down so I have not heard about the final provisions in it concerning the \$2 billion held in trust.

Is there a plan for working this out with the provinces? The member talks about his two bridges, but I think that the approaches to these bridges have to be built by the province. Will provincial priorities be respected? Will their choices be considered by this trust, which is apparently a body with I am not sure just what legal form?

I ask the member to enlighten me on this.

• (1335)

Mr. Serge Marcil: Mr. Speaker, I was talking about bridges. We cannot talk about highways as such because, under the Canadian constitution, construction of highways comes under provincial jurisdiction.

But the construction of bridges over the St. Lawrence Seaway is a federal responsibility. We cannot put money into the construction of a highway which does not belong to us, but we can, at the request of a province, put money into a sector over which the Canadian government has jurisdiction.

We are talking about highway 30, but we could just as easily talk about the ice control structure, which is also a major public transit project. We could talk about other highway projects throughout Quebec, which have been put forward in recent years by government members and also by the provinces.

As for how the foundation would work, I have no more information than the hon. member, because the announcement was made only yesterday. A foundation will be created, with a board of directors and a president. It is clear from the budget that the emphasis is on projects with provincial and municipal governments. Obviously, no private concern can stick its neck out and say that it will build a road between two particular villages without the approval of Quebec or the province in question. This falls under provincial jurisdiction.

I am certain that the primary purpose of this foundation was to guarantee annual amounts, as well as ensure that this fund would grow. Its purpose is also to ensure the development of a greater sense

of partnership, both with the provinces and with municipalities and private enterprise.

[*English*]

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, I listened with great interest to the hon. member and the previous government speaker as they crowded about the ability of the finance minister to have slain the deficit.

It is interesting to throw into the mix the \$38 billion that was inherited by the Conservative government of the day and the effort that was made, the political capital that was spent in bringing in a deficit reduction tax like the GST and, of course, free trade. Those are constantly left out of the discussions when the government is in a self-congratulatory mode and bending over backward to pat itself on the back.

I want to at least inject some intellectual honesty into the debate when we are talking about how the government accomplished these great things. It was done on the backs of taxpayers. It was done by taking the money from businesses, employers and employees to accumulate the surplus that now exists.

My question for the hon. member refers more to what has happened in the budget with the EI premiums. What has happened is really nothing. While we had one red nickel taken off the EI premiums last week, there is no mention of it in this particular budget. To the hon. member, I am concerned that what we see here is the EI premium staying the same, and at the same time we are seeing CPP premiums increase by 40 cents per \$100.

How can the government and the member defend this policy and this budget by not reducing EI premiums so that people in places like Mulgrave, Afton and River John, Nova Scotia will be able to make a go of it this winter?

[*Translation*]

Mr. Serge Marcil: Mr. Speaker, one thing must be said. When a country is going through hard economic times, people are of course entitled to ask their government to examine its priorities.

Where must we place our priorities? Programs are examined and analyzed. What has to be kept is kept, and what is less important is cut.

This same exercise has been carried out in all provinces of Canada, as well as at the federal level. A result has been arrived at. Yes, of course, the present economic progress and wealth is the result of sacrifices by the entire population.

One thing must be said: we have put an end to 28 years of deficit. Here in this country we have had non deficit budgets for four years now. This one is the fourth, or the fifth. I find that a decision has been made, action taken, by a government—

The Acting Speaker (Mr. Bélair): I am sorry to interrupt the hon. member, but the hon. Leader of the Opposition now has the floor.

The Budget

•(1340)

[English]

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, this first decade of the 21st century has the potential to be a decade of destiny for Canada. This decade Canada still has the opportunity to be seen around the world as a most favoured nation and to live up to the words of our national anthem which stir us to be strong and free. For this to happen we need a government that is truly for the people. The Liberal government has shown that it is not. We need a government that is less concerned with perpetuating its own power and more concerned with perpetuating a future and a hope for its citizens.

I reluctantly agree with those economists who point out that the last decade of Liberal rule where perpetuation of political power was the main focus has resulted in the ship of state drifting aimlessly without direction through a decade of drift. We need a ship of state that is guided by a compass of integrity, charted by policies that are built on proven principles and steered by the hands of elected representatives who stand and speak and act on behalf of the citizens who sent them there.

That type of government can truly lead this nation into its decade of destiny. It can truly clear the way for its citizens, families and communities to become all that they hope and dream to be.

When we were growing up, we all wondered what Canada and the world would be like in the year 2000. As a matter of fact, Arthur C. Clarke with his visions of commercial space travel and intelligent talking computers gave us another date to ponder and it was the year 2001. Instead of a vision for the future, the government has given us budget 2001, a disappointment that is mired in the tired old tax and spend Liberal ideas of the past.

The budget continues the waste and the mismanagement that have plagued the government for the last eight years. In fact, someone said that if the budget were a movie, it would be called, with apologies to Arthur C. Clarke, "2001: A Waste Odyssey". It has been an odyssey of waste. The budget shows no regrets after the unprecedented waste and mismanagement of taxpayers' dollars that were exposed in the HRDC grant scandal and just last week in the latest and most damning auditor general's report that many of us have seen.

The budget represents another wasted opportunity, a chance to get the fundamentals of our economy right rather than focusing on the pet schemes of Liberal leadership candidates.

[Translation]

Waste and mismanagement have truly become the trademark of this government. The latest auditor general report, has, in our opinion, shown the present Liberal government to be the worst manager of the public finances in this country's history. That is why we all had hoped to see the government cut out waste and put its money into priority sectors. Yesterday, the Liberals clearly refused to do so.

[English]

The wasteful spending of the past few years has continued. More than that the floodgates have been opened once again for spending

growth in non-priority areas, far above the rate of inflation and far above the rate of population growth. In fact, year over year spending is up by a record and an astonishing 9.3% this year. These are spending increases that we have not seen since the Prime Minister was the finance minister back in the late 1970s.

[Translation]

The Liberals are increasing their spending by 9.3% for this year alone, while the economy is growing at a mere 1.1%. They decided to increase spending and taxes, but they did not give one penny for health or to reduce the debt and taxes.

[English]

There is not a single dollar of spending cuts in the budget. New pet projects are being financed by spending new taxpayers' dollars, not taking money from low and falling priorities. That is the way the Liberals should have done it. They missed a great opportunity.

The key needs for new resources for defence and security simply have not been addressed adequately. Even the shocking events of September 11 could not spur the government to provide more than just token sums for national defence. In fact once we set aside the leverage and the funding provided for Operation Apollo and a small grab bag of special anti-terrorism measures, there is absolutely nothing left for the base budget of national defence.

Just last week the auditor general reported that defence needs \$1.3 billion per year just to keep replacing and servicing its current dilapidated equipment, let alone taking on the new roles that the ongoing war on terrorism may require. The bottom line is this: for every dollar that our military so badly needed and asked for, the Liberals coughed up a measly 15 cents. The Liberals have decided that Canada will simply be a passenger on the next NATO train, just along for the ride, not pulling any freight and not carrying its weight.

The Canadian Alliance has a message for our armed forces: They did not quit fighting for our freedoms in the last century. We will not quit fighting for them in this century.

There is not enough tax relief in the budget. In fact there is an increase in job-killing payroll taxes at the very moment that the economy is going into a recession. The bottom line is that next year, hard-working Canadians will take home \$150 less on their paycheques because of the mismanagement of the government. That is not acceptable.

•(1345)

[Translation]

Payroll taxes are undoubtedly the most destructive for job creation. Yet, the Liberals chose to increase these taxes by an average of over \$150 per worker.

The Budget

[English]

As we move forward into the new century, Canadians deserve a decade of destiny to build a competitive, knowledge based economy with sound economic fundamentals, capable of taking on the world and leading the world. We can do it, but it will take a different type of government to get us there.

Instead, we have a lethargic Liberal government. We are on a course to another decade of drift, just like the 1990s when real income stagnated, our dollar declined to record lows and our competitiveness and productivity lagged far behind that of the United States and other industrialized countries.

I want to address four areas separately: first, the continued waste and mismanagement of government spending and the misplaced spending priorities in this new, non-security spending undertaken in this budget; second, the completely inadequate response to defence and security needs, especially in the Department of National Defence, in this new budget; third, the failure to provide any tax relief, while in fact job killing payroll taxes will be going up in the teeth of the Liberal recession; and fourth, the broader failure to get the fundamentals right and lay the ground for a decade of economic destiny.

Instead, we are continuing the policies that led to this decade of drift and decline in the 1990s. I particularly want to discuss the failure of the government to define a vision for the future, the future of our most important economic relationship, and that is our continental partnership with the United States.

As I said at the outset, the overriding problem with this budget is out of control spending, out of control waste. The government has shown time and time again that it cannot manage the hundreds of billions of taxpayer dollars that it spends already. In fact, the auditor general's report last week exposed the government as possibly the worst money manager in Canadian history.

The Prime Minister stood up earlier and said that he was not a visionary, and we agree with that, but he said some time ago that he was a good manager. The auditor general disagrees with that. Why, then, should we believe that the government can manage the tens of billions more that it proposes to spend in this budget?

Spending in this fiscal year, at \$130.5 billion, is up more than \$11 billion from last year's budget. That is a 9.3% increase. The year before, without the factor of September 11, spending was \$111.8 billion, so spending has increased in a mere two years by a staggering 16.7% at a time when inflation has been practically non-existent. That is unacceptable.

We have not seen these types of year to year increases, as I have said, since the Prime Minister was finance minister. As recently as the November 1999 fiscal update just over two years ago, the government was calling for only \$118 billion. In budget 2000 that was increased to \$121.5 billion. In the 2000 so-called mini budget, the projection jumped again to \$124 billion. Today the government believes that it will be able to hold the line at \$130 billion and a 9.3% increase. It has never held the line yet. Our fear is that it will not hold the line on this budget.

Regrettably, the media reports that the Prime Minister had taken over control of writing the budget himself seem to have been correct. The finance minister obviously rolled over and played dead and allowed the Prime Minister to write this budget, but just because the finance minister rolled over and played dead does not absolve him of responsibility. He is still an accomplice in this act.

Since the October 2000 finance statement, up to and including the new spending yesterday, the government is promising \$10.4 billion in new spending over the next three years. This budget was supposed to be a national security budget. I want to give the government half a point for spin, because it got some of that spin out there. The problem is, this is only a token toward security: less than 40% of this huge budget and its increase goes toward national security. The government has learned a little trick. It takes its spending announcements, expands them out over five years and puts that figure up there. It makes it look like a big dollar item.

• (1350)

That is misleading to the people of Canada. Here we have less than 40% of the new money going toward defence and security measures, and no money, not one cent, going to increase Canada's ailing health care system. Even though it is still \$400 million short of the 1994 levels when the Liberal government started ripping the funding away from provinces for health care, the government could not in this budget find one extra dime for health care. That is unacceptable.

Sixty per cent of the new spending will go to the pet projects of an out of control Liberal cabinet. The heritage minister has been given new money for the CBC and television producers.

There is \$185 million for new projects in Indian affairs. We agree with special funding for fetal alcohol syndrome, but it defies imagination that out of that \$7 billion in the Indian affairs department the government could not reallocate one dime of spending to put toward fetal alcohol syndrome. It had to be new money, in the government's view.

There is \$500 million for foreign aid in Africa, but no new commitment to guidelines on how it will be spent or whether or not it will go to corrupt leaders or to starving children. It is a half a billion dollar commitment with virtually no guidelines on how the money will be fired out the window.

The health minister got more money for his pet health care research foundation, but no new money to support the provinces for actually providing health care services to Canadians.

S. O. 31

The industry minister did manage to get some money for his online initiatives, although thankfully his full-fledged, broadband boondoggle seems to have had its wings clipped. It is incredible that the government could not find one dime for an increase in health care to the provinces but eventually will commit over \$100 million for high speed chat lines for Canadians who already, on their own initiative, lead the world in personal computer use and in Internet use. Already we lead the world without the help of the government. Now there is no money for health care but Canadians will be able to hit those chat lines faster and tell citizens around the world that they cannot get money for their hip replacements or for cancer research.

These misplaced priorities give us great cause for concern and disappointment in terms of the priorities of the government.

[*Translation*]

In the future, when we look back at this budget, we will see that the Liberals missed a unique opportunity to put their priorities in order. The Liberals decided to throw millions and even billions in non priority areas, while ignoring vital ones.

For example, the CBC will receive \$60 million. Then there is \$500 million for Africa, more than half a billion dollars for Heritage Canada, but not one penny for health and hospitals, for taxpayers, or to reduce the debt.

Worse still, if any unforeseen event happens, Canada will again have a deficit, because the Liberals chose to eliminate their cushion. The \$4 billion that are usually set aside for fiscal prudence have disappeared.

As pointed out in an editorial published in today's *La Presse*:

And so it is that during a period of deep economic uncertainty, when such reserves would be more appropriate than ever, there are no longer any.

• (1355)

[*English*]

It is understandable that from time to time a government wants to take on new initiatives and highlight new priorities, but the government has failed abysmally and completely to follow the advice of many economic experts and the House of Commons finance committee to find new priorities from reductions in low and falling priorities.

The House of Commons finance committee recommended that the government fund its security measures and other spending priorities by reviewing existing spending and seeing where there was room for reductions. The committee called on the government to use the same test it used in the 1994-95 program review exercise to determine whether existing spending was on track.

The tests from the last program review exercise are worth mentioning. Here are some tests of government spending which the government apparently looked at six or seven years ago. It has refused to look at them since.

The government should ask these questions: Is the program a matter of genuine public interest? Is the program a legitimate and necessary role for government? Is it a federal responsibility? Could the activity be transferred to the private or voluntary sector? Can the

objectives of the program be achieved more efficiently? Can we afford the program in the current fiscal framework?

Even in 1994-95 the government did not live up to any of those tests. It went through the motions of asking the questions. This time it did not even go through the motions.

The program review criteria are good ones. The government should continually reassess its program priorities to see if its spending is on the right track. The government continues to ask us for suggestions. There are some suggestions in terms of evaluating program spending. The finance committee recommended:

—that the government follow the Program Review process while maintaining a balanced budget in the face of new priority spending.

It quoted from David Paterson of the Canadian Advanced Technology Alliance. He told the committee:

Increased spending on security is essential, but we believe it can be offset by reduced spending on less important programs. New initiatives can be postponed until a budget surplus has been restored to a more adequate level.

That was sound advice. It is unfortunate that the government did not listen to its own committee.

STATEMENTS BY MEMBERS

[*English*]

IMMIGRATION

Mrs. Carolyn Parrish (Mississauga Centre, Lib.): Mr. Speaker, I heartily commend the Minister of Citizenship and Immigration on her introduction of employment authorization for the spouses of temporary skilled workers in Canada. Spouses and common law partners of skilled workers in professional, technical and skilled trades will now be able to work provided they meet immigration requirements concerning security, criminality and health.

In a global society where Canada is in international competition for skilled workers, allowing spouses to work will give Canadian firms a tremendous recruiting advantage. What is more, the spousal employment authorization program will have a positive effect on the lives of women and families.

The program recognizes the important contribution of spouses, still mostly women, to the corporate as well as the household economy. The program reinforces the government's throne speech priorities of fostering a competitive business environment, creating new jobs and building a higher quality of life for all Canadians.

* * *

NATIONAL SECURITY

Mr. Rick Casson (Lethbridge, Canadian Alliance): Mr. Speaker, as we prepare to leave this place to return to our homes and families for the festive season, let us not forget about those who will be standing on guard for Canadians.

Especially this year after the events of September 11, three months ago today, we need to show and demonstrate our support for men and women in uniform; our police forces, firefighters, military, customs and immigration officers, all those who will be on duty in Canada and around the world so we can enjoy time with our families and friends.

I was a firefighter for 17 years in my other life. I know the spirit and dedication that exists within the hearts of those who serve and protect. I also know the horror of lives lost and injured, of families torn apart and of homes and businesses destroyed. I know the toll that this takes on the lives of those who choose to stand to protect their fellow citizens.

This holiday season when we are enjoying being with our friends and our families and we raise our glasses, let us remember to toast these brave men and women.

* * *

• (1400)

SIMA SAMAR

Ms. Carolyn Bennett (St. Paul's, Lib.): Mr. Speaker, I am pleased to stand today to congratulate Dr. Sima Samar on receiving the John Humphrey Freedom Award granted by Rights and Democracy of Montreal. Dr. Samar has contributed tremendously through her efforts to strengthen the human rights of women and girls in Afghanistan and in refugee camps along the northern border of Pakistan.

From the time the Taliban took over in 1996 Dr. Samar operated schools for girls and offered health services throughout Afghanistan that were otherwise unavailable, often risking her life by defying the ruling Taliban. Likewise Dr. Samar has been appointed deputy prime minister and minister responsible for women's affairs in the power sharing council that will run the transitional government in Afghanistan.

As part of her Canadian tour Unifem welcomes Dr. Samar to Ottawa tomorrow where she is speaking at the Chateau Laurier at noon. I encourage all members to attend this wonderful event to hear firsthand the plight of the women in Afghanistan and to establish what we as Canadians can do to help.

* * *

[Translation]

THE BUDGET

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, the budget presented yesterday by the Minister of Finance is characterized by its balance.

Thanks to the efforts of all Canadians, and the prudent financial management of their government, Canada is in a good position to cope with the slowdown being experienced by the world economy.

Since we became the government, we have put public finances on a healthy footing. We have put an end to 28 years of deficit, and created a budget surplus four years in a row. The resulting savings have enabled us to invest \$2.5 billion in other initiatives.

S. O. 31

The 2001 budget contains a \$7.7 billion investment in national security in Canada, as well as measures to bolster our economy and maintain tax cuts. Additional tax credits for health were also included.

With this budget, the Government of Canada once again is showing that it can be trusted. There is a safe and prosperous future in store for Canadians.

* * *

[English]

WINTER OLYMPICS

Ms. Sophia Leung (Vancouver Kingsway, Lib.): Mr. Speaker, the Vancouver-Whistler 2010 Olympic bid has received the financial support in the government's budget and a further pledge of support when the bid is successful.

For many months the members of the B.C. federal Liberal caucus have supported the work of the Olympic bid committee to secure the 2010 Winter Olympics in British Columbia. I congratulate the members of the bid committee and the volunteers who have worked so hard to highlight the tremendous benefits of Vancouver and Whistler to host the 2010 Winter Olympics.

I hope all members of the House will join British Columbians in supporting the Vancouver-Whistler 2010 Olympic bid.

* * *

AGRICULTURE

Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance): Mr. Speaker, yesterday's budget offers no new hope for Canada's farming community and is seriously out of balance. The Liberals have repeated their failure to deliver meaningful programs for farm families and the Minister of Finance has once again ignored agriculture.

Yesterday was an opportunity for the Liberals to outline the details of their vision for the future of farming. Sadly the budget gives no details on how the government intends to move producers beyond crisis management.

Farmers across the country who continue to face disastrously low world commodity prices now have to contend with the impact of this year's national drought. There is no question that these producers need adequate emergency assistance for short term survival. Yet the Liberals offered no prospect that any new help is forthcoming. Farm families deserve better.

The federal government's priorities must change. Wasteful spending must stop and dollars be reallocated to critical areas like agriculture. The Liberal government failed to adjust its misplaced priorities in the budget.

* * *

NATIONAL SECURITY

Mr. Tony Tirabassi (Niagara Centre, Lib.): Mr. Speaker, I rise today to pay tribute to some true heroes. These are the people who since September 11 have worked tirelessly and skillfully for the Canadian public service to co-ordinate Canada's response to the attacks.

S. O. 31

Thousands of public servants were honoured yesterday with certificates of recognition for their dedication and exemplary performance in the wake of terrorist attacks. The ceremony was part of the annual head of the public service awards. They were presented by Mel Cappe, the Clerk of the Privy Council.

The recipients came from all parts of the public service: customs guards, RCMP, diplomats, receptionists, policy makers and military personnel who shifted their attention to the priority of national security. Their efforts became part of the largest mobilization of government departments and agencies in the public service since the end of the second world war.

Their commitment and diligence have been essential in ensuring the safety and security of Canadians. We thank them for their exceptional efforts.

* * *

● (1405)

[Translation]

“HUGS FOR PEACE” PROJECT

Mr. Benoît Sauvageau (Repentigny, BQ): Mr. Speaker, recently a number of schools in the des Affluents school district have been involved in an activity connected to the tragic events of September 11.

This project, which was the idea of the religious studies coordinator, was designed to raise the children's awareness and give them a way of expressing themselves. All participants had a chance to express their emotions and to make a symbolic gesture showing how important peace and freedom was to them.

The “hugs for peace” project was made up of three phases: a brief discussion of the September 11 events, a hug or handshake between pupils and staff, and a drawing or letter to be sent to the Prime Minister expressing their reasons for wanting to live in a better world.

The participants hope to raise the awareness of MPs, and the Prime Minister in particular, by sending in over 7,000 letters and drawings. I and my colleague from Terrebonne—Blainville wish to congratulate everyone involved in this project.

* * *

[English]

NATIONAL SECURITY

Mr. Joe Comuzzi (Thunder Bay—Superior North, Lib.): Mr. Speaker, today on behalf of the House and on behalf of all Canadians we extend a very warm welcome to Governor Tom Ridge, director of homeland security for the United States of America.

President Bush created this office and appointed Mr. Ridge to that position. His responsibility will be to co-ordinate the security of the United States against all terrorist activities, and this is Governor Ridge's first visit to Canada. The budget yesterday clearly illustrates Canada's commitment to work with Governor Ridge in this important undertaking.

I would be remiss if I did not say that this was just an ongoing venture with the United States. Canada and the United States have

worked very closely together since after the second world war with the Distant Early Warning line and working together with NORAD. This new undertaking is just another step in securing safety for the citizens of all of North America.

We welcome very warmly to Ottawa and to Canada Governor Tom Ridge.

* * *

ABORIGINAL AFFAIRS

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, Canadian Alliance): Mr. Speaker, there is no limit on the ways the Liberal government has failed aboriginal people. One of its more creative ways is by failing to monitor prescription drug use among aboriginals, and the result has been drug addiction and death.

Let no one say that this problem has taken us by surprise. We have known about it since 1997 when the auditor general explained it in detail. Let no one say that the solution is a mystery. Hard data prove that sharing information on drug use among doctors and pharmacists reduces the abuse of the system, but sadly let no one say that the Liberals are serious about fixing the problem.

They refuse to make the statutory changes necessary to allow information sharing on prescription drug use. Instead the Liberals expect addicts to volunteer their consent to have their drug information shared, but addicts who are double doctoring of course will not consent to getting caught.

Is this the best that the Liberals offer to aboriginal people? Surely first nations individuals deserve much better. Lorraine Stonechild in the parliamentary committee said “We can't keep letting first nations people die over this carelessness of the government. All information should be shared so it doesn't continue. I'm asking, please make these changes soon. I don't want to see any more people die”.

* * *

THE BUDGET

Mr. Gary Pillitteri (Niagara Falls, Lib.): Mr. Speaker, the budget released yesterday shows the prudence and wisdom of the government in managing the fiscal affairs of Canada. In this time of economic downturn and international insecurity the government is able to provide for economic and personal security for Canadians because of its sound economic policies.

The budget has provided the resources necessary to combat the threat of terrorism. New spending on security will come to \$7.7 billion. This includes \$2.2 billion for airline security and \$1.2 billion for border security.

We have provided a stimulus package to the economy that includes \$2 billion for new infrastructure spending and \$1.1 billion over the next three years for research and training. The government has kept its commitment to the \$100 billion reduction of personal taxes which includes a \$17 billion reduction this year and \$20 billion next year.

The budget is the right budget at the right time and it was made possible by the sound policies of the government.

* * *

● (1410)

SANDY BEARDY

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, on December 3 of this year first nations in Canada lost a great man, Sandy Beardy of Pemicikamak Cree Nation, Cross Lake, Manitoba.

Sandy led an accomplished life dedicated to the vision of preservation and recognition of aboriginal rights and the right of self-government. His unwavering commitment to follow those principles earned him respect as a traditional elder. His strength was gained through his faith that transcends both Christian and traditional spirituality.

Sandy served Pemicikamak Cree Nation as a chief and a councillor. He received the order of the buffalo hunt for outstanding leadership and pioneering qualities and co-operation during his term as chief. He was an adviser to the northern flood agreement negotiations and subsequent implementation initiatives and appeared before a committee of the House on related issues.

He participated at Meech Lake, was spiritual council to National Grand Chief Ovide Mercredi and was an elder with Manitoba Keewatinowi Okimakanak, the Assembly of First Nations and Assembly of Manitoba Chiefs. His valued input and insight will be greatly missed.

Sandy was an aboriginal veteran who proudly served Canada. He spoke passionately of the dedication of first nation soldiers and the need for recognition of these sacrifices.

* * *

[Translation]

THE BUDGET

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, during the last election campaign, Liberals strutted about making all kinds of promises. To hear them tell it, their election would have meant billions of dollars for the regions of Quebec. One year later, the Minister of Finance's budget confirms what we already knew: Liberal talk is just that, talk.

Nothing for seasonal workers. Nothing for young people in the regions. Nothing to jump start the economy in the regions. Nothing to help regional carriers. Nothing for health transfers.

Nothing in the immediate future for infrastructure essential for development in the regions. There may be help in 18 months, but that would be through a useless fund that is difficult to justify.

In fact, the only measure that will affect the regions directly is the new airline security tax, which will serve as another hindrance to regional air carriers.

In fact, the Minister of Finance's budget has led us to conclude that the regions of Quebec have never been further away from Ottawa.

S. O. 31

INFRASTRUCTURE PROGRAM

Mr. Serge Marciel (Beauharnois—Salaberry, Lib.): Mr. Speaker, allow me to speak once again today about an important matter for Quebec and for the greater Montreal area, the matter of highway 30.

Quebec Liberal caucus members can be proud of the fact that through their hard work and solidarity, they managed to make significant progress towards fulfilling their election commitment made one year ago, to build the bridges and 14 kilometers of highway to allow for the completion of highway 30.

The \$2 billion infrastructure fund announced by our colleague, the Minister of Finance, is news that all of the Montérégie can greet with much enthusiasm.

My colleagues from the Quebec caucus and myself are particularly proud to have been heard. In one year, the Government of Canada has done more for highway 30 than the PQ government in power in Quebec has done in seven years.

My Quebec colleagues join with me in asking the government of Quebec to do its part immediately and to start its work, as set out in the transport plan, as soon as possible. It is time that the government of Quebec make good, in concrete terms, on its promises.

* * *

[English]

THE ECONOMY

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

'Twas the night before Christmas and all through this place,
Only the Minister of Finance sat with a smile on his face.
The critics were reading their questions with flair,
About the new budget and who it would spare.
The Liberals were snug all tight in their benches,
While the opposition dug deeper, down in their trenches.
The minister's speech filled with language so dense,
Did not do nearly enough for our national defence.
So I in my sweater, stood up from my chair,
And as loud as I could, shouted: "That is not fair!"
But all of the money was already spent,
What else to expect from this government?
So while I'm here standing, shaking my fist,
I know that ol' Santa is checking his list.
He knows who's been good and knows who's been bad.
And still using the Sea Kings makes him real mad!
So for this year like last—try as he might,
The minister won't get the chair to his right.

I wish everyone Merry Christmas.

* * *

● (1415)

HEALTH CARE

Mr. Steve Mahoney (Mississauga West, Lib.): Mr. Speaker, one year ago Mike Harris and the other premiers signed the health accord with the federal government allocating \$23 billion in new health care funding. They said that it was a good deal then but now it is not enough.

The province of Ontario has seen increases in federal transfers over the last five years from 22% of their total program spending to 27% today.

Oral Questions

The provincial finance minister thinks we should use the deferred small business tax instalments to fund health care. Tory logic, deferred money is new money. This is an initiative to help small business with their cashflow, not to allow for an increase to the Harris Tories.

They just do not get it. In 2001-02, federal transfers are providing \$1.1 billion of the \$1.2 billion increase in Ontario health care spending. The provincial health minister threatens to take drug money away from seniors, while at the same time giving tax cuts while in deficit and issuing \$200 rebate cheques. Then they cry poor. Canadians know better.

ORAL QUESTION PERIOD

[English]

THE BUDGET

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, last week's auditor general's report pointed out that the Liberals were probably the worst money managers in Canadian history. However, there was a slight glimmer of hope. The auditor general said that there was a pool of \$16 billion in which to find waste and reduce spending.

However, in the budget yesterday, not one word was said about reducing waste, not one dime of waste reduced. Why not?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, what is important in a budget is the way in fact it is received by the public. I would simply like to read one quote.

The Canadian Chamber of Commerce said:

By avoiding a budget deficit and yet allocating new resources for security and for Canada—U.S. border management, the federal government today provided a budget that is right for the times.

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, let us see what the people had to say. Nancy Hughes Anthony, who is the head of the Canadian Chamber of Commerce, said:

The government should have done more to set priorities...but instead they chose to increase the size of spending....

That is what the people are saying.

Why was there not one dime going to the national debt? We had hopes that we might see the debt retired in our lifetime. Now we see the debt piling up on the shoulders of our children and the debt payment program has been eliminated. Why not one dime to paying down the debt?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the Leader of the Opposition quotes Nancy Hughes Anthony. Allow me to give the full quote:

Canadian business can endorse large parts of this budget because it avoids a deficit while addressing security and border management problems. This budget recognizes that a functioning and efficient border with the United States is vital to the well-being of the Canadian economy.

The Canadian Chamber of Commerce endorsed the budget.

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, Nancy is a star today because he did not finish her quote. She stated:

What we see is a lack of discipline in spending, which could lead the country back into deficit.

That is what she said. He should have finished the quote.

Why, when the auditor general said that we needed \$1.3 billion this year for our national defence, has the government barely found \$200 million? Other than for Operation Apollo, it is underfunding our armed forces and yet it can find \$560 million for the Sheila culture cops but nothing for national defence—

The Speaker: The hon. Minister of Finance.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the defence budget is some \$11 billion. Yesterday's budget added \$1.2 billion to that. This means that over the course of the next five years the defence budget will go up by \$7.2 billion.

Before the Alliance, or the Reform Party, try to claim an interest in defence, I remember that in 1993 in the House the Reform Party said that we should cut defence spending. In 1994, the Reform Party said that we should cut defence spending. In 1997, the Reform Party said that we should cut defence spending. In—

• (1420)

The Speaker: The hon. member for Macleod.

Mr. Grant Hill (Macleod, Canadian Alliance): Mr. Speaker, it is interesting when we compare these quotes across the floor, but the auditor general made it very plain that there was wasteful spending by the government.

I would like to know about the priorities of the government. When the finance minister could find money for film producers and he could not find a single solitary dime to pay down our debt, what priority is that?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, over the course of the last four years we have paid down \$35 billion worth of debt, \$17 billion in the last year.

Canada has dropped its debt to GDP ratio more than any other G-7 country. We are the only G-7 country not to be in deficit this year.

Mr. Grant Hill (Macleod, Canadian Alliance): Mr. Speaker, that shows exactly how bad we were. In comparison to the G-8, we are the second highest in the G-7. Is that the record the finance minister is proud of? I am ashamed of that record.

Do members know who should really be crying? It is the children of the country who will have to pay for the soaring debt.

Why did the finance minister not find one solitary nickel to pay down our debt? Could he explain that to the kids?

Oral Questions

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, Canada is the only G-7 country not to be in deficit, the G-7 country with the largest debt paydown of any of them and the only country among all the industrial countries to have had a decline of 20% in its debt to GDP ratio.

The fact is that this government has managed the nation's finances well, which is why we have been able to come through this downturn as well as we have. That virtually is what every economist in the country has said today, the day after the budget.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, it was all very well for the Minister of Finance to say, as he did yesterday, that we must do everything in our power to overcome the economic effects of September 11, his budget does nothing to fight the slowdown.

Not only did the minister not provide any new measure to jump start the economy, but the unemployed will again have to pay the price.

Does the Minister of Finance realize that his budget of inaction heavily penalizes workers who could lose their jobs, because the government is also going to seize their overpayments, without improving the employment insurance plan?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, when we look at the stimulus to the Canadian economy, the \$17 billion reduction in income tax and \$9 billion this year in new spending, we are looking at a figure of \$26 billion, or 2.4% of our GDP.

No other G-7 country or industrialized country can claim such stimulus to its economy. We are doing this to create jobs.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, that was last year's response, because he is talking about last year's measures.

It is important right now to boost the economy. The Minister of Finance is refusing to do anything with the hidden surplus of \$6 billion, two-thirds of which comes from the employment insurance fund, from which he is appropriating money. By giving back to the unemployed more of this money, the government would have directly stimulated the economy, instead of helping to increase the number of unemployed.

Will the Minister of Finance recognize that, in the context of a slowdown, his political decision to ignore the unemployed is a really bad economic decision?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is important to look at the stimulus in the economy this year. There the infrastructure program, which begins immediately, but there is also the affordable housing program, which is being implemented immediately, and the green municipal investment fund for sewers, which we have doubled. In addition, there is the new \$2 billion structure for strategic infrastructure.

These are stimulating the economy.

•(1425)

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the man who is living in the past and who, over the past five

years, was off by \$60 billion in his forecasts, is again hiding a \$6 billion surplus this year.

How can the Minister of Finance justify such fiddling with the books, when we expected real measures for employment, education, health, the aboriginals, the elderly and economic recovery?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, this is exactly what we did.

We earmarked \$185 million to help aboriginals because of the fetal alcohol syndrome. We invested in infrastructures, in highways. We also allocated money to improve our border operations. We invested in affordable housing. We put money in all these areas to help Canadians and our efforts are paying off.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, it is hard for the public to understand the Minister of Finance when he speaks. His own department's figures indicate a \$13 billion surplus for the first six months of the year.

Yesterday, the minister maintained that his surplus, before implementing any budget initiative, would drop to \$7 billion by the end of the year.

Can the minister explain to the public how the federal government will lose \$1 billion per month in the last six months of the current fiscal year? Because this is what the Minister of Finance is saying when he anticipates such a small surplus at the end of the year.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the vast majority of economists agree with us that our anticipated surplus will be the actual surplus.

However, if we are wrong and the surplus is larger than that, the money will be invested in infrastructures, in job creation. It will not be used to reduce the debt. This is the system that we put in place.

[*English*]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the budget was supposed to target safety and security. There are security measures related to airports and borders, and we support that, but for Canadians the concept of security is much broader than that. It includes health security, environmental security, job security and income security.

Why is the finance minister's vision of security so narrow? Why does his concept of security exclude the most fundamental priorities of Canadians?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there is no doubt that the concept of security is much broader than simply personal security. That is why the government has remained faithful to the historic transfer of health funding to the provinces: \$2.8 will be transferred this year; over \$3 billion will be transferred next year; and over \$4 billion will be transferred the year after that.

At the same time we have doubled the amount of money going into the environment, with the municipalities, moneys that will fix up waterworks, clean air and make sure that the quality of life for Canadians constantly is improved.

Oral Questions

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the finance minister talks about his clear-eyed vision for Canada, but what clear-eyed vision for Canada includes 1.3 million children still living in poverty, two million families still living in substandard housing, 800,000 workers who contributed to employment insurance who do not qualify and 16,000 Canadians dying prematurely every year from air pollution?

How can the finance minister brag about his clear-eyed vision, when it is so evident that he is suffering from a severe case of short-sightedness?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, if the hon. member simply wants to take a look at what the government has done, the Minister of Human Resources Development has improved the employment insurance situation substantially to help the very workers she has talked about. We have brought the national child benefit to a record high. Our transfers to the provinces are at a record high. When we brought in indexation, we brought it in to help seniors and to help families with small children. The bulk of our tax cuts have gone to medium income families and low income families.

If anyone is short-sighted, it is perpetually the NDPers. Would they like to borrow my glasses?

Mr. Scott Brison (Kings—Hants, PC/DR): Mr. Speaker, all Canadians want more resources for improved airline security. The question is where should that money should come from. Instead of listening to the auditor general and cutting wasteful, out of control spending in 16 government departments, the finance minister chose to impose a \$2.2 billion tax on Canada's struggling airline industry.

Why did the finance minister not ground wasteful Liberal spending instead of further grounding Canada's airline industry?

• (1430)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, there was a \$7.7 billion security package. Of that, the Canadian government and Canadian taxpayers are picking up \$5 billion of the costs.

The \$2.2 billion that will go to air travellers will be paid by those who are the most frequent users of airlines. At the same time, we have picked up and absorbed \$72 million of air security costs that previously were paid for by the airlines, money they can use to either improve their balance sheets or reduce their airfares.

Under these kinds of circumstances and given the government's financial constraints, to ask air passengers to pay for—

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

Mr. Scott Brison (Kings—Hants, PC/DR): Mr. Speaker, it may have been a good idea for the finance minister to have asked some of his ministers to reduce some of their wasteful spending.

The U.S. government will soon be charging U.S. travellers a \$5 security charge for each round trip flight in the U.S. With the finance minister's new budget, the Canadian government will be charging a \$24 security tax for round trip domestic travel. Why is the Canadian government charging air travellers three and a half times what the U.S. government is charging its travellers?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member's facts are simply wrong. When we look at the security

charges and when we look at the taxes, the Canada and United States numbers are very comparable. The American situation is much more complex. It charges segment by segment

If we want to compare Montreal-Toronto or Toronto-New York, or any comparable fare between Canada and the United States, we will see that in fact the charges being imposed by government for taxes and security are roughly comparable.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, the finance minister has led us into the teeth of a recession. Unemployment is going up. The dollars is at an all time low. In the face of this he could not find a penny, not a penny, for stimulative tax relief for working families.

Why can the finance minister find hundreds of millions of dollars for pet political projects like handouts to TV producers, but not a single dollar in stimulative tax relief for working families? Why not?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the Canadian people are entitled to have the Canadian Alliance members put some consistency into what they are saying. The Leader of the Opposition stood and said that what we should have done was pay down debt. Now the opposition critic has stood and has said what we should have done was pay down taxes. They cannot have it both ways.

The fundamental fact is that over the course of the last eight months the Canadian Alliance has asked for \$36 billion in additional spending. If we had done that, we would be in a double digit deficit. There would be no tax cuts and there would be no debt reduction.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, that has about as much credibility as his fiscal credibility right now. The fact of the matter is we proposed \$6 billion to reallocate from wasteful spending to the priorities of tax relief, health care and national defence.

Before this budget, Canada had the highest personal income tax ratio in the G-7. After the budget, we have the highest personal income tax ratio in the G-7.

Why did the finance minister, in the midst of a recession, not give working families meaningful tax relief? Why did he ignore his own finance committee's recommendation to eliminate the capital tax? Why is he increasing payroll taxes in the midst of a job killing recession?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, let us take a look at where the new spending of the government has gone to. Over two-thirds to 75% of our spending has gone to the following four areas: transfers to the provinces for health care; increased EI benefits for those who will be claiming those higher benefits; increased spending on the elderly because of an aging population; and increased security.

Oral Questions

I ask the hon. member this. Which would he cut? The health care spending, the elderly benefits, the unemployment insurance benefits or would it be security? Which would he cut to pay—

The Speaker: The hon. member for Hochelaga—Maisonneuve.

[*Translation*]

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, while the Minister of Finance is hiding \$6 billion from us, the federal government is now kicking in only 13 cents for every dollar spent on health, compared to 50 cents on every dollar prior to 1977.

How is it that the Minister of Finance, to whom we send over half of our taxes, has been unable to come up with a way to budget enough for the health care system so that funding will be restored to at least the same level as in 1994-95?

• (1435)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, as I just said, the government, through the Prime Minister, signed an agreement one year ago transferring over \$23 billion to the provinces for health care and early childhood development. Of this amount, \$2.8 billion was transferred this year.

Even more importantly, our transfers to the provinces are not 14 cents for every dollar, but over 30 cents. This is a new high in provincial transfer payments, in equalization payments.

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, the minister is misrepresenting the numbers.

When the Liberals took office, the federal government was contributing 22 cents on every dollar spent on health care in Quebec. Today, this has dropped to 13 cents. Yet, far from fading away, health care needs continue to increase.

Will the minister tell us why he refused to include new money for health in his budget by restoring the level of funding to what it was when his government took office?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I just answered the member's question, but I have one for him.

If he does not want to count tax points as a transfer, why is it that he keeps asking for more?

Mr. Joe Peschisolido (Richmond, Canadian Alliance): Mr. Speaker, yesterday's budget raised the payroll tax for workers and employers. This huge hike will cost the Canadian economy \$1.7 billion.

With an economy in recession, would it not be more logical to stimulate the economy instead of strangling it?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I imagine the hon. member is using payroll tax to refer to Canada pension plan contributions.

All that I can say about why we did this is that I signed it to ensure its viability. I am completely in agreement, but the hon. member ought to ask his leader the same thing. He signed the same agreement when he was the treasurer of Alberta.

Mr. Joe Peschisolido (Richmond, Canadian Alliance): Mr. Speaker, that does not answer my question.

Since 1993, payroll taxes on workers have increased by \$610. That said, it is very surprising to reread the words of the Minister of

Finance from May 3, 1994 "Payroll taxes are a cancer on job creation."

My question is therefore a very simple one. With an economy in recession, why is this Minister of Finance adding \$1.7 billion to this cancer on job creation?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member has made a calculation error.

When we came to power, contributions were \$3.07. They are now \$2.20. That is a drop of \$6.8 billion. Reducing contributions puts money back into the pockets of Canadians.

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, the Minister of Finance should inject a substantial amount of money into the economy to build infrastructures.

However, instead of directly adding \$2 billion to the existing envelope, he announced the establishment of a private foundation.

How can the Minister of Finance explain that, instead of investing the money directly and quickly in infrastructures, he chose to bypass all existing channels and create a foundation, which will require new negotiations with the provinces and delay projects?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, again, the hon. member is mistaken. Not only do we have the existing infrastructure program, which will be implemented soon, the affordable housing program and the program for green infrastructure with the municipalities, but the foundation is a new initiative. The \$2 billion budget is new money.

We are creating a foundation to ensure that things will continue, that we will continue to co-operate with the private sector under agreements such as the ones on highway 30 and highway 175.

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, how can the Minister of Finance justify his political choice to have part of our taxes administered through infrastructures by people who have not been elected, by people who are not accountable to anyone, except to the Prime Minister, who will appoint them in the first place?

How can we give to friends of the government the power to decide which water supply system or highway should be built?

• (1440)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the best way to ensure that this money will be paid whether or not there is an economic downturn is by setting up a foundation such as the one that we just created. We just saw that with other foundations.

We want the private sector, the provinces and the municipalities to co-operate with us. Need I point out that, in Quebec, municipalities have already expressed their support for our initiative.

Oral Questions

[English]

NATIONAL DEFENCE

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, the auditor general has made it clear that our forces need \$1.3 billion immediately to get our equipment operating safely, another \$1 billion per year for equipment replacement and even more if we want to start rebuilding our military.

The Minister of National Defence says he is satisfied with providing less than 5% of the necessary money to these same troops who give 100% every single day of the year.

What is happening here? Is the auditor general wrong or has the government entirely given up on a combat capable military?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, a combat capable military is something the government is doing. Anytime we send our troops, and we have sent our troops in higher numbers than many other countries in the world in the campaign against terrorism, we make sure they have the resources they need to do the job.

The resources that the finance minister provided yesterday are a welcome addition to our budget. The Minister of Finance has done a masterful job in being able to balance a number of needs and give additional money to the defence department.

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, the fact is that, even including this budget, the Liberals have slashed military funding by \$2.8 billion per year. The auditor general, the CDA and most military experts have said that we need at least another \$2 billion a year just to keep our forces in their current state and even more to rebuild. However, the government has provided less than 5% of what the experts say is necessary.

Is the defence minister really that weak or has the Prime Minister, who thinks our troops are boy scouts, decided that Canada does not need a combat capable military?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, yesterday the finance minister in his budget announced \$300 million more in capital funds. We are modernizing the Canadian forces. Just about every major piece of equipment is either being replaced, or being refurbished or upgraded so that our men and women, who do dedicated duty for this country, can have the kind of equipment they need.

With the money that was provided yesterday, over the next five year period we will have some \$5.1 billion going into the defence department budget.

* * *

VETERANS AFFAIRS

Mr. Bob Wood (Nipissing, Lib.): Mr. Speaker, the Minister of Veterans Affairs announced today that the names of 23 Canadian soldiers executed in the first world war will be added to the *First World War Book of Remembrance* which lies in the Memorial Chamber.

Could the Minister of Veterans Affairs share with the House today why this recognition is so important to Canadian history?

Hon. Ronald Duhamel (Minister of Veterans Affairs and Secretary of State (Western Economic Diversification) (Franco-phonie), Lib.): Mr. Speaker, adding to the book of remembrance the names of these 23 soldiers is a fair and just testament to their service and their sacrifice. It exhibits our gratitude toward what it is they have done.

The 23 soldiers from all regions of Canada volunteered to defend the rights and freedoms of our nation. As such, today we gave these soldiers the dignity which is their due and hopefully provided some closure to their families. I believe it is right.

* * *

THE BUDGET

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, my question is for the Minister of Finance. It took 22 months for the minister to decide to ignore the economic security of Canadian workers who are unemployed. Last month 45,000 people lost full time jobs and thousands more will in the future. The majority of people who paid into EI will not even qualify for employment insurance benefits.

In his budget, why did the minister not ease the eligibility requirements for people to qualify for EI or to protect Canadian workers and protect those families?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, the Employment Insurance Commission has indicated that 88% of Canadians in paid employment will be eligible for employment insurance.

I remind the hon. member that the program is flexible and as unemployment rises the eligibility requirements are reduced. The employment insurance fund is there and it is working for Canadians at this time when they may need it.

• (1445)

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Mr. Speaker, back to the Minister of Finance. The employment insurance plan is not working. Even bank economists are predicting an unemployment rate of 8% in the new year.

The minister can say what he wants but in Ontario, for example, only 25% of the people who will be unemployed will qualify for benefits, the lowest of any province. In the last recession it was around 60% in the province of Ontario.

Why is the minister such a scrooge? Why this lump of coal for the unemployed? Why does he not ease the eligibility benefits and extend the benefits for the Canadian unemployed?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, the hon. member would be interested to know that as a result of changes and improvements to the employment insurance system made by the government in this fiscal year alone Canadians will be receiving an additional \$2.7 billion in income and benefits.

Oral Questions

That \$2.7 billion may be insignificant to that party, but on this side of the House we know it is making a real difference in the lives of Canadians.

* * *

MINISTER FOR INTERNATIONAL COOPERATION

Miss Deborah Grey (Edmonton North, PC/DR): Mr. Speaker, one of the programs that our CIDA minister pours our tax dollars into as she wanders the world is democracy. Imagine that. She tries to help people vote. I am sure it is in the right place.

Yet here at home she violates democracy and breaks the law by voting for a friend in a municipal election in a riding that she does not even live in. She cannot talk for herself. She hides behind the ethics counsellor and the Deputy Prime Minister. How can this minister teach other countries about voting when she uses a false address herself?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I have to ask the hon. lady how she can teach anybody about parliamentary procedure and conduct of ministers after what she did in leaving the Alliance Party and joining the Conservative Party.

What she says is wrong. The hon. minister has not been found to have broken Ontario election law. There has been no charge, no trial and no conviction. Therefore what the hon. member is saying is contrary to the principles of Canadian and British justice, and she ought to apologize to the House for her unwarranted comments.

Miss Deborah Grey (Edmonton North, PC/DR): Mr. Speaker, that was really a nice try, but there was no answer there in fact. What has happened here is an embarrassment to parliament. This is about political ethics. It is about leadership and it is about ministerial responsibility. This government has none of the above.

It is interesting that the Deputy Prime Minister mentions the situation because in Quebec a provincial MNA, Monique Simard, was asked to resign by Lucien Bouchard, the premier of the province. Why does the Prime Minister not at least follow the ethics of Lucien Bouchard and ask this minister to resign?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, in Ontario the act allows under certain circumstances for someone renting office space to vote in a local municipal election even if they live elsewhere.

It is my understanding that the minister cast her vote in good faith after her staff consulted municipal election officials, but to remove any doubt I have asked the ethics counsellor to look into the matter.

* * *

THE BUDGET

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, about the only thing that is good in yesterday's budget is that finally Canadian Alliance policy on air marshals will be law, but as with most things Liberal there is a problem here.

The transport minister should know that the \$24 fee he is asking Canadian passengers to pay is a huge tax grab, totally disproportionate to what they have in the United States. At a time when we want to have more Canadians flying, more people in Canadian skies,

why is the transport minister putting a huge disincentive in the way for people to fly?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, I find it odd that the hon. member can only see the fact that we have put armed security on planes as the only positive aspect of the airline security measures.

The fact is that the hon. member has said publicly that he supports the transport committee's report of last week. In fact he said it almost reflects his views perfectly. That is what we implemented yesterday. With respect to the fee, he agrees with that kind of financing. He is publicly in favour of that approach.

• (1450)

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, let me quote from the paper from the transport committee that I said I support:

All stakeholders, including airports, air carriers, airline passengers and/or residents of Canada contribute to the cost of improved aviation security.

That is what I support. That is not what was in the budget yesterday. What was in the budget yesterday was a totally disproportionate financing and a huge tax grab for the transport minister and the finance minister that will go into general revenue over time and will provide a huge disincentive to flying.

Why did the minister commission a report by the transport committee that supported a balanced approach to financing that he did not support? Why did he commission it if he will not follow it?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, what we have had for three months from this member is partisan politics on something that is of great concern to Canadians, and that is the airport security system.

Where has he been on screeners? Where has he been on training? Where has he been on explosive detection equipment? He has been nowhere. He is johnny one note and we are sick of it.

Some hon. members: Hear, hear.

Some hon. members: Oh, oh.

[Translation]

The Speaker: Order, please. I would ask hon. members to show some discipline. It is almost impossible to hear anyone today. We must hear the question of the hon. member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques.

* * *

EMPLOYMENT INSURANCE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, at the suggestion of the Minister of Human Resources Development, we all waited for the budget to know the fate of the unanimous report proposing 17 improvements to the employment insurance plan.

The Minister of Finance approved only one recommendation.

Oral Questions

How does the Minister of Human Resources Development explain her recovery of a mere \$15 million of the \$45 billion EI surplus? This is a real scandal. Does this not represent abject failure for her and a message to the unemployed that the government has deliberately sacrificed them?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, here again the Bloc is conveniently avoiding the facts when it comes to employment insurance and the actions of the government.

Yesterday's budget commitment to Canadian apprentices was extremely important, extremely well received, and will ensure that apprentices are there to do the work of Canada in the 21st century.

This decision adds to a list of changes that we have made, making small weeks pilot projects a permanent part of the national employment insurance program and changing the regulations on undeclared earnings. The government has never hesitated to make changes and improvements to the employment insurance system.

* * *

[Translation]

GUARANTEED INCOME SUPPLEMENT

Mr. Marcel Gagnon (Champlain, BQ): Mr. Speaker, an examination of the amounts intended for seniors' benefits reveals that the increase in transfers simply matches the normal growth of the older population.

How does the Minister of Human Resources Development explain the Minister of Finance's failure to set aside any sum for the retroactive payment of the guaranteed income supplement for the 68,000 Quebec seniors unfairly deprived of it?

Is this not irrefutable evidence that the government never intended paying the seniors back ?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, as I have said many times in the House, the guaranteed income supplement is an important part of the overarching Canadian pension system. I am working with my colleague, the Minister of National Revenue, to ensure that all Canadians who are eligible for that piece of the program know about it.

The hon. member will be interested to know that according to Statistics Canada the incidence of low income among persons aged 65 and over declined from 20.8% in 1980 to 8.9% in 1991. The pension system is there. It is structured to help Canadian seniors.

* * *

MINISTER FOR INTERNATIONAL COOPERATION

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Mr. Speaker, yesterday the Deputy Prime Minister repeatedly cited British and Canadian tradition in defending the Minister for International Cooperation. Perhaps the minister can draw upon the tradition of ministerial responsibility.

Will the minister explain to Canadians how she can carry on with her duties with these serious allegations hanging over her?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, if the hon. member had listened to me a minute ago, I gave an answer that under circumstances someone not residing but having an office there has the right to vote during a municipal election.

We have asked the ethics counsellor to look into that. We will wait to see what will be the conclusion.

Mr. Deepak Obhrai (Calgary East, Canadian Alliance): Mr. Speaker, the elections officer in Ontario said that she broke the law. Perhaps the Prime Minister should read that.

Serious allegations hang over the minister's head. She padded her payroll of political friends and she voted improperly and contrary to provincial law. She broke the trust of Canadians. Will the Minister for International Cooperation finally do the right thing and resign?

● (1455)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have given the explanation that the minister voted in good faith after asking the officials if she could vote. We have asked the ethics counsellor to review that. This should be satisfactory to the member because we have to know all the facts before passing judgment.

* * *

FISHERIES

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. The Standing Committee on Fisheries and Oceans recently tabled a comprehensive report on the Oceans Act.

The report recognized the need to protect and conserve the health of our oceans and marine areas. One such area is the Sable Gully. Could the minister underscore his commitment to marine protection and, in particular, full designation of the Sable Gully?

Hon. Herb Dhaliwal (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I must say that this is one of the best questions I have heard in the House for a while.

Protecting our oceans and marine environment for future generations is extremely important. That is why the Government of Canada, the first country in the world to do it, passed the Oceans Act to protect our oceans and marine environment and to create within that legislation marine protected areas.

The government has already designated two marine protected areas and there are eleven in progress to make up the thirteen marine protected areas, including the Sable Gully area which the member has asked about.

[Translation]

MINISTER FOR INTERNATIONAL COOPERATION

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, ministers regularly consult with the ethics counsellor in order to avoid conflicts of interest or violating the law.

Can the Minister for International Cooperation tell us why she did not consult with the ethics counsellor before voting where she had no right to vote?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, two questions were asked in English. I provided the answer. In French, the answer is the same.

[English]

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, yesterday the Deputy Prime Minister said the staff of the Minister for International Cooperation was to blame when she voted in a municipal byelection when she was not entitled to do so.

This has left Canadians wondering who is in charge at the Department for International Cooperation because the minister has said nothing in her own defence. Will the minister rise in her place and tell Canadians who is in charge in her department? Is she or her staff making the decisions in her department?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I do not think it was necessary for the hon. member to ask a question like this one.

* * *

[Translation]

THE BUDGET

Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ): Mr. Speaker, in response to the September 11 attacks and the resulting economic slowdown, the best the Minister of Finance can come up with is to tax the airline industry, which has been the hardest hit by these events, thus dealing a blow to the airlines and to regional development at the same time.

What was the Minister of Finance's logic in increasing taxes on the industry which suffered most from the events of last September 11?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, on the one hand, the member must know that we saved the industry \$62 million annually, which will be covered by the new charge to travellers.

On the other hand, the member must realize that confidence in the airline industry as a whole is very important. Our comprehensive security plan will ensure that confidence.

* * *

[English]

ZIMBABWE

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, over the past few months the Government of Zimbabwe has continued to crack down on opposition forces. A proposed media ban will restrict

Oral Questions

journalists who violate new regulations. New land seizures are continuing and the independence of the judiciary has been violated.

I ask the Secretary of State for Latin America and Africa, what steps is Canada considering to signal our strong disapproval of these measures? Are we likely to impose travel and investment sanctions against the Mugabe government, similar to what is being considered in the United States?

• (1500)

Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.): Mr. Speaker, we are very concerned about the worsening situation in Zimbabwe. The people of Zimbabwe deserve to live without harassment, violence and intimidation.

Canada will consider anything that might help to reduce that. These measures can probably only be done through international organizations such as the UN, the Commonwealth, or SADAC.

* * *

THE BUDGET

Mrs. Elsie Wayne (Saint John, PC/DR): Mr. Speaker, every presenter that came before the defence committee this past year, all military experts, retired officers, the CDA, stated that our military has been financially neglected by the government. They also stated, as did the auditor general, that \$1 billion a year for the next five years is required just to stabilize the military.

We have asked some of our men and women since September 11 to go in harm's way. How can the Minister of Finance justify his paltry contribution to the military?

Hon. Art Eggleton (Minister of National Defence, Lib.): Mr. Speaker, we would not send our troops into any theatre of operation without making sure that they have the support they need, the resources they need, the tools they need to do the job.

There could be a lot of arguments about figures. There is not a minister here who would not like to have more money. The finance minister provided \$1.2 billion yesterday, much needed money, much of that going to fight in the campaign against terrorism.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, it is interesting that health care is the number one priority for Canadians, yet yesterday in the budget address the finance minister spent only two minutes talking about health care and announced that health care would get a measly 2% of new spending.

Maybe the finance minister was too busy worrying about not giving his opponents any advantage in the Liberal leadership race, but it is Canadians that are hurting as a result of this kind of mentality.

In the budget, why did the government not make health care its most important priority?

Private Members' Business

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, as a result of the agreement reached between the Prime Minister and the premiers in September 2000, the increased transfer to the provinces this year for health is \$2.8 billion, far more than any other similar announcement in yesterday's budget. It is the single most important priority for the government. If members count the money we are transferring for equipment, for primary care changes, for telemedicine, it is well over \$3 billion to the provinces this year alone. It will be \$4 billion next year and \$5 billion the year thereafter.

Health care is priority number one for the government.

* * *

PRESENCE IN GALLERY

The Speaker: I would like to draw to the attention of hon. members the presence in the gallery of Governor Thomas Ridge, Director of the Homeland Security Council of the United States of America.

Some hon. members: Hear, hear.

* * *

SEPTEMBER 11

The Speaker: I believe that there is an agreement that the House will observe one minute of silence in memory of the victims of the tragic events of September 11 in the United States of America.

[Editor's Note: The House stood in silence]

PRIVATE MEMBERS' BUSINESS

[Translation]

PARLIAMENT OF CANADA ACT

The House resumed from December 6 consideration of the motion that Bill S-10, an act to amend the Parliament of Canada Act (Parliamentary Poet Laureate), be read the third time and passed.

The Speaker: Pursuant to the order made on Thursday, December 6, the House will now proceed to the taking of the deferred recorded division on the motion at third reading stage of Bill S-10 under private members' business.

Call in the members.

● (1515)

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 214)

YEAS

Members

Abbott
Alcock
Assadourian
Bachand (Richmond—Arthabaska)
Bailey
Barnes
Bellemare
Bertrand
Binet
Blondin-Andrew

Adams
Allard
Augustine
Bagnell
Baker
Bélangier
Bennett
Bevilacqua
Blaikie
Bonin

Borotsik
Bradshaw
Brown
Bulte
Calder
Caplan
Castonguay
Cauchon
Charbonneau
Coderre
Comartin
Copps
DeVillers
Dion
Drouin
Duplain
Eggleton
Farrah
Folco
Forseth
Gagliano
Goodale
Gray (Windsor West)
Guarnieri
Harvard
Hearn
Hill (Prince George—Peace River)
Hubbard
Jaffer
Jordan
Keyes
Knutson
Lavigne
Lee
Lill
Longfield
MacKay (Pietou—Antigonish—Guysborough)
Mahoney
Maloney
Mark
Martin (LaSalle—Émard)
McCallum
McDonough
McKay (Scarborough East)
McNally
Meredith
Minna
Murphy
Nault
Normand
O'Brien (London—Fanshawe)
Obhrai
Pagtakhan
Patry
Peschisolido
Pillitteri
Proctor
Redman
Regan
Reynolds
Rock
Savoy
Schmidt
Serré
Shepherd
St-Jacques
St. Denis
Stewart
Strahl
Telegdi
Thibeault (Saint-Lambert)
Tirabassi
Toews
Torsney
Vanclief
Wasylycia-Leis
Whelan
Wood — 175

Boudria
Brison
Bryden
Caccia
Cannis
Casey
Catterall
Chamberlain
Clark
Collenette
Comuzzi
Cuzner
Dhaliwal
Dromisky
Duhamel
Easter
Eyking
Finlay
Fontana
Fry
Godin
Graham
Grey (Edmonton North)
Harb
Harvey
Hill (MacLeod)
Hilstrom
Ianno
Jennings
Karetak-Lindell
Kilgour (Edmonton Southeast)
Lastewka
LeBlanc
Leung
Lincoln
MacAulay
Macklin
Malhi
Marcil
Marleau
Matthews
McCormick
McGuire
McLellan
McTeague
Merrifield
Mitchell
Myers
Neville
Nystrom
O'Reilly
Owen
Pankiw
Peric
Pickard (Chatham—Kent Essex)
Pratt
Provenzano
Reed (Halton)
Reid (Lanark—Carleton)
Richardson
Saada
Scherrer
Scott
Sgro
Speller
St-Julien
Steckle
Stoffer
Szabo
Thibault (West Nova)
Thompson (New Brunswick Southwest)
Tobin
Tonks
Ur
Volpe
Wayne
Wilfert

NAYS

Members

Anderson (Cypress Hills—Grasslands)

Anders

The Budget

| | |
|------------------------------------|--|
| Asselin | Bachand (Saint-Jean) |
| Bellehumeur | Benoit |
| Bigras | Bourgeois |
| Breitkreuz | Brien |
| Burton | Cadman |
| Cardin | Casson |
| Chatters | Crête |
| Dalphond-Guiral | Desrochers |
| Dubé | Duceppe |
| Duncan | Epp |
| Fitzpatrick | Fournier |
| Gagnon (Québec) | Gagnon (Champlain) |
| Gallant | Gauthier |
| Girard-Bujold | Guay |
| Guimond | Hanger |
| Harris | Hinton |
| Johnston | Laframboise |
| Lalonde | Lanctôt |
| Lebel | Loubier |
| Marceau | Ménard |
| Mills (Red Deer) | Moore |
| Paquette | Paradis |
| Perron | Picard (Drummond) |
| Plamondon | Rocheleau |
| Roy | Sauvageau |
| Skelton | Solberg |
| Sorenson | St-Hilaire |
| Tremblay (Lac-Saint-Jean—Saguenay) | Tremblay (Rimouski-Neigette-et-la Mitis) |
| Vellacott | White (Langley—Abbotsford) — 60 |

PAIRED

Nil

The Deputy Speaker: I declare the motion carried.

(Bill read the third time and passed)

[English]

The Deputy Speaker: I wish to inform the House that because of the deferred recorded division government orders will be extended by an additional 13 minutes for a total of 32 minutes.

GOVERNMENT ORDERS

[English]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

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

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, as I had indicated, unfortunately the government did not follow the advice of its own committee and in fact increased spending by over 9% this year. That is on top of last year's 7%.

It is not as if the government did not have an opportunity to find a place in which it could have reduced spending. The auditor general's report pointed to a pool of some \$16.3 billion. The report said that we could go fishing in that pool and find waste, inefficiency and bad management. The government refused to go fishing in that pool. It did not come up with one dime in the budget to reduce waste. That is absolutely incredible.

With our limited research capabilities, which are nowhere near the research capabilities of the government, we identified some \$6 billion in savings that could have been found had the government had the will to do it. It did not have the will to do it, only the will to

spend. Rather than cutting waste it protected every last dime of previous government spending and added new initiatives on top of it while still ignoring debt, the tax situation and health care.

As Nancy Hughes Anthony of the Canadian Chamber of Commerce said:

What we see is a lack of discipline in spending, which could lead the country back into deficit.

That is a stark warning. Reckless spending increases of the government have eradicated the surplus so that there would be no debt payment. We are one small economic shock away from being propelled back into a deficit. As a former finance minister I know that when one produces a budget of \$130 billion and one says magically we will end up on the zero line, especially with the record the government has of exceeding every spending, we are in a time of great concern.

The second major failing of the budget was a failure to adequately address defence and security needs. The government talked about \$7.7 billion in increased security measures. We must remember this would be expanded over at least five years and \$2.2 billion of that would be for air security, which would actually be a tax on all people using the airlines. We must keep that in mind.

There is \$500 million for the ongoing costs of Operation Apollo. However, in terms of national defence itself, our armed forces, the auditor general said last week that we needed \$1.3 billion this year just to maintain and update the current state of the dilapidated equipment.

In reflection of the ministerial statement that our armed forces are in a state of preparedness, the auditor general talked about 10 years of reduced funding for the armed forces. What an indictment for the auditor general to say that we should take the statement about military preparedness with a grain of salt. It is not an indictment of the troops, who are the most courageous and dedicated of any in the world, but an indictment of the government that refuses to fund them.

The government has made a stealth decision to gut the Canadian forces and to leave them incapable of playing a significant role on the international stage or in NATO. There was a great opportunity to signal a rebuilding of our armed forces. The government failed our Canadian forces. If it continues on that wholly inadequate level we see a time coming when it would have to announce further reductions and further limitations to our Canadian armed forces mandate. We do not want to see that happen.

The government talks about money for the RCMP, CSIS and extra money for the coast guard but far short of what the needs are. Our coastline and perimeter stand weakly protected, not from a lack of commitment by those people in the coast guard but by a lack of funding and resources to do the job they need to do.

• (1520)

It is significant the government could say that CSIS received more funding than the other areas of security, which it did, but its funding with the supposed increase that it received is back to 1994 levels.

The Budget

Another thing that is disturbing is that much of the funding for the armed forces and security is given grudgingly by the government. It is only after pressure from the Canadian Alliance, our citizens and the security forces. What is with the government that it refuses to stand on guard with those who want to stand on guard? It is time it stood up for the security forces of the nation.

There was an area of security where the government listened. It was the issue of air marshals. When we first raised this issue, the minister said that there was no way in the world we would use air marshals. He said that having air marshals on airplanes was not the Canadian way. He said that we would have CF-18s flying around Toronto with missiles to shoot down planes that might be hijacked. That apparently was the Canadian way. However he said no to air marshals.

He has finally listened. He listened to the Canadian Alliance, the pilots, the people using airlines and our security forces. He must have been listening to the Americans because they said no flights would be allowed into Reagan national airport unless there were air marshals aboard. He finally realized that Canadian lives were as important as American lives. We are glad he recognized that.

The government has been dragged kicking and screaming on issues related to national security into standing up for Canadians and policies called for by the Canadian Alliance. We appreciate some of the slouching toward our policies by implementing some of the anti-terrorism legislation, partially creating a security perimeter with the United States, bringing in improved refugee screening and signing a safe third country agreement with the United States. We acknowledge that it made partial steps in that area. We thank Canadians for working with us to impress upon our government the need to do that.

The third major failing of the budget was the absolute failure to reduce taxes and to increase the job killing payroll taxes as workers struggle through a recession.

I do not know where the government get its guidance. All the literature on this issue shows that we do not invigorate an economy by raising taxes. Nobody has done it yet. The government is trying to prove that maxim wrong.

We all know that on the eve of the last election the government, previously resistant to tax reduction, grabbed a Canadian Alliance platform related to tax reduction. We proposed \$150 billion in terms of reduced taxes. It said that it would bring in a \$100 billion tax reduction.

When we look at it in its true light, when we count the forgone revenue and when we eliminate the smoke and mirrors from what it said, it was actually a \$47 billion tax cut, not a \$100 billion tax cut. We proposed a \$150 billion tax cut and we still do.

We are moving into recessionary times according to all economists who are looking at it and measuring it, and we see no further tax relief. There is a \$450 million tax on airline passengers, \$440 million in new tobacco taxes and a one time windfall of \$2 billion in deferred taxes which the government will collect next year anyway.

Most insidious of all are the payroll taxes which would go up by \$153 per worker on average this year. That means hardworking

people would be going home with a paycheque \$153 smaller than it was before. That is no way to treat a recession and that is no way to treat hardworking taxpayers.

There is no reduction at all in personal income taxes in 2002. Despite the October 2000 so-called mini budget we still have the highest rate of personal income taxes in the G-7. It is absolutely unacceptable.

In a nation where we have millions of square miles of hope and opportunity shared by only 30 million citizens, we should be the most prosperous people on the face of the earth, with much abundance left over to properly share with others.

• (1525)

Because of the overpowering, overregulating, overtaxing approach of the government, we are left diminished and we are left with the highest rate of personal income taxes in the G-7. It is absolutely inexcusable.

These are the kinds of trade-offs that the government has made, funding its pet projects instead of looking at how it can lighten the load for the workers of our nation. By doing so it makes sure that students who are trying to get a first job or single parents who are trying to make ends meet by working in a restaurant part time will not be able to find the employment that they look for. That is what these Liberal payroll tax increases mean for ordinary Canadians.

As for that \$450 million per year tax on airline travel and the money that will be taken in from that tax over the next five years, even the government admits it will outstrip the requirements of spending on airline and airport security. Look at the boldness with which it taxes people. Not only does the government say the tax is to cover that security, it wants to make a profit on the taxpayers, on the people travelling on the airlines. That is a shame in terms of how we treat an industry looking to send out signals of confidence to a public looking for ways to fly with confidence, both financially and with security. That tax may, like other Liberal taxes, become a cash cow that will bring in money to the government for who knows what spending project for who knows what leadership candidate hopeful.

The government has imposed that tax on a travelling public at a time when airline travel is down and some of our airlines are struggling to survive. Is it not interesting that it will be the smaller, more competitive airlines, the ones that operate on the tighter margins and offer the short hops of travel, that will have the most disproportionate ratio in terms of the \$25 return tax put on those particular airlines? Once again, the government moves in a way that brings increased pressure to bear on the smaller airlines that are trying to be competitive and provide a service for Canadians.

The Budget

If the government really had a handle on its waste, there would have been fiscal room for real tax reductions that would have helped the economy and increased private sector job creation.

We would have liked the EI premiums to come down enough to offset the CPP increases. The government could have done that. The EI fund continues, with a giant surplus approaching almost \$40 billion, again funding the pet projects of Liberal hopefuls in a variety of fields and forgetting about the people who are trying to be hopeful about their own futures and trying to provide for their own families.

The capital tax still stands at a much higher rate than its comparable tax in the United States. At a time when we are trying to encourage businesses to expand, to invest here in Canada, expansion that would hire more people, we have a capital tax in place that is a disincentive. Why is that? Economists are saying that for every one dollar this tax raises, it has a dampening effect of \$7 on the GDP.

What on earth are the Liberals thinking? Are they so addicted to taxing and spending that they cannot see through the blur of their own addiction and see the needs of people, individuals and businesses that could be the most competitive in the world but cannot because they are hampered by these Liberal policies? The government, true to its Liberal ways, thinks that the only way out of a recession is to try to spend your way out. That is not the way to do it. That is a complete failure to address the need for tax reductions in the budget.

Every walk of life would be affected if the Liberals would change their philosophy when it comes to taxes. I meet with farm families across the country. I sit at their kitchen tables as they tell me with tears in their eyes that their sons and daughters are leaving the farm because they do not see a future there. Think of what tax reduction in that sector alone would do, not just for the incomes of the farmers themselves. We proposed tax reductions for the fuel farmers that use to sow their seed and reap their harvests and the Liberals voted no. We proposed tax reductions for small and medium sized businesses, value added businesses in the agriculture sector, which would put a greater demand on agricultural products, and again they refused. We proposed reduced taxes on things like fertilizer and again they refused.

Every facet of Canadian life in terms of productivity would be positively affected if these Liberals could get a grip on how they approach citizens and could see that citizens, if left to their own positive devices, can make their way ahead and actually produce and have the type of innovation and production that would vitalize and invigorate the economy and would not have the stagnating effects that Liberal policies have.

• (1530)

The fourth and perhaps the deepest failing in the budget is the wasted opportunity to get fundamentals right and lay the groundwork for a more productive and competitive economy. There is no reduction this year or for the next three years in the still sky-high level of national debt. Every citizen who pays a mortgage stands today in wonder at how the government could just suspend its mortgage payments, mortgage payments on the children of our citizens.

There are no measures in the budget to increase the confidence of markets in the Canadian dollar. The markets need a sign that there will be in the long term some tax reduction which will mean business investment will be able to flourish, but when a government makes the decision to suspend its debt payment program it sends out a very alarming signal. It sends out a signal that it will keep taxing people, that it will take the taxes and not reduce debt.

When debt is paid down, interest payments are freed up. Those interest payments could be used for things like important social programs. The government just does not get it. That is a wrong signal to send out to the economy.

There is no question that the aftershocks of September 11 deepened our economic trouble, but the fact is that we were headed for a serious economic slowdown before September 11. The Canadian Alliance critic for finance, economists and others were pointing out months before September 11 that the government was taking the country down the road to deficit. We pointed that out months ago. Now the finance minister and the Prime Minister have the nerve to stand under the dark cloud of September 11 and make it sound like it is September 11 that now propels us toward a deficit. No, it is their uncontrolled spending and their refusal to be prudent that is hurtling us toward a deficit.

Spending was already well out of control before that. Even during the last election economists were looking at what the Liberals were throwing out there and were predicting that the government was on course to a deficit.

If the finance minister, the Prime Minister and the Liberal government lead us back into deficit they will not have the international economy to blame. They will not have international terrorism to blame. They will have their own shortsighted, selfish policies to blame and that is all.

Financial markets and citizens want to see spending come down and debt reduction continue. If they do not see these things it casts a negative judgment on the value of the Canadian dollar. The Prime Minister thinks a low Canadian dollar is fine and it is a good policy. Maybe he has separate pension provisions above and beyond what most Canadians have, because retiring Canadians and Canadians who are retired now need to know that the low Canadian dollar policy of the Prime Minister is sapping the buying power of their life savings. Their future purchasing power is being diminished daily and went down a bit when markets closed yesterday with the Canadian dollar dropping in response to the budget. That is a wrong-headed policy.

The national debt load stands at \$547 billion. That is an important point. It is higher than in 1993 when the government took office. I know the Liberals blame the spending of the previous federal Tory government for increasing deficit and debt. I will not debate them on that point, but it needs to be pointed out that because of their weak approach to the debt over the last few years, and now because of their approach not to pay down debt at all, we imperil our economic situation. Canadians need to be reminded of that every time the finance minister and the Prime Minister stand up and talk about how they have reduced the deficit.

The Budget

Canadians need to be reminded of how they did it. They ripped money away from provinces for health care and education under the CHST grant and they tore money away from our national defence, the two greatest areas in which they reduced spending. They took 36% away from those grants and transfer payments and in their own areas of spending maybe 6% to 7%. It was an absolutely irresponsible approach.

• (1535)

The government thinks it can avoid making these debt payments now, shortsightedly, hoping current interest rates will last for several years. There is no guarantee of that.

In the last election we called for a legislated debt paydown plan because we had a sneaking hunch that if times got a little tough the Liberals would bail out on paying down debt and fall back into their addictive ways of spending. We sensed that over a year ago when we proposed that paying down debt be legislated, but they laughed at us. They said "Just trust us. We are Liberals, you can trust us. We'll continue to pay down the debt. We don't need a law to tell us to do that". That is what they said. They said that they did not need a law. They said that their promise was as good as a law.

I was raised by my parents, as I am sure my colleagues were, to indeed believe that one's promise is as good as a law, but when the spending got tough their promise broke. Now we see why they did not want it to be a law to have to pay down debt: right now they would all be in court for breaking that law. That is why they did not want it.

It may not be a written law, but it is a policy and it is a clear principle of the Canadian Alliance that debt is a serious item. It needs to be legislated and that is exactly what we would do. We would legislate its paydown.

Unfortunately, voters forgot the Liberal legacy of broken promises and now we are paying the price. They received votes in the last election partially because they were promising to pay down debt. Now they have broken that promise. We need to remember the legacy of broken promises of the federal government.

I have been a minister of finance. I know what it is to table a law that forces the paydown of a debt. I commit to taxpayers today that the Canadian Alliance will always treat debt seriously, will always see it as a deferred tax on our children and our grandchildren and will never put foolish political spending ahead of the hopes and the dreams of our children and our grandchildren.

The government has gone totally in the opposite direction on that. This kind of decision is typical of the lethargic Liberal policy of drift and decline that typified the 1990s. The 1990s was a decade of drift for Canada. It was their present member for Markham who, before he was elected and fell under the Liberal gag order, called the last 10 years a "decadus horribilus". Roughly speaking, that means a nasty 10 years. That is what he called it until he got elected and they gagged him.

Real income levels stagnated while countries like Ireland overtook us. Our dollar has lost 25% of its value against U.S. currency since 1993. There is now a 22% gap between Canadian and U.S. standards of living. That amounts to a difference of \$29,000 for an average family. This is unacceptable. U.S. productivity has grown 50% faster

than Canada's over the past decade. The Canadian Chamber of Commerce said that the 1990s will stand out as the poorest decade relative to growth since the 1930s.

All these figures point to Canada's greatest economic challenge: to stop the slide in our standard of living and try to catch up. I believe we can not only catch up but overtake the American competitive edge and other OECD economies. We do not have to lag behind. Canada can and should outpace other OECD countries.

I am upset that the Mexican peso outpaced the Canadian dollar last year relative to the American dollar. I am upset about that, but I am glad for the Mexican people. I have met their president and he cares about the value of their purchasing power. However, I am upset that the government's policies have caused the Canadian dollar to fall behind the Mexican peso in terms of growth relative to the U.S. dollar. I am upset when an Ireland or a New Zealand or a Singapore beats Canada in competitiveness. That is upsetting to me. It does not have to be that way. I am glad for those other countries, but I am sad for Canada and sad about the policies of the government that have put us there.

Canada cannot afford to stand still. The flight southward of capital and of some of our best citizens continues. Ninety-eight thousand highly educated, highly motivated, highly skilled Canadians are moving south this year alone, 98,000 people who could produce, who could create wealth, who could create opportunities. They are moving south.

• (1540)

We need to get our priorities straight. We need to continue on the track of debt reduction, tax reduction and spending reduction that the government has totally abandoned. Rather than take the bold steps to strengthen our economy and to secure our future, the finance minister, along with the rest of the government, continues to be adrift. The ship of state is adrift without a chart or a compass even as we enter the storms of a recession.

Canadians deserve better than another decade of drift. Canadians deserve and can have a decade of destiny where Canada takes charge of its future and shows that we can compete and outpace any country in the world with the right government and the right policies.

In difficult times, Canadians want and deserve a government that will make tough decisions and not offer familiar excuses about global economic trends or the effects of American policies.

The Budget

This is the choice we face: return to these tired old ways of simply protecting political power, increased government spending, high taxation and a massive debtload or chart a course for a more limited, more effective government, lower and more competitive taxes and a debt that can be eliminated in the lifetime of the members of the House.

We have the choice before us: another decade of drift or a decade of destiny. Sadly, the government has chosen the easy and the lazy path of drift.

The following is what Michael Bliss, a distinguished historian, wrote this morning about the government's high spending status quo budget:

—the budget is a masterpiece of avoidance, the response to difficult times of a government that hasn't a clue where it wants to go.

He went on to say:

The Liberals are actually marking time, running on the spot, drifting down the river, as they await the unfolding of such momentous events as the war against terrorism, the recession, and their imminent leadership campaign.

Even in these tough economic times, other jurisdictions are showing leadership and they are continuing to take bold initiatives to set the course for their provincial economies. The federal government could learn from this. If the overall Canadian economy does recover next year, it will be in large measure to the actions taken outside of Ottawa, taken by provincial capitals across the country.

The federal government has this air of superiority. It considers itself the major leagues and it considers the provinces the minor leagues. It was the provinces that set the economic pace in the last decade and they continue to do so. It is the federal government that comes in on the hard work of provinces, scoops that surplus, spends it indiscriminately and does not learn the lessons of true economic reform and economic rigour.

British Columbia is coming out of a home grown economic slump created by the free spending and high taxing policies of the NDP. The new provincial Liberal government of B.C. is promising and has come forward with dramatic tax cuts to make B.C. competitive with Ontario and Alberta. To make sure it can afford these tax cuts, it is implementing huge efficiencies to its own government bureaucracy and across the board spending cuts.

The B.C. government recognizes what the federal government does not: providing fiscal stimulus through fiscal discipline and through tax relief provides long term growth to the economy, while increasing government spending only provides a short term boost and imposes a future tax, a deferred tax on the young people of our nation.

Similarly, Alberta is continuing in its quest to become the first province to pay off its entire provincial debt. That is a goal worth pursuing. Why does the federal government not get hold of a vision like that?

I had the honour of working with the premier of Alberta and an elected team who put people first. I was the minister of finance when Alberta became the first province to pay off its net debt so that it owned more than it owed and to be the first province to have a single rate of tax, and it proved that we can do that through recessionary times, when commodity prices are down, when there is a worldwide

crisis on like the Asian crisis. If we still show fiscal discipline and still be committed to keeping taxes low for our hardworking people, we can still move ahead even in tough times.

It takes discipline to stay the course toward that type of objective. We cannot be spending addicts like the federal Liberal government.

• (1545)

Why could this federal government not have cut its spending at least enough to make a modest payment on that debt? Our finance critic has already identified \$6 billion of wasteful, inefficient spending that could have been applied toward paying down the debt and to other areas. It would have taken pressure off other programs and it would have taken some of the burden off the shoulders of our children and grandchildren who now must carry, who knows how many more years, the result of the federal government backing off on any commitment to pay down debt. The federal Liberal government lacks the vision to chart a clear course for the country toward prosperity.

Ontario is continuing its course toward growth and prosperity. The federal Liberals do not like to hear it, but Ontario is moving in the right direction in many areas. In the midst of tougher economic times, Ontario remains committed to staying out of deficit and, in the same process, reducing taxes and putting money into health care, not taking money out of health care like the federal government did.

The Ontario government, like many other provinces, looks for bold new initiatives in terms of reducing taxes. Take, for example, the Ontario government and its commitment to promote choice and competition in education by providing federal tax credits to parents of children attending independent schools. That is a policy borrowed again from the Canadian Alliance platform and it helps fulfill the national interest. It recognizes a public good being performed by parents, something the federal government neglects to do in many areas.

Canada also has an obligation under international human rights law to prevent religious discrimination. Ontario's new policy of providing choice to parents of all religions and all denominations helps Canada comply with these areas of recognizing and not discriminating against individuals in terms of their particular choices.

Even in tough economic times, the provinces continue to lead. The minor leagues lead the major.

We see no bold, decisive action from the government. We see no further progress toward debt and tax reduction that would strengthen our dollar and improve our international competitive position.

In this post-September 11 environment, we have not seen a serious or profound consideration of our economic arrangements with our friend, our ally and our greatest trading partner, the United States. There is no new thinking in that area whatsoever. Surely, after September 11, the one signal the government could have sent, without opening even wider its spending floodgates, is that we are serious about our continental partnership with our American neighbours.

The Budget

There was much talk yesterday about open borders and border security but there was no sense of a long term vision about where the continental partnership between the United States, Mexico and Canada could and should go.

The government does not like to admit this, but the prosperity it enjoyed, ironically in its first years in office, was in large part due to measures taken before it came to power. In 1993 the Macdonald royal commission urged Canadians to take a leap of faith toward free trade with the United States. The Liberal government of the day did not want to embrace that destiny of free and fair trade. The Mulroney Conservatives did embrace free trade. It was also supported by the new and rising Reform Party of the day. However free trade was bitterly opposed by the Liberals, including the now Minister of Finance. It was this policy of free trade and NAFTA that helped create the very prosperity that the government then took to balance its federal budget, along with of course raiding health care and raiding our armed forces.

September 11 has driven Canada and the United States more closely together than ever. Now is the time for us to take another leap of faith to an even more robust economic relationship with our American allies. The time is right. It is not enough to improve border crossings, as important as that is, just to maintain the status quo. We need to create an even closer union where the border can be truly invisible to consumers and businesses alike.

Even Pierre Trudeau had the foresight to appoint Donald Macdonald to think about the long term future of the Canadian economic union. It was that thinking which finally led to that leap of faith in free trade which caused Canada to become more prosperous.

If we had a government that truly understood human hopes, human action and human nature, we would have policies in place that would cause us not to just catch up to but to leap ahead of the United States and to really discover the opportunities of being a truly favoured nation in this world.

• (1550)

Where is the long term visionary thinking of today under this Prime Minister? There is no vision, only half measures. He said himself that he is not a visionary. I say again that we agree with that.

There are a few hundred million dollars for border guards or special pass programs but no long term vision for our North American partnership, even though market, social forces and security concerns are forcing us into a new north-south relationship. The universal forces at work are propelling us in that direction.

Let us get a vision so we can steer our path and not be forced into it so we can take advantage and maximize opportunities rather than just being pulled along in the drift of this.

The government's lack of vision is perfectly described by F.R. Scott's meditation on another long-serving Liberal Prime Minister, William Lyon Mackenzie King. F.R. Scott said:

He seemed to be in the centre
Because we had no centre,
No vision
To pierce the smoke-screen of his politics.

Truly he will be remembered
Wherever men honor ingenuity,
Ambiguity, inactivity, and political longevity.

Let us raise up a temple
To the cult of mediocrity,
Do nothing by halves
Which can be done by quarters.

The government, with its half measures and quarter measures on the border, is avoiding defining a vision of the Canada-United States relationship, one that would be positive for Canadians.

The time has come for a new vision, fit for the post-September 11 era and fit for a new millennium.

We must put all the options on the table. We need to consider a truly common and free market, with common tariff and common customs policies in a formal customs union. Where is the vision for this? We need to talk about these things. We need to imagine a Canada where the Canada-U.S. border is as transparent and as invisible as the French-Spanish border or the Dutch-German border. The French, the Spanish, the Dutch and the Germans did not cover in fear of losing their national identity as they marched toward freer trade. Canadians do not fear that either. I have yet to run into a Canadian in my travels from coast to coast who has said, "Please send Sheila Copps to protect me and my identity". That has not happened yet.

Yes, I recognize—

• (1555)

The Deputy Speaker: Order, please. Let us just remember that we are not to refer to each other by name but in fact by our portfolios.

Mr. Stockwell Day: Mr. Speaker, I have yet to run into a Canadian from coast to coast who has said "Please, quickly send out the minister of heritage to protect me, so I can save my Canadian identity".

Canadians know who they are. Canadians stand proud. We do not stand in fear of moving ahead in prosperity and progress or of losing our identity. We will always know what it is to be Canadian. Canadians do not have this fear. The only fear we see is the Liberal fear of losing power, if our citizens actually gain more power for their own future direction and prosperity.

The United States and Canada need not fear such an open border. We will both have confidence that the continent is protected, if we move ahead with the protections that we have suggested, with a security perimeter that keeps criminals and terrorists out of both countries and allows freedom of trade back and forth across an open border.

We need to consider moving closer together on monetary policy. Why is there no discussion on this? Why is neither the Prime Minister nor the Minister of Finance bringing forward the elements of this so we can look into this and discuss it? Because the government waits for the winds to blow. It holds its fingers in the air. When it hears the winds blowing strong enough and feels them strong enough, it reluctantly sails in that direction, sometimes in the direction of a freer economy and a freer nation.

The Budget

We seriously need to start discussing dollarization or a common currency. Why in this day and age are we not discussing these things? Why do we continue to fall back on pet political projects for political friends rather than the true issues of propelling ourselves forward in prosperity and in hope.

If we want to send a signal that we are thinking boldly about the future, that we still have the courage to dream great dreams, these are the kinds of issues we must discuss. We must be discussing these now. International events are forcing the discussion. Why do we not lead them instead of being dragged into them?

These events will be thrust upon us as terms not advantageous to us in five or ten years if we do not move on these areas now, get the discussion going, talk to Canadians and look at our opportunities.

Sadly, with this budget, with their runaway spending, their failure to address the real defence and security needs of Canadians, their return to tax increases, their abandonment of debt paydown and of any attempt to restore economic fundamentals, let alone to consider anything dramatic or new like transforming our continental relationship, the Liberals seem to have chosen the path of drift.

Today, tomorrow and the next day the Canadian Alliance will be asking Canadians to help us chart a different course. We will be asking them to help us have a discussion on these economic and security issues to force the government to come to terms with economic reality, to change its direction, and to take our economic destiny into our own hands.

Let us eliminate the waste in government by starting with the cuts to the \$16.3 billion of poorly managed programs that the auditor general has identified. Let us give our brave Canadian forces the tools they need to do their job. Let us continue with tax reductions especially, in this time of recession, to those job killing payroll taxes. Let us continue to pay down the debt and restore confidence on the fundamentals of our economy. Let us allow the provinces to be innovative in areas like health care, where they can allow market forces to help them deliver the services that their citizens need without being slapped and without being hobbled by a federal government that truly does not care about co-operation. Let us have the courage to consider another leap of faith to a stronger, closer economic union with our great friends and allies in the United States.

The government wasted a tremendous opportunity to chart a new course for freedom and prosperity with this budget. Canadians deserve better. With their help we can make this country better.

We can make this a country where the government provides not a roadblock, but a sign post for prosperity, a sign post for hope.

I ask all Canadians to join with us and make Canada a most favoured nation, a nation of unlimited horizons and boundless frontiers. Let this be a nation where the young still have vision and the old still dream dreams. God keep our land and may this country remain the truth north, strong and free.

• (1600)

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, three months ago today the world witnessed terrorist attacks on the United States of a magnitude unlike anything seen before. In the next few minutes I would like to talk about how the Government

of Canada has responded to those attacks. I will be sharing my time with my colleague from Davenport as we enter the debate.

The impact of these attacks continues every day. There is no question that things have changed as a result of the 11th. To some degree we have lost our naivety as a society and we have lost our innocence, and that is to be lamented. However every challenge that comes forward in life has to be met with resilience. That is what the government has done since September 11th.

[*Translation*]

The Government of Canada reacted quickly and effectively on several fronts after the events of September 11 in order to deal with the serious threats stemming from these horrible crimes.

I am pleased to provide details today on the \$2.2 billion in air security initiatives that were announced in yesterday's federal budget. This is part of our response to the events of September 11.

• (1605)

[*English*]

Everyone knows what the government did on the 11th in the closing of our skies and in working with our American friends to ensure that all planes coming across the Atlantic and the Pacific were put to Canadian destinations. The people on those planes were processed and received with great hospitality by the people of Canada.

In the hours afterward, as we grappled with that particular problem, my officials were working with those of the FAA in Washington to come up with new, tougher security measures to ensure we did not have a repeat of the events of the 11th.

We also announced that immediately cockpit doors were to be locked for the full duration of the flights. That was long overdue. As the House will remember, earlier this year I asked pilot organizations across the country to consider closing these doors. In fact, I issued an order that at the first sign of any trouble those cockpit doors were to be closed. We had to follow this with the complete closing of the cockpit. That is something again which will affect lots of travellers who interact with the crew, and young children, in particular, who on their first flights are allowed to see from the cockpit the icebergs off Greenland, or the St. Lawrence river valley or the Rockies as they fly over them. These things meant a lot to the travelling public and to the pilots in terms of interacting with passengers but that is all gone.

The Budget

We came forward immediately and said that we would bring in nearly \$58 million worth of explosives detection equipment. We actually ordered that equipment. We also said we would spend \$1 million to do a very quick study to ensure that new methods were put in place to look at technologies and practices for airport security operations.

We immediately allocated \$3 million for new inspectors at Transport Canada and the resources necessary to support their activities. In recent days we introduced Bill C-42, the public safety act, which is designed to strengthen the government's ability to improve the safety of Canadians, to prevent terrorist attacks and to respond quickly if significant threats should arise.

Most of that bill comprised of Aeronautics Act amendments that were in the works, that had stakeholder consultation and that were brought forward in advance because there were some changes that absolutely were required to deal with the events of the 11th. One, which was spun off from Bill C-42, was to make the manifest information from Canadian flights available to our friends in the United States, something to which they had full entitlement but something we could not provide under Canadian law.

[Translation]

Canada already has one of the best civil aviation systems in the world and an enviable safety and security record. Following the terrorist attacks, it was necessary to take immediate measures to increase the level of aviation security in Canada, and we reacted accordingly. However, as I have often repeated in recent weeks, we can and we must continue to do better.

[English]

Yesterday, my colleague, the Minister of Finance, detailed in great measure some of the responses that we have made on the airline security front.

First and foremost is the Canadian air transport security authority. This authority will be different from the status quo and will be different from the regime that the Americans have put in place. We are combining the benefits of involving the private sector and of having some element of decentralization, but with centralized standards and certification. We are not bringing all these people in as federal employees or as public servants. We are making them federally regulated employees. They can continue to work for security firms and airport authorities, but they will be regulated by the federal government. They will have to meet strict standards of performance.

This is a good compromise from the positions of airlines, airport authorities and others. It is a compromise in terms of organization but it does not compromise the values of safety in which we believe so much.

This organization will be responsible for all pre-boarding screening at airports. It will improve the effectiveness and consistency of screening services across the country. It will be responsible for the acquisition, maintenance and operating of screening equipment. It will certify and test security officers responsible, and certification will be awarded on the basis of new security and training standards set by the authority in accordance with Transport Canada's enhanced regulatory requirements.

The authority will set conditions for its employees under service contracts. These conditions will include appropriate performance standards, minimum wage rates, maximum hours of work and conditions relating to retention, including ongoing training.

We shall continue to establish standards and regulations for the delivery of aviation security services and to monitor for compliance.

A lot had been made of accountability in this Chamber, as there rightly should be. What we have announced will be accountable to those people sitting in the House of Commons and the Senate because this will be an agency that will report directly to me, as minister, and the Minister of Transport stands here as a member of the government, accountable to all members in the House.

Even before the authority is in place, the government will be providing up to \$10 million this fiscal year to implement immediate improvements to airport screening practices.

• (1610)

[Translation]

Even prior to the authority being set up, the government will provide up to \$10 million during the current financial year to make immediate improvements to security measures in airports.

[English]

Also to help the authority meet its objectives, the government is going to provide up to \$128 million a year extra in pre-board screening services. That funding represents an increase of 78% over the airlines' expenditures last year for pre-board screening.

In addition we shall be spending \$1 billion for explosive detection systems equipment right across the country. That will cover 99% of all airline passengers in the country. That is going to be incredible coverage and will give Canadians a real sense of security.

This morning I held a news conference at the Ottawa International Airport. My officials demonstrated the new equipment. New X-ray equipment will be brought forward. The incredible technological breakthroughs that have been made in screening equipment will now be available here in Canada.

Also we are going to be providing \$35 million over the next two years to airlines to help cover the cost of security modifications to existing passenger aircraft resulting from new standards and regulations currently in development.

The government will make annual contributions for costs associated with aviation security related policing at major airports. The new authority will provide funding for aviation security related policing to airport authorities which will make appropriate arrangements with police forces. We will be making one time payments of \$20 million this year for heightened policing and security at airports resulting from the terrorist attacks.

The Budget

A lot has been said about armed police force on aircraft. This is something we would rather not have done. In a civilized society we do not want to be in a plane at 37,000 feet with any firearm available even if it is in the hands of the RCMP. That is fraught with danger. It is something the airline industry grappled with. In particular, the Air Canada pilots grappled with that. They changed their views over the course of the last few weeks. We were sensitive to the changing views of the aviation industry.

It was with reluctance that I recommended to my colleagues that we put armed personnel on planes because it will be a confidence building measure for airline travellers. Some weeks ago we already agreed to this particular measure for flights into Washington.

I could go on at length but I want to assure all my colleagues that we had a very good airline security system before September 11, but it was not good enough. What was announced yesterday by the Minister of Finance and by the government will improve it. We will have the best airline, airport and aircraft security system in the world.

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I would like to thank the minister for his remarks and his hard work. We may not always agree with policy outcomes on the part of the government but I think we all recognize that the minister is diligent in his responsibilities.

I want to ask the minister about the new \$24 round trip assessment on passengers. First, is it not already true that a very large share of passenger ticket costs are taxes imposed by government, the air transportation tax, the GST on top of it and that share of the aviation fuel tax which companies pass on to their consumers? Is it not true, for instance, that in short haul low cost fares a very large percentage, upward of half of the price of a ticket, is already taxation? Perhaps he would comment on that. Does this not add an additional burden?

Second, what assurances can he give us that the funds raised by this additional assessment, this levy, will be segregated and will all go to the direct airline security costs and those costs alone and that the funds raised by this additional tax will not be shunted into general revenues and used for other general government purposes? This is a serious concern we have when we look at way the EI surplus is managed. Perhaps the minister could address this. How do we know this tax will not be shunted off into general revenues?

•(1615)

Hon. David Collenette: Mr. Speaker, the hon. member makes two very good points.

First, with respect to the air transport tax, that was eliminated some years ago when we commercialized NavCanada. NavCanada then charged back its fees through the airlines and the airlines did add that to the ticket price. However that covers the air navigation system. The airlines themselves were responsible for the screening and other security costs. We estimate that there will be savings of about \$72 million for the airline industry.

On the second point the hon. member makes, he is absolutely right. We cannot have anyone, not just members of parliament but members of the public, believe that this charge will be used for other purposes.

Yes, it will go to the consolidated revenue fund. Yes, it will pay for all of the related security measures that are being introduced.

However as the equipment is bought, and we are talking about \$1 billion for EDS equipment alone over the next few years, obviously that charge will be reviewed. In fact I talked to the Minister of Finance about this during question period, between questions if members can believe that given today's question period. He acknowledged the fact that there absolutely will be a review.

This will not be a revenue generating device for the federal government. This really is something to pay for all of the security measures. It is something we felt—and I believe Canadians will support us on this—should be borne by the travelling public and not come out of general tax revenues.

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, I want to draw to the attention of the transport minister this fact. These are not numbers pulled out of the sky; these are actual numbers if one were to buy an airplane ticket today flying from Edmonton to Calgary, or from Dallas to Houston. Edmonton to Calgary is 154 miles and Dallas to Houston is 225 miles. These are one way tickets.

The base fare for the Edmonton-Calgary flight is \$70. The base fare for the Dallas-Houston flight is \$95 adjusted to Canadian dollars. After all the fees, taxes, GST, security charges and airport improvement fees in both jurisdictions, adjusted to Canadian dollars, the Canadian ticket costs \$108.30 and the American ticket costs \$95 even and that is after all the taxes. That works out to taxes and fees on the Canadian ticket of 35.3% of the cost and on the American ticket, 14.9%.

Canadians are paying more than double the fees, taxes and surcharges that Americans are. It is a huge disincentive obviously to Air Canada which is trying to increase its capacity to fly transborder. Relative to what is happening in the United States this puts Canadian carriers at a huge—

The Acting Speaker (Mr. Bélair): There is no time left. With the indulgence of the Chair, the hon. Minister of Transport.

Hon. David Collenette: Mr. Speaker, I do not want to get into a debate about particular airfares because there is all manner of special fares between certain points. I cannot acknowledge that what the hon. member has said in good faith is accurate.

Is the hon. member advocating that this be paid for out of general tax revenues? Is he advocating then that this be added to expenditures of the government? How can the Alliance member advocate this when his leader a few minutes ago, and I sat through his leader's speech, wants the debt brought down and does not want us to go into deficit? Is the hon. member advocating that we go into deficit, or is he really advocating a position that is different from that of his leader?

He talks about Air Canada and says how this is going to affect it. I remind him that Air Canada issued a release last night supporting the government's approach to finance the security measures in this way.

The Budget

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, after listening to the debate today and question periods over the last couple of months, and the requests made by the official opposition, particularly by the leader of the official opposition, one cannot help but conclude that there is a profound sense of contradiction in the position taken by the official opposition in its demands over time for greater expenditure on the part of the government, particularly with respect to national defence, security, intelligence, transport, you name it.

There seems to have been an amazing discovery by the official opposition that there is a role for government to play, after having criticized, until very recently, the presence of government in all walks of life. We have seen almost a conversion on the road to Damascus on the part of the official opposition. It finally has discovered that actually there is a role for government to play, and not only that but that government should be spending more money.

We have heard this trend since parliament resumed sitting in the fall. This trend is so strong it almost leads us to believe there may even be an element bordering on hypocrisy. One cannot ask the government to do more and demand greater expenditure, as the official opposition has done, and then criticize the government for spending too much, as we have heard in the last 24 hours. In the last 24 hours we heard only complaints that the government is overspending.

Half an hour ago in the Chamber we heard the leader of the official opposition reveal his vision about Canada's economic future which is limited virtually to a vision of reducing the debt. That seems to be the major overriding preoccupation of the official opposition as represented by its leader.

One has to ask whether the opposition can have it both ways, whether it can continue to blame government spending and at the same time request the government to do more in specific fields as chosen by the official opposition. Obviously this kind of contradiction does not help the consistency of the position taken by the official opposition since being elected to that role. It is no wonder the official opposition will remain where it is at the rate it proceeds to elaborate on the role of government. It expects the government to spend when there is a crisis, but at budget time it criticizes the government for doing its duty, namely protecting the public and the public interest.

The main theme of the leader of the official opposition this afternoon has been a repeated desire, almost an obsession, with the elimination of the debt. I am very glad the government has not dealt with the reduction of the debt in the budget. Anyone with a minimum understanding of what the gross domestic product is all about would know that the gross domestic product, namely the economy of the country, keeps growing from year to year, sometimes at 3%, sometimes at 1%, sometimes in between, but the economic pie keeps growing.

• (1620)

Instead the debt remains at a certain amount. In proportion to the gross domestic product or in relation to the economic pie of the country, it is becoming less and less. This means that as the years go by and as the economy grows the weight of the debt over the entire economic pie will become smaller and smaller. For that reason,

therefore, I am glad that in the budget no resources were devoted to the debt.

In addition I am also glad that there was no further reduction of taxes. As a government we saw a decision made in the last budget to reduce taxes to the tune of \$100 billion over the next five years. This is a considerable commitment and a considerable amount of revenue lost for very good reason: to stimulate the economy. It is there and will certainly serve the purpose, but it is \$100 billion which the government does not have to perform its tasks, duties and role.

The budget is very strong on national security, and so it should be. However one has to note at the same time that it is not strong on social, environmental or climate security. I would like to think there are measures in the budget which could help the workers at Algoma steel, for instance, and those who are becoming unemployed because of globalization and other competitive economic measures that are mercilessly affecting a large number of Canadian workers. It is therefore a gap which I would consider to be a temporary one.

Conditions made it necessary for the Minister of Finance to produce a short term budget in anticipation of the fact that once it is clear the strength of the economy will pick up, particularly south of the border, it will then be possible to produce a long term budget containing the dimensions that are missing in the budget today.

In particular I mention the fact that the predominant issue in the international scene when it comes to climate change, namely the ratification of the Kyoto agreement, requires a number of changes to our taxation system and, in particular, an appreciation of the fact that we need to encourage the development of alternatives to fossil fuels.

I am referring to various products such as ethanol, hydrogen and other means of producing energy that require a shift in Canada's taxation system so as to prepare the country for the reduction of dependence on fossil fuels and the adoption of new forms of energy which will make it possible in the long term to reduce greenhouse gas emissions and to achieve the targets we intend to arrive at by the year 2010.

That task is not a minor one and does require, from the perspective of the Kyoto agreement and the climate change challenge, taxation measures to be taken very early to obtain the desired results.

• (1625)

Each of the number of issues that the leader of the official opposition has raised deserves a lengthy rebuttal. For instance, he proclaimed the desire for capital gains tax to be further reduced.

Mr. Speaker, I can see that you are indicating that my time is up. I will have to leave it to another colleague of mine to continue with the rebuttal of the official opposition's speech.

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, the hon. member in his presentation referred to the Canadian Alliance and said that we have said the government should spend more money. That in fact is absolutely not the case.

We have said that the government should spend more money in certain areas. We have said that overall spending should be lower. We have said that the government has to learn to prioritize spending. That is what we said. Never, never have we said that the government should spend more. We have said prioritize.

The Budget

We have said let us do something about the wasted spending, grants and contributions. The auditor general pointed to \$16 billion in grants and contributions that should be looked at and scrutinized properly. We have said let us end the wasted spending and regional economic development programs right across the country. We have said let us end the low priority spending, such as the spending that is going on now to help fund this leadership race. The industry minister, the health minister and the finance minister are all trying to fund the leadership race through taxpayer money. That is what we saw this time: the Prime Minister allocating the money to leadership contenders, saying that he wants to do it as fairly as he can. That is not a proper expenditure of taxpayer money.

I would like to ask the member if he understands now that clearly never has the Canadian Alliance asked for more spending. We have asked for prioritized spending. We have asked for more spending in health care, in security and in education. We have asked for a balanced budget. In no case should we start running deficits again. That is what we—

• (1630)

The Acting Speaker (Mr. Bélair): The hon. member for Davenport.

Hon. Charles Caccia: Mr. Speaker, the hon. member for Lakeland has a very poor memory and a faulty one on top of that, because every day since we resumed in September he and his colleagues have been up asking for more expenditures here and more expenditures there. Not one day went by in question period when the official opposition members did not get up and ask the government to play a stronger role than it has so far and to spend more on specific things.

Of course if one were to add up the total cost of the requests made by the various critics on the part of the official opposition, it would be a hefty amount of money. The member for Lakeland has to realize that he cannot have it both ways. In other words, the official opposition cannot ask for greater expenditures and at the same time for reducing the budget, or it cannot ask to have more money invested in certain specific sectors and at the same time to proceed with tax reductions. These are contradictions that are available to anyone who has taken economics 101. Perhaps the member for Lakeland will one day take a course in economics and learn the basics of that fine art.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I listened carefully to my colleague's speech. I must say, he normally seems to be a reasonable person, but I am surprised to hear him in his speech today defend the government so staunchly. I am disappointed about that.

I would like to hear what he has to say about security. What does he think about the security of Canadians who will lose their jobs? What does he think about the EI surplus, that will reach \$42 billion by the end of March 2002, and that the federal government and the Minister of Finance are using to gouge people, workers who lost their jobs, in order to balance the budget?

What does my colleague—normally a reasonable person, who is defending the government very passionately—think about this

budget that offers absolutely nothing to workers who will lose their jobs?

[*English*]

Hon. Charles Caccia: Mr. Speaker, if the member for Acadie—Bathurst had listened to my speech, he would have heard me making a reference to the workers of Algoma Steel. I did ask in my intervention as to what are the measures in the budget that would help them. I admitted the fact that in this budget the social security and the environmental security dimensions are missing. I expressed the hope that in the next budget, when the economic picture will be clearer to be interpreted, those two dimensions will be addressed.

[*Translation*]

The Acting Speaker (Mr. Bélair): It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Cariboo—Chilcotin, Forest Industry; the hon. member for Davenport, the Environment; the hon. member for Burnaby—Douglas, Justice.

• (1635)

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, the budget presented yesterday by the Minister of Finance is very disappointing. We already knew that would be the case. Last October, when the finance ministers met, this government suggested that there would be no new money for health and education. It did no more than commit to protecting projected transfers. Quebec still believes that Ottawa has enough money in its sock to offer some help.

As always, we think that the minister overestimated his spending and underestimated his revenues. He says that the surplus will amount to \$11 billion for the two fiscal years covered by the budget but, according to our estimations, it will be \$24 billion. We can come back to this later because we have been pretty accurate these last five years. We were off by about \$4 billion for the last five years, meaning for the last five budgets presented by the minister, whereas his projections were off by \$60 billion. Who is right? We can discuss it at the end of this fiscal year.

There is not one measure in this budget to get the economy back on its feet. As I said earlier, the Minister of Finance is hiding behind his inability to estimate his revenues and surplus to put this budget over on us. Once again, he is providing us with proof that he has serious credibility problems. Recently, once again, the federal surplus reached the level we had predicted, \$13.6 billion. Now, he tells us he has no room to manoeuvre. Even the surplus in the EI fund was \$3.7 billion, when the chief actuary had said it was \$7 billion.

In our opinion, a budget was appropriate, but it ought to have been far more proactive. The real challenge to the Minister of Finance ought to have been to put together a body of measures that were more likely to bolster consumer confidence, and this he has not managed to do.

The Budget

In the context of September 11, an investment in border security constitutes a strategy decision that cannot be avoided. This we admit. Yet we hardly need point out that, even before September 11, when there was no problem with air security, we were already at risk of a recession. In order to counteract the economic downturn, capital projects need to be accelerated, small and medium-size businesses in difficulty given assistance, and investment encouraged. In all, with a margin of maneuverability that is far greater than that of Quebec and the other provinces, the federal government ought to be sending out a clear message, demonstrating its leadership in reviving the economy so as to minimize job losses in the coming months.

The exercise has missed its target, and the minister has settled for presenting a budget just for the sake of form. As a number of analysts have been saying today, what we got yesterday were advertisements, rather than the budget we were entitled to. It is as if the government had bowed to the pressure, and did not want to be accused of doing nothing to deal with the recession. In fact, it was never convinced that budgetary intervention was needed. The Minister of Finance is counting on the billions of dollars invested by the Americans to stimulate our economy. As for the rest, he hopes that the drop in interest rates and the tax reductions announced last year will have the desired effect.

His lack of originality and courage can be seen in his decision to invest \$2 billion in a new strategic infrastructure foundation, if, and only if, he records a surplus this year or next. It was not even included in the tables he presented yesterday. This foundation depends on there being a surplus. Instead of providing for a measure in the event of a catastrophe, the Minister of Finance is going to take money, cut the amount in half and create a foundation. We can see there is no point getting excited over this foundation just yet.

• (1640)

Municipalities must not count on it right away, because legislation will have to be passed in the House, and we know how long the procedures are. After a bill is tabled, it has to go to committee for study and then, after it has been examined in committee, it has to be passed by the Senate. So we will not see this foundation tomorrow.

Clearly the Liberal government is pursuing its strategy to establish a centralizing government, acting contrary to consensus. The foundation is an intrusion, further interference in areas of provincial jurisdiction. It is inconceivable that non elected officials could be given the task of negotiating directly with elected municipal officials.

It is outrageous to think that the Quebec transport minister would have to negotiate with board members of a foundation instead of his federal counterpart. Is it not the role of government to decide which roads, congress centres or water purification plants get priority?

What the public must understand is that the sole aim of these foundations is to give jobs to pals of the Prime Minister. A lovely parting gift. The public also has to know that these foundations will be funded by budget surpluses, one way of getting hold of the money left over at the end of the fiscal year.

The auditor general is critical of these foundations because they alter the government's financial data.

As we all know, since the idea of a ministry of state for urban affairs came up in the 1980s, the federal government has not been able to hide its intention to bypass the provinces and negotiate directly with the municipalities. Therefore, the objective of the infrastructure foundation is twofold: to exempt significant amounts of money from being monitored by parliamentarians, and to strengthen the federal government's authority to influence the Canadian economy.

When it created these foundations, the Liberal government explained that they would attract capital money from the private sector. This is true in the case of the Canada Foundation for Innovation, while for the others, contributions from major companies are rather rare.

At the time, we were told that these foundations were ad hoc measures, which would not be in place for more than 10 years. But the interest accumulated in these bank accounts suggests that these foundations are not going to run out of money anytime soon.

As for international humanitarian assistance, we expected Canada to show its intention to set a timeframe to reach the OECD's objective of spending 0.7% of the GDP on assistance to developing countries. We have already called for this in the House. As we all know, a \$1 billion investment in international aid has a much greater impact than the same amount spent on defence.

As I have already stated in the House, in order to be effective, the fight against terrorism must involve not only military operations, but also a fight against poverty, which is a breeding ground for violence.

This lack of inspiration is also reflected in the unacceptable decision to not invest more in health services. How can the Minister of Finance tell the Canadian Press that health has without question been the number one priority of the federal government, when he is merely meeting his October 2000 commitments?

Is this the government's priority? There is nothing in the budget. There is nothing for health care and education. There is nothing for the poor. Nothing. There are no measures to fight poverty.

Health care funding is a huge challenge for provincial governments. The federal government's withdrawal from health care is unacceptable. The federal contribution has been shrinking steadily over the past 25 years. It is now only 13 cents on every dollar invested. This is what the government calls its number one priority.

Yet health care programs in Canada are not a federal but a provincial responsibility. Ottawa does not have to administer hospitals, pay nurses, negotiate with physicians, develop payment schemes or decide which services need to be funded; the provinces look after all that.

In spite of that, yesterday's budget did not contain any measure aimed at increasing health transfers to the provinces.

• (1645)

Since 1993, this government did not put one penny of new money into the system. Even medical specialists in Quebec blame it for problems in that province's health care system. The Fédération des médecins spécialistes du Québec supports Canada's provinces in their request for an increase in federal health transfers.

The Budget

They say that there is a true fiscal imbalance in that sector. The fluctuations in federal transfers from one year to the next do not allow players in the health care system to do proper planning. Moreover, these transfers should be indexed because of increased costs related to new technologies, the aging population and escalating drug prices.

The opposition and the Bloc Québécois are not the only ones complaining that the government is not meeting these priorities, that is increasing transfers to provinces and indexing these transfers because of increased costs related to the aging population and new technologies. So are Canadian nurses federations and the Canadian federation of physicians and health workers federations in Quebec.

By letting the provinces fend for themselves, the federal government is being very disgraceful. By refusing to pay its fair share of health care costs, the Liberal federal government becomes the greatest danger that threatens the universality of our health care system.

Now for the situation with the unemployed. Not one word about them in this budget, except for the fact that the unjustified and unexplained surplus from the employment insurance fund will be used to finance the government's current spending instead of helping those who need it.

It is unthinkable that the unemployed are paying off the Government of Canada's debt. How does the government do this? By maintaining premiums at levels that are too high, by limiting access to benefits and the length of the benefits period and by thumbing its nose at the program's objectives.

The auditor general stated in her report that the management of the fund's surplus did not respect the spirit of the Employment Insurance Act. The surplus has had a direct impact on the government's financial situation. Without it, the government would have had a surplus of \$8 billion rather than \$17 billion by the end of the fiscal year ending in March, 2001.

The government has not even come up with a program to help older workers who have been laid off. The re-evaluation of the federal government's position to follow up on the recommendations of the Standing Committee on Human Resources Development on employment insurance can be summed up as tens of millions of dollars for education.

In fact, the only good news on this front is the shorter waiting period for apprentices, but this government continues to pilfer from the fund.

The Minister of Finance boasts that he has kept the tax cuts already announced. The Bloc Québécois was expecting much more. This government has not come up with any significant measure to rebalance the tax cuts in favour of low and middle income households. Again, it will be the richer members of society who benefit from the cuts, the rich friends of the members opposite.

The budget is immoral when it says nothing about the use of tax havens. Here again, the government is allowing large sums of money, which have a major impact on the Canadian tax base, to leave the country. Need we remind the government that fewer than 2% of non-residents of Canada filed a tax return last year. In

addition, under the Canada-Barbados agreement, it is apparently possible to transfer capital gains totalling more than \$800 million.

By contrast, what has this government announced to alleviate the housing crisis? The budget confirms a \$680 million grant. This is nothing new. It has been known since the federal-provincial conference on this topic. Is it enough? Apparently not. The housing crisis continues to worsen, according to the latest CMHC report. We are experiencing an unprecedented housing shortage. The vacancy rate in Canadian cities is 1.1%, the lowest since 1987. In the riding adjoining mine, in Sherbrooke, the rate has dropped from 4.7% to 2.3% in the last year.

My Bloc Québécois colleague, the member for Sherbrooke, could say more about this. Certainly, the federal budget brought down yesterday provides for \$680 million, including \$162 million for Quebec. This money will cover only 6,500 new social housing starts in partnership with municipalities.

● (1650)

In Montreal alone, 11,000 more units are needed. The federal government's withdrawal from social housing funding in 1994 has deprived Quebec of some 50,000 units.

This budget announces the introduction of the first new tax since the GST. This one should be called "the September 11 tax", and it will enable the government to recover the \$2.2 billion it has put into improving airport security. I should point out that any permanent resident wishing to obtain the secure identification card, which is to come into force in June, will have to pay \$50 for it. On top of that, next April 1, travellers will have to pay an additional \$12 each way, \$24 for a round trip within Canada, to be collected when plane tickets are purchased. This will help impoverish remote regions still further.

What the public needs to keep in mind is that the government is going to move ahead with new air security measures, but above all that airline passengers will be the ones paying for them. This new tax is likely to have a very damaging effect on an industry already very hard hit by the terrorist attacks of September 11.

In this respect, Canadian measures are far from matching those announced by the U.S. government, which is giving a credit to everyone taking domestic flights. We are far from doing what representatives of ACTA, the association of Canadian travel agents, called for when they presented their brief to the Standing Committee on Finance.

This tax will apply equally to a \$800 Air Canada ticket and a \$150 WestJet ticket. It will be over and above all other charges travellers have to pay, such as fuel surcharges and airport improvement fees.

This government would have done well to follow the proposals that we made in our economic stabilization plan. Quebec's ideas are good: when it comes to taxes, allowing businesses to defer their corporate tax installments for six months is a measure the Bloc Québécois asked for two months ago.

We commend this measure, just as we commend the tax credit for apprentice mechanics that we proposed and defended here in this House. The only problem: these measures are clearly insufficient without other meaningful measures to support business.

The Budget

In closing, allow me to briefly recap yesterday's sad spectacle here in the House.

The Minister of Finance generously helped himself to the employment insurance fund surplus to finance newly announced measures instead of giving workers a real break on employment insurance premiums. This government could also have given employers a break on premiums. Everyone is tired of paying more than is needed to the employment insurance fund.

Environmental groups felt abandoned; meanwhile, everyone is concerned about pollution related problems. The government seems to be ignoring the fact that each year, 16,000 people die because of poor air quality. It is far from achieving what the Bloc Québécois asked for in order to make good on the Kyoto agreement, with the exception of wind energy.

In keeping with his practice of sprinkling investments over various areas, the Minister of Finance brought down a budget as a matter of form and to please our American neighbours. It is as if his intent was to reassure the Americans, who wanted increased security for the continent.

The minister could have done a lot more for the provinces. From taxes on tobacco alone, he will take in an additional \$400 million in 2002. He could have worked with the provinces to prevent their having deficits and support their initiatives to stimulate the economy quickly pending the economic recovery.

As is his wont, the Minister of Finance is considerably underestimating the budget surplus and withdrawing \$13 billion from public debate.

He is not giving even a cent to health care and education and is leaving the provinces to struggle with funding for these priorities, including those of Quebecers.

As the time allotted me is going quickly, I will conclude by saying that, apart from providing investment to strengthen security measures and defence, the Minister of Finance's budget is timid. It lacks vigour and vision. It contains nothing of note for the economy. It does not even offer a cent to the middle class. It is a failure.

• (1655)

Mr. Jean-Yves Roy (Matapédia—Matane, BQ): Mr. Speaker, I want to thank the hon. member for Drummond for her excellent speech. I have a simple question for her.

I would like to know if, in her opinion, yesterday's budget can help our economy get back on track immediately.

Will the measures proposed in the budget allow us to create jobs tomorrow, considering that, following the September 11 events, the economic slowdown and the number of jobs that were lost, concrete action is truly necessary to revitalize employment?

Mrs. Pauline Picard: Mr. Speaker, I thank my colleague for his question. I think I have spent the past 20 minutes demonstrating just that. There is nothing in this budget to boost the economy. I am not the only one saying that. Based on the articles I have had a chance to read today, analysts across the country agree that the Minister of Finance missed the mark in terms of stimulating the economy.

There is nothing. The tax reductions were already planned. There is nothing new, no new money. What would have been really important is an increase in the Canada social transfer to help the provinces faced with serious problems in the health sector. The rate of funding for education has never been so low. Something should have been done in that sector as well.

Investing in services stimulates the economy, because more people can be hired to provide these services, particularly in hospitals.

There is nothing, apart from the instalment payments called for by the Bloc Québécois. This was also a measure favoured by Mrs. Marois in her last budget. Apart from the deferral of instalment payments for six months, there is absolutely nothing to help industries or companies.

There are many companies in my riding. I think that all entrepreneurs are now starting to dip into their reserves because of the economic downturn. We must not mince words. We are now in a real recession. These people are worried. They expected the Minister of Finance to help them out until the economy rebounds. This is not what is being offered in the budget brought down by the Minister of Finance yesterday.

In our view, this budget does nothing but make announcements regarding security, defence and so forth. We have nothing against the federal government taking meaningful action to ensure the safety of Quebecers and Canadians. But we were expecting more. The Minister of Finance is still keeping us in the dark and fiddling with the books. In our opinion, he had another \$6 billion available to reinvest and put the economy back on track.

[*English*]

Mr. Shawn Murphy (Hillsborough, Lib.): Mr. Speaker, I want to advise the House that I will be sharing my time with the member for Etobicoke—Lakeshore. I congratulate the Minister of Finance on the budget tabled in the House yesterday.

I had the privilege of serving on the House of Commons Standing Committee on Finance as part of the budget process. The committee had in excess of 70 meetings and we heard from over 500 groups and organizations. I attended many other meetings leading up to yesterday's budget, including at least two caucus consultative meetings and one consultative meeting in my riding of Hillsborough.

The budget is the most important document that the government tables in the House in a given year. It sets out the policies, programs and priorities of the government.

Last Monday I spoke to a Canadian Alliance motion on the budget. At that time I urged the Minister of Finance, first, to allocate sufficient resources to deal with the security of the nation. I am talking about security from an economic sense and from a physical sense.

The Budget

Second, I urged the Minister of Finance not to go back into a deficit under any circumstances. We had large deficits under previous Conservative governments. Canadians have been there. They have seen the destruction they cause to the economic and social fabric of our nation. One message that resonated from the mouths of Canadians from coast to coast was that the government was to avoid a deficit. That message came out loud and clear during all those hearings.

Third, I spoke about Canadians who told us it was imperative that the government maintain the \$100 billion in tax cuts and the \$23.4 billion in transfers to the provinces which would be used for health care and child care services. That was agreed to by our Minister of Finance in September 2000. These tax cuts, together with the many interest rate cuts announced by the Governor of the Bank of Canada over the past number of months, would continue to provide the necessary monetary stimulus to lead the country out of the downturn we are presently in.

Fourth, I spoke of confidence. That is an important issue during this downturn. We must have the confidence of consumers, investors and business people. We must have confidence in the financial future and that the minister knows how to deal with the economic downturn we are presently in, that he has a plan, that he is prepared to act and that he will act.

I am pleased and proud that the budget tabled in the House yesterday addressed those four concerns. I am pleased the government would allocate the necessary resources to deal with the issues facing the nation's security. National security is a complex issue and an issue which cannot be solved immediately. The finance minister has dealt with security in all its facets.

Money would be allocated to increase funding for the RCMP, CSIS and other security related departments, as well as for general government emergency preparation. There would be funding for air travel security. There would be \$1.6 billion over the next five years for screening of immigrants and refugees. There would be a considerable amount of money, \$646 million, allocated to enhance border operations. There would also be an additional sum of money for border infrastructure.

• (1700)

I am pleased our finance minister chose not to lead us back into a deficit. That would have been the easy solution. That would have been the course followed by a weaker government and a weaker minister. However that was not the course followed yesterday.

The expenditure of the assets of future generations is a path that Canadians do not want to walk down. It is a path that the government will not travel. I am pleased that the Minister of Finance has not in any way altered the massive tax cuts initiative he announced in September of last year. I am pleased the \$23.4 billion package that was subject to the health care agreement made among the Government of Canada, the 10 provinces and the three territories last September was untouched by the government.

Last, I am pleased that our finance minister has taken a balanced approach from a fiscal and monetary point of view. It conveys a strong message to all Canadians that the government has the finances of the country under control. It is prepared to make tough decisions

to govern the nation. It understands the tough economic circumstances of not only this country but every country of the world. It is prepared to act on the circumstances.

The issue of confidence is important in all its facets. Confidence will be shown by business and investors as we go forward from this day onward. That confidence, if seen, would be supported by tax cuts; by increased health care expenditures; by the absence of a deficit; by lower interest rates which are very important; by security spending which is needed; by border enforcement initiatives that would allow goods and services to flow freely across our borders, specifically between Canada and the United States; by support for the innovation agenda; and by a certain level of monetary stimulus into the economy.

We are governing in challenging economic times. Our GDP growth is down and will continue to be down for the short term anyway. The government's revenues are down and unemployment is up slightly.

The government has two instruments at its disposal in dealing with such circumstances. It has the fiscal policy which entails a massive investment of public funding, and some parties in the House want the government to embark upon a massive program of public spending.

The second tool is monetary policy. That is probably more important. We have a good combination of monetary policy with the tax cuts and through the interest rate relief provided to us by the Governor of the Bank of Canada. Whether it was good luck or good management, the \$100 billion tax cuts announced by our finance minister last September are coming into play right now. That is the medicine that is needed for this downturn.

On the issue of monetary policy I want to address briefly the effect that the combination of tax reductions and lower interest rate policies would have on the average family. According to the calculations that were in the budget document there would be an approximate \$2,200 reduction, assuming a family had a \$100,000 mortgage. That is about \$1,100 of tax relief. This depends on the circumstances but it is over \$3,000 and could be as high as \$4,000 in tax relief for that family.

I am pleased that our Minister of Finance has followed the course that he outlined yesterday. He listened to Canadians from coast to coast. He listened to colleagues on both sides of the House. He has drawn up a very positive plan to secure the progress of the nation in a very uncertain world.

• (1705)

Mr. Jason Kenney (Calgary Southeast, Canadian Alliance): Mr. Speaker, I am surprised to learn that my hon. friend from Hillsborough, whom I respect and with whom I share a seat on the finance committee, found nothing to criticize in the budget insofar as he joined me in concurring in the recommendations of the Standing Committee on Finance. Does he still believe in the recommendations?

The Budget

On page 27 of its report the committee recommended the government limit its program spending to inflation plus population at 3%, a level less than a third of the 9.3% included in the budget. On page 80 it recommended we immediately eliminate the capital tax. This is not mentioned in the budget. On page 26 it recommended we reallocate spending from low priority areas to finance any new security spending. Not a dime of this is provided for in the budget.

On page 30 the committee recommended the government provide a five year planning horizon. The budget provides a two year planning horizon. On page 82 the committee calls for the government to consider a yearly basic exemption for EI premiums. This is mentioned nowhere in the budget. On page 113 the committee recommended the government sell its shares in Petro-Canada to pay down the debt, realizing \$2 billion in liquidated assets. This is mentioned nowhere in the budget.

On page 31 it recommended the government use its contingency to pay down the debt. The contingency disappears and is no longer directed toward the debt.

Finally, on page 33 the committee recommended all new spending be subject to the program review criteria outlined by the committee. This again is not mentioned in the budget.

How could the hon. member have signed on to these substantive recommendations, of which not one iota is reflected in the budget, and still endorse it?

• (1710)

Mr. Shawn Murphy: Mr. Speaker, the hon. member is quite correct. There are a number of initiatives and suggestions in the report of the finance committee. I supported it, signed on to it and agreed to it. The suggestions include the YBE or yearly basic exemption and the reduction or elimination of capital taxes. These are good programs. I will not stand here today and say I do not support them.

However we must take everything in context. Everything cannot be done immediately. There is a certain issue of affordability and balance. The finance minister is dealing with challenging economic times. He must take all Canadians into consideration. He has done an excellent job. The balance is there. The initiatives are in the report. I hope our finance minister and our government will see fit to implement them at some point in the future.

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, I am pleased to join in the debate on Budget 2001. I congratulate the Minister of Finance for bringing down this balanced and timely budget. I also thank all Canadians, in particular my constituents in Etobicoke—Lakeshore, who participated in prebudget consultations and offered advice to the process.

The budget is a good one. We have heard comments about the recommendations of the finance committee. I think we gleaned the best of the suggestions and recommendations from the committee.

Budget 2001 responds to the realities of the uncertain times in which we are living. There is much concern in the public about economic uncertainty and personal security. The horrific events of September 11 have touched our shared sense of security and put additional stress on the already ailing global economy.

In the aftermath of the tragic events of September 11, I have heard from many of my constituents through correspondence, e-mails and meetings all expressing their thoughts and feelings about the threat of terrorism, their personal security and the impact of the events on their jobs and the Canadian economy as a whole. They have told me they want the federal government to ensure the safety of our communities and society. They want the government to take steps to keep terrorists out of Canada and to stimulate the Canadian economy.

In the budget the Liberal government identified national security as an area of high priority. It is committed to providing the financial resources necessary to protect Canadians. Though we are in a difficult economic period the measured and balanced approach taken in Budget 2001 will serve to restore confidence in our economy and the confidence of Canadians in their personal safety.

Ensuring the security of Canadians in the fight against terrorism cannot be done without making sound and solid investments where they are most needed. That is why the budget has committed a total of \$7.7 billion over the next five years to enhance the security of Canadians. This investment is based on a plan to increase resources to Canada's intelligence and policing agencies, to enhance screening of new entrants to Canada both at our borders and abroad, and to enhance faster and more thorough screening of refugee claimants.

Providing better emergency preparedness and military deployment, Budget 2001 provides \$1.6 billion to support Canadian military participation in the international war against terrorism, to fund military equipment purchases and to double the capacity of joint efforts to make air travel more secure by creating a new air security authority, providing armed undercover police officers on Canadian aircraft and providing better trained personnel to screen passengers and carry-on baggage.

We heard today the Minister of Transport as well as the Minister of National Defence speak to the support they are giving to the various programs. The measures address pressing concerns and are in line with Canada's international obligations in fighting terrorism.

Newcomers to Canada choose this country as their home because we put a high premium on the values of tolerance, respect and diversity. We are a nation that cherishes the values of freedom, equality and democracy. Like many of my constituents I was saddened in the wake of September 11 to read about attacks made on individuals in various communities who have been the target of intolerance owing to their country of origin, their ethnicity and their religion.

The Budget

• (1715)

It is in times of crisis that we need to stand united as a country. We do not need to make scapegoats of each other. We need to pull together and draw on the strength of our diversity. The \$9 million in funding provided by the budget aims to foster, respect and promote values which demonstrate that the federal government is conscious that divided communities are not in the best interest of Canada's social development. The new funding will be used to support the multiculturalism action plan put forward by the minister for Multiculturalism.

Core elements of the plan include: working in partnership with relevant federal departments to develop the intercultural training and tools to strengthen community relationship and trust; developing broad based educational tools, public awareness and Internet based information tools; working in partnership with community and voluntary organizations to build capacity, strengthen community cohesion and enhance intercultural and interfaith understanding; and partnering with local police and municipalities to assist with the development of strategies and programs to enhance outreach and to develop social cohesion.

As the finance minister stated in the House yesterday, personal and economic security go hand in hand. We cannot move forward as a country without sticking to sound fiscal management and making investments in Canada's human resources.

Budget 2001 is the government's fifth consecutive balanced budget in five years. This is a record, the first in 50 years, making us the only G-7 country to balance its books this year. This is something we as Canadians need to be proud of. As a result of the government's strong and prudent fiscal management Canada's debt to GDP ratio will fall below 50% next year for the first time in 17 years. I know our opposition is pleased about that.

My constituents and all Canadians can take pride in the fact that the sacrifices we have all made to put the country together are paying off and putting us on a strong financial footing. With the budget the federal government reaffirmed its commitment to enhancing the quality of life of all Canadians. We live in an era where technical skills are driving the engines of economies. Investing in Canadians will ensure they have the skills and tools to participate in a competitive and technologically driven global economy.

Canada must have a highly skilled and educated labour force to lead the way. Our long term prosperity depends on these factors. That is why the budget follows up on the Canada opportunities strategy, the Canada millennium scholarship and Canadian education grants with \$10 million over two years to improve supports for persons with disabilities to obtain higher education, \$15 million a year to encourage the acquisition of trade skills by changing the provisions of the EI program so apprentices in approved programs are subject to only one week waiting period before they start receiving EI benefits, and another \$5 million a year to exempt from income tax any tuition assistance for adult based education provided under certain government programs including EI.

Canada is a generous nation. We can take pride in knowing that when individuals are fleeing persecution in various regions of the world we will not abandon our humanitarian tradition. The people of

Afghanistan and those who receive our international assistance will know that what we have put in the envelope will be providing some support for them.

Since the Prime Minister has restated his commitment that development in Africa will be the main theme of the G-8 summit, I am pleased that the trust fund to assist Africa to the tune of \$500 million will create a partnership so we can work with institutions in the international sphere to promote sustainable development in Africa.

• (1720)

This is a good direction, a good budget. I call on all my colleagues to see the spirit, the sense and the commitment that there is to move our country forward.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, even though I have great respect for the member who just spoke, I have to admit that only a Liberal could like this budget.

I ask her to turn to page 92 of the budget, table 5.1 expenditures. When she said that \$1.6 billion would go to the military, she made it sound as if the money would go right now. The reality is that \$400 million of that will go to emergency preparedness which has nothing to do with the military. It will go to other agencies. The fact is that \$510 million of the money has already been spent on Operation Apollo and on military purchases, that is, the refueling and the sealfit capability. That leaves close to \$700 million over five years.

Only the arrogance of the Liberal government could give us a five year budget that is planned long after it assumes it might win the next election. The reality is that we can only take the budget for the term of this mandate. The Liberals gave us a budget that exceeds the mandate of their government.

It is only because of the Liberal government's arrogance that it can get away with this. It is surprising because the Liberals have a lot of very decent people on that side of the House. However to present a budget for Canada that extends the length of their mandate is unbelievable.

The one thing the member completely forgets when it comes to the military is that there was not one red cent and not one word about the Sea King replacements. Where is the money? Where is the deadline? Where is the timeline for the replacement of those helicopters?

Ms. Jean Augustine: Mr. Speaker, one thing about a debate in the House is that it gives the questioners the opportunity to put their concerns on the record, regardless of the fact that my speech addressed some crucial issues and some crucial areas that I was hoping the member may have focused on.

The Budget

To respond to the fact that we as Liberals are looking to the long term, I think the member would want us to be strategic and to look to the long term. I think he would want us to live longer than today. The budget addresses not only today but it looks at where we came from and where we are going with the hope that with good, strong fiscal management and with changes in the economic situation we will be able to meet all the requirements that are asked and demanded of us at this time.

The budget responds to a whole series of issues that the member has overlooked. When the member talks about Liberal arrogance, that terminology should be used in some other forum outside the debate and outside the remarks I made around the budget we presented, which is a reasonable sound budget and one that meets the demands that have been placed on us as a result of September 11. It also meets the requirements of the issues that face us.

Members asked us for a budget over and over again in the House. I heard members ask when we would have a budget and why the finance minister was not bringing in a budget. We have done what is possible to do at this point in time.

I hope the member will settle down, reread, see the direction in which the budget is taking us and see that we are not shortsighted but that we can look beyond today.

• (1725)

Mr. Loyola Hearn (St. John's West, PC/DR): Mr. Speaker, the hon. member, in referring to the couple of little issues dealt with by HRDC, followed by saying that we were a generous nation.

I wonder where her generosity was in dealing with the many people who did not get enough work this fall to qualify for employment insurance. People are waiting to get their Christmas cheques because the minister indicated they would get them. She then sent out a directive saying that they would have to beg and they would get one week.

Where is the generosity? Where is the \$40 billion surplus that will not go to help people in need across the country? Businesses and people have contributed but the government goes around bragging about what it is doing. What it is doing is balancing the budget on the backs of those poor people.

Ms. Jean Augustine: Mr. Speaker, I think that question has been addressed several times in the House by this member and others to the minister, who has responded in terms of what needs to be done and what is being done in HRDC to make sure that at this time of the year the constituents who are looking to HRDC for their cheques will get them. He knows this is happening.

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, I was going to start by saying that I am very pleased to be speaking to the budget, but as you will see from my presentation, I am not quite as thrilled as I might be if it were a different budget.

When we are looking at a budget and analyzing the effectiveness of a finance minister and a government in a particular budget, we want to measure that against what has been asked for by Canadians.

From various polls that have been done over the past several months, I want to mention what Canadians in my constituency and across the country have been asking for. The first thing the polls say, and what my constituents certainly say, is that Canadians want

increased spending in health care. The second thing Canadians want is the government's commitment to improve security measures. The third thing Canadians want are reduced taxes. The fourth thing Canadians want is debt retirement.

Those were the things Canadians wanted to see in the government's budget. They also added some caveats to the whole thing. They said that under no circumstances was there to be deficit funding on the part of government. They made that clear. They also wanted the government to prioritize its spending so it could meet the needs and desires without running deficits. It was a matter of setting priorities.

Let us look at what the government has done in terms of the four main things Canadians wanted to see in the budget

First, what did the government do in the area of increased spending on health care? There is not one dollar of new spending on health care. Canadians will certainly see that as a complete failure.

The second area concerns reduced taxes. Not only is there no further reduction in taxes through the budget, but there are actually tax increases. For example, there is \$2.2 billion over five years through the new airport tax to help pay for security. There is in fact an increase in tax, not only that, there are some others in the budget as well. I think Canadians will certainly judge that on the issue of tax reduction the government's budget has failed.

When it comes to debt retirement, even if there were a surplus at the end of this year, the government has said that not a penny of it will go to debt retirement. It will go to other program spending. On the issue of debt retirement, the third issue to which Canadians referred, the government has failed.

Let us go to the fourth area, which is the area of improved defence and security. On this issue I want to take a little more time. Being the official opposition defence critic, I particularly want to look at the defence aspect, but I also want to look at the whole security aspect to some extent.

Mr. Speaker, I would like to mention right now that I will split my time with the hon. member for Crowfoot. It is better to tell you now than not at all and take his time as well, although with the kind of presentation he gives, it could be kind of borderline anyway. He will have a lot of important things to say so I am looking forward to his comments.

The Budget

I heard a couple of government members say that the Canadian Alliance members had asked for a lot of increases in spending and now they were being critical. That is true, we did ask for a lot of increases in spending, but we wanted it targeted to exactly the areas asked for by Canadians. We wanted it to go into health care and into security, both of which are important to Canadians. Security is important because of the events of September 11, although the threat has been there for some time.

In response to my questions today, a couple of members said that we could not have it both ways, that we could not ask for increased spending and then criticize the government when it spends too much.

Well we can because what the government fails to understand is that we can target spending much better. For example, as the auditor general pointed out, the \$16 billion that goes to grants and contributions is improperly scrutinized. Much of it goes to friends of the Liberals. We have seen various demonstrations of this over the past couple of years.

● (1730)

Spending should be scrutinized and the money should be better spent. It has actually been proven that regional economic development programs are harmful to the very regions they are there to serve. That could be eliminated entirely. We also have low priority spending areas, such as much of the spending the finance minister has allocated equally, as he puts it, between the various leadership candidates in the Liberal leadership race. The industry minister, the health minister, the finance minister—

An hon. member: The defence minister.

Mr. Leon Benoit: No, not the defence minister as far as I know, but it certainly includes the foreign affairs minister. Money has been allocated to all of them so they can all go into the leadership race using taxpayer money. The government fails to understand that much of the spending is low priority spending and that it needs to set some proper priorities.

This particular budget has been billed as a defence and security budget so one would expect the government to show the very best it is going to offer for some time in the area of defence and security. Let us look at what in fact has happened.

The government has talked about, and this a figure put out by the finance minister, \$7.7 billion for defence. I thought that was in line with what the Canadian Alliance had asked for. Well it is not because \$2.2 billion of it will be financed through a new tax at airports. Then there is another \$500 million, which brings it down to \$5 billion, which is what the finance minister pointed to. I looked at this figure and thought it was kind of in line with what the Canadian Alliance had pointed out was needed, but no, that was not the figure because that \$5 billion is not per year, it is over a five year period. The government is spending about \$1 billion per year on security and defence, which is less than the money it gives to CBC. That is unacceptable. That is in a budget that is designated as a defence and security budget.

If we listen to what the government says, the defence portion of the budget is about \$1.2 billion. In fact a couple of government members threw out the figure of \$1.6 billion or \$1.7 billion, but \$1.2 billion is the figure that most point to. The fact is that amount is over

five years. About \$600 million of that is not spent on the military at all. It is spent on OCIEPEP, the Office of Critical Infrastructure Protection and Emergency Preparedness, and on other civilian uses.

When it is all sorted out and the \$200 million and some that goes to fund the war in Afghanistan is taken off and the incremental costs of war are taken off, we are down to the bottom line, which is that the military portion of spending in this budget is less than \$.1 billion per year.

Let us measure the budget against what the auditor general has called for. Last week the auditor general said that to hold the military at its current level, to provide proper maintenance and operation and to replace the equipment that has to be replaced over the next five years, \$2.2 billion has to be spent each year. Instead, the government has allocated \$.1 billion per year.

The Conference of Defence Associations, which is a group of people who care about the military, broke it down to exactly what the military needed and said that it needed \$2.2 billion per year. The government instead promised less than 5% of what the auditor general and the Conference of Defence Associations asked for.

In the area the government has billed as its top priority in the budget, the defence and security area, the government has clearly failed. Am I saying that none of the spending is good? No, I am not. Some of the spending is well targeted and will be extremely helpful but if this is the government's response to the serious concerns of Canadians when it comes to defence and security, but in particular to the area of defence, then people should start asking themselves why.

● (1735)

If I may say just one more thing, the auditor general had it tagged when she was questioning people in the defence department and they said that the government had told them they really did not have to sustain a combat capable military. That is the bottom line. The government had told them it did not really expect we would be in dangerous situations so it was cutting back on the combat capability. That shows a clear failure on the part of the government. It is not to be trusted with the Canadian military, a sad commentary indeed.

Mr. Bob Speller (Haldimand—Norfolk—Brant, Lib.): Mr. Speaker, I would like to thank the hon. member for his speech. He mentioned that his constituents are asking for health care, security, tax cuts and something to make sure we do not have a deficit.

I think the hon. member missed the speech yesterday because obviously from his comments he did not understand that in this budget, as in previous budgets and in this fiscal year, the Government of Canada had to book all those commitments we made last year for health care. Therefore, in fact, we are spending more dollars on health care, we are putting dollars toward security, we are giving Canadians tax cuts this year and we are dealing with the deficit.

The Budget

I agree with the hon. member that this is in fact what Canadians are saying, not only in his riding but also in my riding. In fact we are funding an extra \$23.4 billion in health care. I think that is important. Those dollars go to, for instance, my province of Ontario. Is the hon. member not aware that this year alone the Government of Canada gave \$2.8 billion extra for health care? A lot of that is going into my province. Hopefully the other provinces and the other ministers of finance will match those sorts of increases that the Government of Canada—

• (1740)

The Acting Speaker (Mr. Bélair): The hon. member for Lakeland.

Mr. Leon Benoit: Mr. Speaker, I am very pleased that the member asked those questions. First, with regard to his questions on health care it is funny how members of the government keep bringing up again and again promises that were made in previous years. The fact is that the government now is spending less on health care transfers to the provinces than the government was when the Liberals came into office in 1993. That is a fact. It is spending about 14% of the total cost of health care in the country.

When medicare was put in place, the federal government promised to fund it 50% and leave the rest to the provinces and local government. It now funds only 14%. How can the member stand up and brag about that? If it were not for the increases in spending in provinces like Ontario and Alberta, we would not have a health care system that was managing to hang on at all.

The member ought to be ashamed standing up and quoting that as a success of his government when the fact is it is spending less than was being spent back in 1993 when it came into office.

Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I was not going to rise until the hon. member kept giving us these factual errors. I think the best place to look is page 114 of the budget document, which shows a chart of the federal transfer payments to the provinces. It is today at an all time high.

The error the hon. member makes is that like provincial premiers he fails to include in his transfer numbers the transfer of tax points, which the government made to the provinces some time ago. If he looks at the chart he will see them.

The fact of the matter is that total federal transfers to Ontario accounted for 22% of total Ontario expenditures five years ago and now it is 27%. In the case of the province of Quebec it is 30%. In the case of the maritime provinces it might be 40%. The fact of the matter, if we calculate these things right, is that the federal contribution has been on the rise.

Mr. Leon Benoit: Mr. Speaker, I have heard the member make this point before. I would just like him to explain that to Canadians because in fact the premiers of none of these provinces agree with him. Is he saying the premiers are all wrong?

Some hon. members: Yes.

Mr. Leon Benoit: What is he saying? Is he saying the people of Canada cannot understand?

They are hollering yes across the way, Mr. Speaker.

I give the people of this country more credit than that. They know what is happening with health care funding. I give the premiers of this country a lot more credit than that. They know what is happening with health care funding in the country and they know that they have been made to carry the burden more and more. The federal government has reduced its burden to a point where it is paying less than the government was when the Liberals came into government in 1993 and that is unfair.

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, it is an honour to stand in this place and to partake in the budget debate. This is the first time since being elected just a little over a year ago that I have had the opportunity to participate in a budget debate, because as we all know it is the first budget we have seen in this parliament and in probably almost two years. It is time that the finance minister indulged our interest and that of many Canadians in dealing with our financial well-being and gave us some type of indication as to the course that he has charted in these turbulent times.

As a first time member, I sat and listened yesterday and I listened intently. As the critic for the solicitor general, I was listening particularly for a mention of CSIS, the RCMP and Corrections Canada in the budget. However, as a member representing an agricultural riding, I also listened intently to the speech that our finance minister brought forth as to how it would impact agriculture. I listened in order to hear to how it would affect the farm family, how it would affect the agricultural sector. I listened and I listened and I listened. There was really no response. It is a sad commentary when the Liberal government has forgotten a very important sector of our economy, agriculture, because it affects so many in the west and the regions of Canada.

However, it is a pleasure to be here today. I stood in the House over a month ago debating Bill C-36, the anti-terrorism legislation. I began that deliberation with a quote from the Toronto *Star*. Although I do not have time today to quote the whole article again, I would like to quote one or two sentences by James Travers from that article:

Now the federal government is desperately trying to respond by bringing forward legislation and introducing security measures that for years have been relegated to the bottom of the agenda. It clearly hopes that the current flurry of activity will somehow mask years of inaction.

On that note, I would like to say that this is the same response that we see in this budget: years of inaction, years of forgetting to bring in a budget and now setting a course to try to rectify it. What do we see?

Witnesses from the Canadian Police Association, representing some 30,000 frontline police personnel in Canada, including RCMP officers, recently appeared before the Standing Committee on Justice and Human Rights regarding Bill C-36. During that presentation the association stated:

We have serious reservations...about the capability of Canada's police and law enforcement officials to meet the increased demands of anti-terrorism requirements and sustain important domestic policing and law enforcement responsibilities.

Let us make this abundantly clear. The Canadian Police Association request for more resources, and that is what it was asking for on that date, was not a knee-jerk reaction to the September 11 tragedy. It was the realization that there was a much larger problem.

The Budget

For nearly a decade the Canadian Police Association has been requesting more money so frontline officers can effectively do the job, all of the job, not a selective part, not just a small amount, but all of the job. It has repeatedly asked the federal government to move on repairing the gaping holes in Canada's security and enforcement capabilities. Until then, it had not had much luck.

Our frontline officers were not successful in beefing up their numbers until the horrific events of September 11 highlighted the fact that Canada is viewed internationally as a point of entry. The events of September 11 made the government and many people recognize that Canada was an entry for access to the United States for criminals and terrorists.

Therefore, although we welcome the increased dollars given to the RCMP, as announced in yesterday's budget, I would be remiss if I did not point out that it is perhaps too late and perhaps also too little. The bleeding within our security and intelligence agencies has been occurring for so long that the band-aid approach we saw yesterday simply will not stop the bleeding.

• (1745)

According to RCMP commissioner Zaccardelli's own admission, 2,000 RCMP officers were withdrawn from other enforcement duties to respond to the terrorism crisis. The officers were taken from assignments previously considered to be priorities, such as fighting organized crime, providing frontline policing in their communities and waging the battle against drugs. Many of those jobs were left unattended as the RCMP scurried to deal with the latest crisis within its current budget constraints. Officers previously assigned to organized crime priorities had to abandon their investigations for anti-terrorist assignments.

According to the CPA, of the complement of approximately 15,000 RCMP officers, 9,000 are assigned to municipal and provincial contract policing responsibilities. Of the remaining 6,000, 2,000 of those or one-third, were reassigned to the terrorism file as confirmed by the commissioner of the RCMP.

Minimally, 2,000 additional officers are needed to service the deficiencies that are being felt hardest at the community levels. Taking the Canadian Police Association's estimates of \$125,000 per officer, at minimum the RCMP should be given \$250 million for staff alone. Yesterday's announcement falls much short of that mark.

Of the solicitor general's previous funding increases of \$250 million, only \$9 million was allocated to provide for staffing in priority areas for the RCMP. This, again based on the Canadian Police Association's estimates, equated to only roughly 72 full time RCMP constable positions. Obviously this was not sufficient to address in any meaningful way the new and existing national policing demands placed on the RCMP.

The Canadian Police Association, therefore, desperately looking for some salvation in this budget, failed. The government failed and fell short of the CPA's needs and expectations.

I will turn to the other and equally important component of Canada's security force, that being the Canadian Security Intelligence Service, or CSIS. Yesterday I had the pleasure, together with our Sub-committee on National Security, to go to CSIS offices to be briefed by the director, Mr. Ward Elcock.

Yesterday the government announced funding for CSIS of \$334 million over a six year period. This amounts to \$56 million per year. The new funding does not, on average, bring CSIS funding to the level it experienced in 1993. In 1993, funding for CSIS was \$244 million. Under the Liberal government, funding was cut to \$197 million in 2001. Funding cuts were occurring at a time when terrorism throughout the world was becoming more violent, more indiscriminate and more unpredictable. CSIS, in its 2000 public report, brought that out. It said:

Up to now, CSIS has been able to risk-manage the challenges. However, the terrorist events of late 1999 underscored the continuing requirement to review efficiency within the context of the existing threat environment, with particular emphasis on the allocation of human resources. More than ever, the Service—

This is the service dealing with our national security.

—must rely on risk management, concentrating resources selectively and precisely on the major issues, while assessing new and emerging threats.

What the report was stating was that CSIS was seeing acts of terrorism increasing and its budget decreasing. I would like to highlight the fact that this report was released before September 11. Long before the attack on America, CSIS was experiencing staffing shortages and a serious lack of trained analysts. Between 1992 and 1998 CSIS experienced a cut of 760 personnel.

Different individuals such as Wesley Wark of the University of Toronto and others brought forward the fact that money was needed but money was not enough. CSIS needed analysts and trained expertise. This budget does not allow them the resources that they need to bring them back to the 1993 level.

• (1750)

All these changes and enhancements as encouraged by many experts in the security field will cost much more than what was offered by the government yesterday. We need a stronger financial commitment. We need our federal government to stand and say that it recognizes the fight against terrorism will be a sustained one.

In closing, the budget is a start but it is not the whole enchilada. It is not what is needed by CSIS and the RCMP.

Mr. John Bryden (Ancaster—Dundas—Flamborough—Aldershot, Lib.): Mr. Speaker, I thank the hon. member for his remarks, particularly about CSIS. I am one who certainly feels that we have to get behind our national security services, although I have to note that the secret services, the security services, are very much in the business of risk management. That is what one does when in the business of counterespionage and the control of terrorists.

The member alluded several times to the fact that the provincial police, or the associations representing the provincial police, felt they were underfunded and there should be more funding. Does he not agree, given that the threat from terrorism is a national threat, that each level of government should undertake to support financially the areas under its jurisdiction? Just as there should be more spending or as much spending as possible or practical on CSIS and the RCMP, should we also expect the provinces to fund the municipal police who also have to carry the burden?

The Budget

● (1755)

Mr. Kevin Sorenson: Mr. Speaker, the hon. member's question raises a point I should have brought forward.

Just in the last week the police chief from Toronto, Mr. Fantino, came forward and said that \$1 million has been spent already, it is projected that \$6 million will be needed and there is no commitment from the federal government. We sat yesterday and listened as the budget came down. We heard things like a \$60 million increase for the CBC, yet nothing to the degree of what is needed for some of the security services.

The problem is that although it has been deemed as a security budget, there have been seven years of cuts. I should say that incrementally in the last two or three years we have seen very minor increases in budgets, but when a huge amount is cut in the first three or four years and then tidbits are given back incrementally, it is not sufficient.

Funding for CSIS in 1993 was \$244 million. It fell to \$197 million in 2001, a loss of \$50 million. There is no way that one budget can bring it all back. When we hear about an increase to CSIS and the RCMP, we applaud that, but the problem is that one budget cannot rectify 10 years of slashing and hacking and cuts to the security of the nation and to the safety and security of every citizen in the country.

Mr. Alex Shepherd (Parliamentary Secretary to the President of the Treasury Board, Lib.): Mr. Speaker, in the member's speech he expressed his concern about farming. I understand he is from a farming community. I am as well.

I listened with great interest to the member's leader who spoke earlier today. He talked about going around to the farm kitchens listening to people who, with tears in their eyes, talked about their financial futures. His answer and demand to the government was to reduce taxes.

I understand that taxes are calculated based upon a person's income. For people who have income, why would a reduction in taxes be an answer from the Leader of the Opposition? How is it possible to speak with two tongues? He is telling me that people are so desperate in the farming community that they have no income but that an answer to that problem would be a reduction in personal income taxes.

Mr. Kevin Sorenson: Mr. Speaker, there is a disaster in the agricultural sector. Last night I spent time on the phone with a young lady from north of Drumheller in the Morrin area. I could feel her sense of frustration and her emotions as she talked about the commodity prices.

We talk about taxes. In a way the member is right. Tax cuts are right if people have the income. They would be cuts in income taxes but there are many other taxes, as the hon. member knows. For years our party has asked that the four cents excise tax on diesel fuel, the 10 cents on farm fuel, the taxes on the input costs be cut. The taxes could be pulled back at a time when agriculture needs the help.

There is no commitment in the budget to the western Canadian farmer. There is no commitment to agriculture. There is no commitment at a time when we hoped for one.

● (1800)

Mr. Jerry Pickard (Chatham—Kent Essex, Lib.): Mr. Speaker, the Minister of Finance has done a tremendous job analyzing what needs to be done and moving that agenda forward. I compliment the Government of Canada. Every minister has looked at the budget very carefully and have made sure that it answers the questions which need to be answered.

Quite frankly, we seriously negotiated and worked on an agreement with people who required help, and I am referring to the provinces and the health care agreement that was made. There were very serious discussions and work in order to come up with a five year program. That five year program cost the federal government \$23 billion more than what it would normally put out. The federal government's commitment to that program was not for one year. It was not a short term one but a long term one.

What we have heard from the opposition for many years is that we cannot just look at one year ahead, that we have to create stable funding. We hear that we have to create an agenda which shows everyone the direction in which we are going and which gives them support to institute programs over a longer period of time.

That is what the health minister and the finance minister did last year. They put in a program in health care which very carefully put money in the hands of the provinces. This year alone that agreement delivers \$2.8 billion more into the health care system. There is no question the federal government this year alone will spend the highest dollars in health care than it has in any previous year. Some \$35 billion will be transferred in health care and CHST payments to the provinces this year.

It is critical when we look at a program or a problem that we have the statistics and information to back that agenda. Roy Romanow is looking at the health care system across the country. The federal government as well as the provinces know that alterations and changes are required to the health care system. To be responsible and move that agenda forward, we funded a program for a five year period. We sent a task force out to discover what further needed to be done in order to enhance health care in the country.

There is no question that is a very responsible agenda to move on. It is one that will pay off for Canadians not only today but in the future.

It is a misrepresentation in my opinion if it is said that there are no new dollars in health care. We are adding \$2.8 billion this year alone to health care in the provinces.

Sometimes in the debates and discussions, there are very different viewpoints of what is happening. Those have to be pointed out here.

The Budget

As well, when it is said there are no tax cuts, I recall the largest tax cut ever created over a five year period. It was not just for last year, but for last year, this year and the next three years. A five year period of time has been set for tax cuts. Canadians will receive the benefit of those tax cuts over that five year period. To suggest that this year there are no tax cuts is wrong.

We have to keep things in perspective. A year ago no one would have ever suggested that Canada needed a budget for terrorism, a budget for safety, or a budget for air transportation. Those are new because of what happened on September 11.

● (1805)

As a result the minister and the government responded strongly. They looked at police and military services and at the requirements at the border, realizing that we must have a seamless border allowing goods to flow back and forth between Canada and the United States in an appropriate and proper way.

The minister and the government looked at our immigration policy and responded by making certain that the safety of the nation was put in place. At the same time they took into account the perspective that we must not only be safe but our neighbours must see that we are moving in the strongest way toward making this nation safe.

It is extremely important that trade from Canada flows to and from the United States in a seamless fashion and flows well. If we do not appear to be in that state, which works hand in hand with our American counterparts and delivers goods and people safely, then we will have major business problems.

The United States uses more products manufactured in Canada on a daily basis than Canadians do. We sell most of our resources to the United States. That partnership is extremely important to both countries. There is about \$2 billion of goods flowing back and forth between Canada and the United States every day. We know how significant that is to the Canadian economy. We must reinforce that and make it our chief priority. The government has taken into account that as a secure nation we stand to lose what we have in the commerce that goes on in this country.

A House of Commons task force has gone across the country looking at the problems and has presented reports to the government. The government has reacted to those reports in a stern and careful way.

Extensions to agreements with the American government have been carried out. The American ambassador, trade representatives and the U.S. president have all met with their respective counterparts making certain that questions are answered. This goes back to the whole idea of security and moving forward with the budget. There is no question that has to be a chief priority.

I would like to talk about economics too. We have low interest rates. Infrastructure programming would add \$2 billion to the economy. We would take steps to make sure that work programs go forward. We know that on a financial basis workers would be given opportunities in this slower time and people would be able to buy goods and services they would otherwise not buy.

The \$100 billion tax cuts would help the average person put more dollars in his or her pocket. The initiatives made in the budget and in the previous year would come together to ensure that Canada would be the safest nation in the world, not only physically and financially but also economically. That is what this is all about.

Mr. Brian Fitzpatrick (Prince Albert, Canadian Alliance): Mr. Speaker, in my view government is no more than people and their resources. I have seen signs in the last 10 years that are disturbing for our country. We must compare ourselves to the U.S. Canada has had a huge decline in productivity and disposable income. Regional disparity has become worse, not better.

Canada is suffering from a brain drain to the U.S. of our best and brightest in frightening numbers. The government subsidizes and regulates certain sectors of the economy. Air Canada is one example of these sectors and the Liberal way of doing things.

If these productivity trends and the decline in our standard of living continue, where are we heading? Are we heading toward a 45 cent or 48 cent dollar? Are we heading toward a third rate economy? What happens to government programs when the economy hits those sorts of levels?

● (1810)

Mr. Jerry Pickard: Mr. Speaker, I appreciate the member's question. It is important to realize that Canada stands very well.

I talk to a lot of industry people. I talk to leaders at Ford, Chrysler and General Motors. They tell me that the greatest opportunity they have is in Canada. Our low interest rates provide good job opportunities. Our health care system makes Canada an excellent place to be. The productivity of our workers in their plants is excellent.

There is no question when we look at what is happening in the workplace in Canada that our workers are the best. I would argue that with anyone in the House. Our interest rates and production quotas from Canada to the United States make those companies want to exist here. The only major barrier is access to a seamless border. We must ensure we maintain a seamless border.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, in previous budgets there used to be employment figures and unemployment rate projections. They have not appeared in any of the budgets since 1996. Why have those figures been removed?

On page 9 of "The Budget Speech 2001" it says that the premise of the budget is to keep terrorists out. I have been on the phone most of the day with coast guard officials on both coasts. They said that the money allocated to the coast guard in the budget over a five year period would not stop terrorists from floating into Canada on all three of our coasts and doing us harm.

We need enhanced radar screens, coastal surveillance and flight patrols to keep terrorists out. Why has the budget not addressed those needs?

Mr. Jerry Pickard: Mr. Speaker, I appreciate the comment. I do not know what terrorists are floating into Canada today. I do not know that anyone in the House knows of terrorists floating into Canada. The budget would fund technological equipment to be used at our borders to secure and check passengers.

The Budget

I had an opportunity to look at what was happening in the port of Vancouver. Customs officials informed us what kind of equipment they needed. There were some positive vibes about the possibility of having radar equipment or other technology they could use to identify containers coming into the country.

The member asked about unemployment numbers. We get the unemployment numbers for every area in the country on a quarterly basis. If you do not read them that is your problem. They are produced by HRDC. We see them there—

The Deputy Speaker: Order, please. Before I take a brief question from the hon. member for Peterborough, I remind hon. members to make their interventions through the Chair. It gets kind of lonely up here at times.

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, I listened with great interest to my colleague. I have a short question for him with respect to agriculture and the rural areas in the budget. In my view the rural areas have benefited from the research and the communications portions of the budget.

The vision of the minister of agriculture regarding sustainable agriculture is mentioned. Would the member comment on the fact that a small business with a \$250,000 bank loan, which would often be a farm, would save \$9,000 this year because of the strong economy and reduced interest rates?

Mr. Jerry Pickard: Mr. Speaker, Bob Friesen, president of the Canadian Federation of Agriculture, looks at the budget as a positive move. He states:

We are pleased to hear Mr. Martin recognize the work that federal and provincial governments, alongside industry, have done to develop a long term plan for Canadian agriculture. We are pleased to see a firm commitment to this process put in writing in this federal budget. The door is open for governments and industry to move ahead with building a new, integrated and financially sustainable agricultural policy.

• (1815)

Ms. Judy Sgro (York West, Lib.): Mr. Speaker, I will have great difficulty following my colleague. I should have offered him my 10 minutes as he was doing such a great job.

I am glad to have the opportunity to speak to the budget. It is an important one as we all know. I congratulate the Minister of Finance and the Prime Minister for having the foresight and the vision to recognize some of the issues and concerns that we have all been talking about.

We have managed to get a balanced budget in spite of the pressures of September 11. This is the fifth time in 50 years that we have been able to have a balanced budget. That is very significant and it is something that we should be proud of as Canadians.

Canada is the only G-7 country that has managed to balance its books this year. That is a strong indication, contrary to what some of my colleagues across the Chamber may say. The government is fiscally responsible and is doing a good job of managing its books. We are constantly looking for better ways to do everything. That is a compliment to the team we have over here.

We are delivering a proportionately larger economic stimulus package than the United States. We must always keep in perspective that we are not as big as the United States. We need to applaud and

be proud when we can put together a package that would stimulate the economy more than what the U.S. is doing.

I will concentrate on the urban regions as chair of the Prime Minister's task force on urban regions. I will share what we have been hearing across the country. First, I congratulate my colleagues who sit on the caucus task force with me on the great job they have been doing over the last six months as we toured the country, listened to hundreds of people and met with a variety of organizations.

We met about 270 organizations and talked with people in large urban regions. We identified issues, problems and the role of the federal government when it came to trying to find solutions.

One of the things they wanted to see was leadership from the federal government. They felt frustrated with the current system. They expect the federal government to show leadership on many of these issues and to be the one to call the parties to the table to negotiate a solution to any ongoing problem. They did not want to be left alone out there.

The issue of public transportation continued to be raised. Should we be in public transit? It was not a role the federal government played previously. It has traditionally been a provincial responsibility. It was one of the questions that needed to be answered.

People were looking to governments and their partners for solutions to transportation gridlock in our large cities. Some people were taking an hour or an hour and a half to get home at night. We need to look at air quality and the whole deterioration in the quality of life that people are feeling in some of these large urban regions.

The issue of keeping not only goods moving but keeping people moving in our cities, across our highways and our roads is very important.

Housing was raised in every urban region we visited. I congratulate the minister for being able to put together a package that was acceptable to most of the provinces. I hope Ontario will come to the table to help meet the important need that we all recognize. People have a need for housing so that their families can be stable and their children can grow up in a safe, clean environment.

The brownfields issue was mentioned in the budget. I am pleased with that because there is an enormous problem in that regard. It gives us an opportunity to deal with the issue of urban sprawl by taking some of those lands and using them for everything from recreation to housing. It would help to decrease some of the urban sprawl.

There are issues in and around our aboriginal communities. We are looking at solutions to help them up and not necessarily to help them stay where they are. They want empowerment and they are looking to us to assist them in the aboriginal communities.

Air and water quality are big issues that we heard a lot about. There was also the issue of keeping Canadians safe with a good quality of life in cities throughout our country.

The Budget

•(1820)

The task force communicated all of these issues to the Minister of Finance. I must say I was very pleased, as were my colleagues on the task force, that these issues were touched on and addressed in the budget.

We must also acknowledge the work that the FCM has been doing with us in making sure that the urban region agenda is on the federal highlights so that we can find answers to some of these problems. Certainly the budget recognized the important role of our urban regions and the economic and social fabric of the country. It is critical that it do well so that we will all do well.

In so doing, the Minister of Finance and the Prime Minister have put together a brand new program with a \$2 billion strategic infrastructure foundation. We will have an opportunity to work with private partners on large urban projects.

The funding of subways and a variety of light rail transit systems and so on in our cities are big ticket items. The cities cannot do it on their own. They need senior levels or other levels of government to assist them in achieving their goals. That is important. We all recognize the importance of having a solid infrastructure in our cities.

There was talk about highways, overpasses, bridges and so on in Montreal. All of that is critical to the movement of goods and people. Again, this new \$2 billion strategic infrastructure foundation will begin to answer some of those problems we have to deal with. Another \$600 million was put into highway infrastructure which will help with the highway problems and the pressures of moving people and goods. People will not be wasting their time sitting in traffic jams not being able to move their goods and deciding that they will not stay in business here but will go elsewhere.

The doubling of the green municipal enabling fund and the green municipal investment fund are initiatives of the government with the FCM. The FCM has been extremely successful in coming up with innovative solutions to problems and assisting our large urban regions. We all recognize that the urban regions are the crucial drivers of our economy and are critical for our success in the future.

The focus on security also speaks to this issue. If our borders are not secure and our trucks cannot get through in a timely way, our economy will be choked. The efficient movement of goods is crucial to the success of our regions.

There is the broadband investment to connect Canadians. We are connecting all Canadians. We were the first country to connect all of our schools and libraries through the Internet. Those are very important initiatives. I am glad more money is being put into it.

There is support for the police. There is a fair amount of money in the budget for CSIS and the RCMP so that they can have more integration and more co-ordination of all of the services we are dealing with. That continues on and we are continuing to put money into those areas.

Those are good investments. They will allow our country to grow. They will get us through the difficult times ahead.

As well we are looking at how we control our budget with the pressures we will be facing and pay down the debt. We do not want to leave our children with an enormous debt that they have to carry. We are building a nation that is prosperous for all of us.

An investment of another \$200 million has gone into universities, as well as the additional money for CIHR and research. The health committee has been talking a lot about research, the need to do stem cell research and so on. All of the money that we are putting into research will hopefully find the solutions to some of the major diseases that affect thousands of people in Canada today. Some \$25 million has gone toward the issue of fetal alcohol syndrome, which affects a lot of our children, especially in the aboriginal community. That is another avenue we are looking at.

We hear lots of rhetoric from the other side. That is the way the game goes on. We are supposed to be debating issues, but a lot of it is rhetoric.

This is a good budget. It provides money for the future and money to grow. It is good for our economy and good for Canada. I congratulate everyone involved.

•(1825)

Mr. Grant McNally (Dewdney—Alouette, PC/DR): Mr. Speaker, I would not call our debates here a game. I think they are very important.

My colleague across the way mentioned infrastructure quite extensively within her comments. We have a situation where the federal government imposes a fuel tax on individuals who drive. Very little of those fuel taxes go back into the infrastructure programs for which they could be used, particularly in my home province of British Columbia. Hundreds of millions of dollars are wrung out of individuals within that province. Less than 4% of that comes back to the province in any infrastructure program.

I want to ask the hon. member a question about the distribution of the infrastructure programs. Does she agree that it is a good thing to take hundreds of millions of dollars out of one region and not put any of the money back into the region from which it has been taxed?

Ms. Judy Sgro: Mr. Speaker, the issue of fuel taxes is something we talked a lot about when doing our work with the urban regions. People have been pointing out that issue. They think that getting four cents of the fuel tax would be very helpful. If we transfer \$100 million but then decide to only transfer \$60 million and give back four cents on the fuel tax, at the end of the day I am not sure that the province is that much farther ahead.

The issue is to keep the flexibility in government. When we see the need, the government can shift the money around as the need arises. To recognize and deal with all the pressures needs government flexibility.

The Budget

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, the problem with the infrastructure foundation is that it is not answerable to parliament. A committee of people will be picked by the Liberals. Who will decide what area of the country gets that infrastructure funding? It is another display of the Liberals ignoring parliament.

The auditor general said that she had great concerns about these foundations and what did the Liberals do? They brought in another one. I would like the hon. member's comments on that.

I wish to put on the record that the cat is out of the bag. The minister has told us that the first Sea King replacements should arrive by the end of 2005. The budget clearly indicates that is not going to happen. We have been saying all along that these replacements will be in 2007-08 and that is the fact of the matter, but that is just for the record.

I ask the member, why is the government ignoring the aspects of parliament and building a foundation to allocate resources in terms of infrastructure? Why should it not be from parliament?

Ms. Judy Sgro: Mr. Speaker, the transport committee at one point in its deliberations had recommended that it was a good idea to create the foundation. The big advantage of creating the foundation is that it will lever other money. It is hoped that the \$2 billion we are putting place very quickly could end up being \$4 billion, \$6 billion or \$8 billion that could be used to improve the infrastructure.

• (1830)

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, the member for York West is the chair of the Liberal urban task force. I attended one of the meetings in Vancouver.

It is correct that many groups are pleading with the government for infrastructure, for sewage upgrading, water upgrading, public transit, housing.

I would like to draw to the member's attention that there was a previous Liberal task force on housing. It was chaired by the now finance minister when in opposition in 1990. In the report he pointed out the great need for housing. We have seen no action on that.

How does the member expect Canadians to have any belief in the credibility of a task force, when we see a task force put forward for political reasons and the actual resources—

The Acting Speaker (Mr. Bélair): The hon. member for York West.

Ms. Judy Sgro: Mr. Speaker, one thing which gave me great happiness yesterday was when I turned to page 125 of the budget. It talks about a brand new program of \$2 billion as one example. It talks about the issue of brown fields. These were recommendations that the task force made to the Minister of Finance. They were specifically in a budget far ahead of the time I would have expected them to be there. It is certainly clear to me that the government is listening and responding.

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I am very pleased to speak on behalf of the New Democratic Party in response to the budget. I will be sharing my time with my colleague from Palliser.

The budget is the most political tool the government has. There are a lot of myths about federal budgets mostly coming from a very right wing agenda. One of the myths is that budgets are bound by economic rules, that there are things we cannot do, that we have to pay down the deficit or the debt, or that it is about tax breaks. All these myths revolve around a budget.

In actual fact a budget is the most political vehicle any government has to make very real choices about who the winners are and who the losers are. That is the perspective with which we have to look at the budget and respond to what we heard yesterday from the finance minister.

In looking at the budget there is no conclusion one can come to except that it is a massive security budget. While Canadians have very serious concerns around security issues, we have to ask whether or not the \$7.7 billion being directed toward security measures is going to provide the kind of help, relief and support that ordinary Canadians and average families across the country need. I have some very serious questions about that.

The hon. member across the way said a few moments ago that the budget was about facilitating economic security, but the question is, economic security for whom? Clearly the government's agenda is to continue along a path of providing economic security for huge corporations. Trade is important but we also have to place on the table the economic security of the most vulnerable in our society, poor Canadians who do not have jobs, or the two out of three unemployed workers who have paid into EI but are no longer eligible for EI. Their economic security issues are just as important as the economic security issues of trucking corporations or large trade organizations.

For the constituents whom I represent in my community of East Vancouver, the budget has created a greater number of people who feel that they are at the short end of the stick. Even the *Globe and Mail* in reporting on the budget reaction has characterized it as last year's pledges barely fulfilled. Even those pledges were so incredibly minimal in terms of grappling with the very real issues facing Canadians that it is really quite pathetic.

We have to be very critical about the budget that was put forward. We have to recognize the reality in the country that the gap between very wealthy people and very poor people has surged to a 25 year high. In some of the European social democratic countries, the real measure of health and security is a decreasing gap between wealthy people and poor people. In our country that gap is widening.

It is regrettable that just a few days ago the co-ordinator of Campaign 2000, Laurel Rothman, remarked "When we look at the latest figures on child poverty, the alarm bells should start ringing". I would agree with her. She pointed out that governments had the option in the boom years of investing in a long term vision for children but instead, the government chose to cut taxes and dismantle social services. She said "The average family on welfare now receives 12% less than it would have several years ago".

The Budget

She went on to point out, and this has been reinforced by the Canadian Labour Congress, that currently two out of three unemployed workers who have paid premiums cannot qualify for benefits while the insurance program scores an \$8 billion a year so-called surplus.

• (1835)

This has to be considered one of the biggest rip-offs in the country. Working people are being robbed of their right to use the insurance they paid into when they face hard times or unemployment.

Rather than easing the eligibility rules, doing away with the waiting period and ensuring that benefits are increased so that people have a decent income so they do not have to live below the poverty line, what did the government do? It made a few minor adjustments in terms of the apprenticeship program for people who go off the job and back into the classroom.

In terms of dealing with the fundamental inequities, inequalities and discrimination in this program, the government has again failed to hear what the labour movement, unions and working people have said. That is a real disgrace. It is a real indictment on this budget. On the one hand, the finance minister speaks quite handily about how this is a big security budget and it will help Canadians. On the other hand, the federal government has met the absolute bare minimum in pledges that it has put forward.

Yesterday in the House I raised the issue of students who were struggling with increasing debt loads and finding it more and more difficult to pay tuition fees as fees continued to rise and their debt load continued to go up. I asked the minister responsible for the Canada student loan program how she could defend years of government policies that prompted Statistics Canada to produce a report which made it clear that students who came from affluent families were two and a half times more likely to go to university than a student from a low income family.

The minister's reply to that was very typical of the kinds of responses we have heard from the government. She said:

Our record is clear. We know that higher education is incredibly important to the future of all Canadians and we want to be there to help them in this regard.

When I look at the record of what the government has done to help students in terms of financial accessibility, it is quite appalling. There was nothing in yesterday's budget that would improve the accessibility, particularly for low income students, so that kind of report from Statistics Canada would become something of the past and a piece of history.

I also want to turn my comments to the situation facing people who are in great need of affordable housing. In September I travelled across the country to seven different communities, mostly urban environments but I also went to Iqaluit. I spoke with housing activists to find out whether they believed the initiatives that the government had undertaken since 1998 had impacted on the increasing homelessness in the country.

What I was told was no surprise. It is something that should be very evident to people in local communities. They told me that not only was homelessness on the rise, but we had a situation where over 800,000 Canadian households were paying more than 50% of their

income on rent and an estimated quarter of a million Canadians were homeless.

The issue of housing and the need for a fully funded national housing program is something the government has absolutely ignored. We heard the finance minister speak about the framework agreement. I want to be very clear. The agreement that the government has come to is only one-tenth of the 1% solution for which we have been fighting. We may see the provision of about 5,400 units per year. We need closer to 20,000 or 30,000 units. The \$136 million a year for five years, which was promised so many times and which was re-announced in yesterday's budget, does not even come close to meeting the huge gap that exists for people who are fighting for affordable housing.

• (1840)

This budget is about choices. The finance minister has chosen to ignore the people who are most at risk; aboriginal people, poor people, kids who are living in poverty and families who are looking for housing. He has chosen to ignore the very real economic security issues facing those families. However I am proud to say that we in the New Democratic Party do not. We choose to make that the priority.

Mr. John Bryden (Ancaster—Dundas—Flamborough—Aldershot, Lib.): Mr. Speaker, unless I am completely wrong, I always understood housing and social services to be constitutionally entirely a provincial responsibility. In fact, the provinces have retreated on funding in these areas.

In this budget, at a time of recession, we see \$600 million committed by the federal government to low income housing. Surely the member will agree that this is something that the federal government is not obligated to do. It is something that is very fine that it is doing. Surely her anger about social housing should be directed at the provinces, not at the federal government.

Ms. Libby Davies: Mr. Speaker, the member says that he could be wrong, and indeed he is. Clearly, the record shows that the reason we have a retreat from the provinces in the provision of social housing, for example in Ontario which has a terrible record on housing, is because the federal government started the whole retreat back in 1993.

In fact, the finance minister, who was previously the chair of the Liberal task force on housing, issued a report to the Conservative government of the day pointing out that it was reprehensible in a society as wealthy as Canada that we did not have an adequate national housing program. So what did he do when he became the finance minister? He axed the whole program. That was his solution.

Let us get the facts correct and realize that the reason that we have homelessness today is not because of some individual failing among Canadians. It is a failure of public policies that began in this place with a Liberal government.

The Budget

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, I commend my colleague from British Columbia on her speech in the House. She has pointed out yet another Olympian style backflip that was performed by members of the government on any number of issues, including the GST. I note that this is the seventh consecutive budget where the government has failed to do good on a promise to repeal the GST.

More to the point, her commentary dealt with the issue of education as well. The hon. member opposite who is chortling would point to that as a provincial jurisdiction, as well. However surely there is ample evidence in the House of students, pages who are here struggling under student debt, who will leave their institution of higher learning with the equivalent of a mortgage and no house to go to. This again is an issue that has been drastically underfunded and ignored by successive budgets that we have seen in this place.

The issue with respect to the coast guard has also been pointed out by members of the House. The other issue is agriculture, which was also ignored.

Finally, I want to put a question to the member just so the record is clear with respect to her party and her leader's position with respect to military funding. This is an issue where many analysts, members of the opposition and members of the government have commented that this budget does not come up to par.

The auditor general called for a \$1.3 billion injection of cash to bring our military back to competitiveness and to procurement readiness. We know the helicopter issue is still being kicked around like a political football to avoid buying the same helicopters that were cancelled.

Is it now the NDP's position that we should be following the advice of the auditor general and increasing military spending over the next number of years so that our armed forces can keep their NATO and UN commitments?

• (1845)

Ms. Libby Davies: Mr. Speaker, the hon. member has raised some very good issues. I would agree that reality is that most students graduate into poverty and end up going through life with a huge student debt that becomes more and more difficult to pay off.

However I will answer his question on military spending. He has probably heard from members of the New Democratic Party that we believe very strongly that it is important to support our Canadian armed forces, particularly their equipment needs and the conditions under which they operate and live. I know my colleague who is our critic in that area has been very clear about that.

I want to emphasize that while we support that, we are also very aware of the fact that there are millions of other Canadians who will go without because of the emphasis the government has placed on law enforcement and law enforcement agencies, on funding to CSIS and on other security measures. This is taking away from Canadians who are most at risk.

Mr. Dick Proctor (Palliser, NDP): Mr. Speaker, I am pleased to take part in the 2001 budget debate. I probably should be talking about the many deficiencies in the budget, but that has been amply demonstrated by a number of opposition members, especially the

member for Halifax, the member for Regina—Qu'Appelle and my colleague from Vancouver East.

I would like to spend my few minutes talking about something that has not been dealt with a lot in the debate and that is what I perceive to be the Americanization of not only the country but the budget.

Many Liberal members opposite have said that the budget has been reassuring to Canadians. I submit that if that has been the case, it has been only accidental. This budget had one purpose and one purpose only and that was to satisfy the Bush administration in Washington. It is sad and pathetic but I am not surprised.

What did surprise me a little was to read in the *Globe and Mail* today that the minister told reporters he had briefed his U.S. counterpart, treasury secretary Paul O'Neill, on the budget and had received a thumbs up. Some of us thought that there was secrecy in budgets and that we did not release them before they were released here. Apparently not because Washington was called to ensure that everything was okay with Mr. O'Neill, Mr. Bush and the rest before the government went any further. Does anyone believe that Tom Ridge, the home security minister in the United States, would have been here today if it had not been a very positive budget from Washington's viewpoint?

The Liberals said that they went coast to coast and listened clearly to what Canadians said. They may have listened to Canadians, but the only thing they were really listening to were the signals from Washington. If this was not a budget that was written by the Bush administration, it was certainly a budget that was written for the Bush administration.

Before yesterday we were told in the House repeatedly that the terrorists did not come through Canada to get to the United States three months ago today. In fact John Ashcroft at one point was forced to reverse his remarks and say that. I believe that, but after the pathetic budget, which was delivered yesterday, and the pandering that has gone on here to the Americans, I am beginning to have second thoughts.

We have heard all fall from ministers like the Minister of Citizenship and Immigration and the Minister of Transport that all was well and they could carry out their duties and responsibilities with the legislation and the resources available to them. I would like to read into the record a couple of those references.

On October 30 the Minister of Citizenship and Immigration, while talking about Bill C-11, said:

It gives us the ability to streamline our procedures, so that those who are in genuine need of our protection will be welcomed in Canada more quickly and those who are not in need of protection will be able to be removed more quickly.

On October 19 she referred to Mr. Zaccardelli, the commissioner of the RCMP. She said:

Yesterday the commissioner said that he totally disagrees with the notion that we are a safe haven. He said we should eliminate that word from our vocabulary...

The Budget

Whether we have eliminated that word from our vocabulary or not and whether the Minister of Citizenship and Immigration felt she needed more resources, she got it yesterday. She got \$1 billion to ward off illegal immigrants, something she said was well in hand prior to yesterday's budget. CSIS got \$334 million dollars, the largest increase in the history of the intelligence security. It is being described in the media as a huge Christmas present.

Money was allocated for overseas immigration officers and \$567 million was allocated for the RCMP. What do we receive for this money? When we go out on Parliament Hill we have these ludicrous security checks, costing millions of dollars and benefiting this country not one drop.

It is even worse when we look back at what the Minister of Transport had to say on the subject of air marshals. I would like to go through this. On the first day back in the House on September 17, the Minister of Transport said:

● (1850)

To deploy armed air marshals on flights is a radical suggestion. It poses severe logistical and financial implications and it is not the direction in which we are moving. We are committed to providing enhanced security on the ground, so we will not need air marshals.

It gets better. Ten days later, on September 26, the Minister of Transport said:

The United States is taking a certain measure of action. Having armed personnel on planes, whether they are pilots or air marshals, is not a road we will go down.

Finally, on October 5, he said:

We want to ensure that security measures are in place at airports to prevent the need for putting armed personnel on planes which in itself creates some degree of danger and is not endorsed, certainly not at this point, by the pilot unions in this country. In fact, Mr. Bush has not even agreed to the arming of cockpit personnel on planes.

Mr. Bush has now agreed to the arming of cockpit personnel on planes and so have we. Never mind what the Minister of Transport said on those three occasions. He is getting armed marshals whether or not he wants them. He is getting \$2.2 billion over five years being paid for by the travelling public.

An hon. member: He got his marching orders.

Mr. Dick Proctor: He got his marching orders.

The minister was talking today about how cockpit doors are now locked. I hope he gets more respect from his departmental officials than he does from pilots and air flight attendants.

As recently as yesterday while I was travelling here the cockpit door was wide open for a considerable part of the flight. The crew was relaxed and chatting merrily. The passengers were not particularly nervous or upset. They were going about their daily business. The notion of cockpit doors being locked and guarded is very much in his imagination.

There is \$7.7 billion for security to placate the giant to the south. Canadians know the reason why. The government and its predecessor have plunged headlong into a free trade agreement with the Americans. We now have something in the neighbourhood of 85% of our exports heading south. If we do not play ball, it is very simple: there is a chill at the border.

The member for Chatham—Kent Essex did not say it that way but that is the essence of his message. We are now into just in time delivery. If we do not play ball, the perishable goods at the border will spoil.

We were told when we were young people not to put all our eggs in one basket. We were cautioned against it by parents and others. The chickens have come to roost because that is where we are at today.

The government likes to pretend that it is standing up for Canada. In reality it has rolled over. It does not do anything that could possibly be construed as offending our dear friends to the south.

The budget marks a very sad time for a middle power that once upon a time had some intestinal fortitude and was able to stand on its own two feet. We have been reduced, sadly, to a whimpering, nervous Nellie whose only concern is whether or not the Americans will like it and like us.

The \$7.7 billion is a great waste of money. It will not be well spent. It is money that could and should go to help workers, to help farmers and to help people who live in abject poverty or people who live without shelter. There is no money, for instance, for things like the environment. Instead we get billions spent on very questionable, dubious expenditures that will not in the final analysis do anything at all to develop the country.

Many of my colleagues have said that there is no money for health care in the budget. I say they are wrong. I say that yesterday's budget was a designer drug. It was a muscle relaxant for Bush, Ashcroft and Ridge. That is a shame on Canada and it is especially a shame for the government over there.

● (1855)

Mr. Loyola Hearn (St. John's West, PC/DR): Mr. Speaker, I am concerned by the member's lack of concern about the security of the country. Having said that, I wonder what he thinks about the fact that if we fly into any airport in this country we have to go through severe scrutiny; if we drive, as he referred to, we have to line up at the border; but if we have anything from a dory to an ocean liner we can land practically anywhere in the country and nobody knows we are coming unless we call ahead for reservations.

The radar sites in many parts of our country are no longer serviced. The cutbacks to the coast guard have been so severe that they cannot service the sites unless the sites go down. As many radar sites are in remote areas, in the event of bad weather, high winds or whatever, it is sometimes days or weeks before the sites are serviced. How secure do these things make the member feel in relation to the remarks he has made?

Mr. Dick Proctor: Mr. Speaker, I should observe that coming from a landlocked province I do not know the situation on the coast nearly as well as my colleague from Newfoundland and Labrador does. I believe what he is saying is that approximately 85% of our coastline is unprotected and, as he correctly points out, anybody travelling on a dory could get here. We have said for many years that Canada needs to do a much better job of protecting our coastlines. There is no question about it.

Adjournment Debate

There is a concern I have with regard to airport security. Passengers want to make sure that they, their luggage and fellow passengers are being screened, but after that I do not believe there is a great demand for the armed marshals we are now getting, for example, whether we want them or not.

On the member's question with regard to the coast guard and security, I take his point. I certainly concur with him, and I think our party does as well, that more needs to be done in this area.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC/DR): Mr. Speaker, I will afford some time for my Bluenose colleague from Nova Scotia.

I am very encouraged to hear the position set out by my colleague from the NDP with respect to the lack of funding and the lack of attention given to coastal security. We have the deployment of navy ships to the gulf now and there is a lack of funding for traditional coast guard operations, including navigational equipment and person power, much of which has been privatized, with many of those responsibilities being contracted out. I know that in the county of Guysborough in particular more cuts are pending, even in light of and in the face of the existing increased security threat. As my colleague from Newfoundland and Labrador suggested, our coastal borders and our security on the water are virtually undefended at this time.

My question to the hon. member is with regard to the growing surplus in the EI fund. The NDP in particular has been very quick to point out that this money has been absconded with and used for a cause for which it was never intended. It is not even available to many workers. With pending layoffs at Trenton Steel fabrication in Pictou county, this is of great concern. What sorts of parameters should be put on the use of that money in terms of how it is available to workers?

• (1900)

Mr. Dick Proctor: Mr. Speaker, I appreciate the question from the member for Pictou—Antigonish—Guysborough. On the matter of the employment insurance fund, I take the position, and I think my party does as well, that this is not money that belongs to the treasury, that should go into general revenue. After all, it is money that has been contributed by employers and employees and it should be there for their protection. If times are good and unemployment levels are low, then payroll taxes should be reduced. When things are not so good, they go up.

However, as the member said, what is happening at the moment is that the government has absconded with about \$40 billion and counting from the employment insurance fund.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, my colleague focused his remarks on other aspects, but I would like to give him the opportunity, seeing as how he comes from the great province of Saskatchewan, to remark on why and how the government, in this budget, after 22 months of waiting, completely ignored the concerns and needs of farm families in our country.

Mr. Dick Proctor: Mr. Speaker, it defies description. Over the next period of years we will negotiate an agreement in Qatar. That is the message.

In the meantime, the high subsidies in the United States and Europe continue, especially for grains and oilseeds. Our farmers simply cannot compete, yet the government says there is no alternative and they will be required to carry on business as usual for most of the next decade. It will not happen. Farmers will not be around in a decade.

The Acting Speaker (Mr. Bélair): I regret to inform the hon. member for Egmont that government orders are finished for today. He will be first on the list tomorrow.

ADJOURNMENT PROCEEDINGS

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

[*English*]

FOREST INDUSTRY

Mr. Philip Mayfield (Cariboo—Chilcotin, Canadian Alliance): Mr. Speaker, my question this evening follows my question on November 30 to the government asking it to commit to fighting the infestation of mountain pine beetle that is devastating the pine forests in central British Columbia.

This threat is of deep concern to all citizens of northern and central British Columbia and, as a result, representations on this have been made by the members for Prince George—Peace River and Prince George—Bulkley Valley as well as myself.

This infestation may be the largest epidemic of its kind in Canadian history. The pine beetle has infested 5.7 million hectares of working forest, which is about twice the size of Vancouver Island. The pine beetle and U.S. softwood lumber duties are threatening to kill thousands of jobs and entire communities in B.C.'s interior. The government's lack of response to the provincial plan to eradicate the beetles indicates once again that the Liberals do not care about British Columbia. This is not an Ontario ice storm and it is not a Quebec flood, but the government will care when billions of dollars of tax revenue from B.C. stop flowing to Ottawa.

The British Columbia government needs about \$60 million a year over 10 years to fight this enormous problem of the pine beetle. Everyone in British Columbia is waiting with great impatience for the reply from the foot dragging Liberal Minister of Natural Resources and the senior Liberal cabinet minister for B.C., who have been thoroughly briefed on this issue.

In his initial response to me on November 30, the Parliamentary Secretary to the Minister of Natural Resources tried to have us believe that the only responsibility of the Government of Canada in fighting the mountain pine beetle infestation is to deliver the science. However, the government has a clear responsibility for infested federal lands, like the Riske Creek military reserve. From this federal land those beetles are spilling out into provincial forests and nothing is being done to control them.

Does the government recognize its obligation to fight the infestation on its own lands? I hope the response from the government this evening addresses that responsibility.

Adjournment Debate

I noted in the auditor general's report that the Department of National Defence contributed \$2 million to an urban park. Why is there no money to be put into this military reserve where the federal government has a clear responsibility to an urgent need?

The government's response to other questions concerning the issue is "Oh, well, we're working with the province". That is an obfuscation and an attempt to sidestep the matter.

The B.C. government has a plan to fight the beetle infestation. It needs a commitment from this government, but there was nothing about it in last night's budget. The \$60 million of new money budgeted to the CBC would be all that is needed this year from the federal government to assist B.C.

Worst of all, the most recent reply from the government of which I am aware is the reply to the hon. member for Prince George—Peace River who wrote to the Minister of Natural Resources on November 6. He received a response that again did not answer this question: What resources will the government commit to eradicate the pine beetle epidemic in B.C.'s pine forests? We are talking also about federal crown lands. The government is not even prepared to deal with the problem on the land it controls.

Long ago, ministers of the crown in British Columbia approached me to help get the government's attention on the issue. This is not a new problem. As I said earlier, years ago I pressed the government to deal with the fir bark beetle also spilling out of that same Riske Creek military reserve west of Williams Lake. Nothing, but nothing, was done then either. You should see the devastation there now, Mr. Speaker.

There are forests in British Columbia for which the government has a constitutional responsibility. These forests are being faced with a devastating infestation that is increasing the amount of damaged wood, lost income and cleanup costs for the province.

What is the commitment of the government to British Columbia to fight the mountain pine beetle infestation, first on its own federal lands and then in assisting the province of B.C. with this present economic and environmental crisis?

● (1905)

Mr. John Finlay (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I am subbing for my colleague, the Parliamentary Secretary to the Minister of Natural Resources. I am not privy to all the knowledge of my hon. friend across the aisle. However I will deliver the answer as I have it.

Forest management is under the jurisdiction of the province. In B.C., Natural Resources Canada collaborates with Parks Canada, the Department of National Defence and the Department of Indian Affairs and Northern Development on aerial surveys to monitor mountain pine beetle outbreaks on federal lands.

The federal government has been working closely with the B.C. forest industry and with the B.C. government to address the issue of the mountain pine beetle. In its strategic action plan British Columbia is determining how to manage the mountain pine beetle infestation. The federal government will co-operate, where appro-

priate, on supportive research and collaborative remedial strategies for federal lands.

In his question of November 30 the hon. member made reference to Riske Creek. He also referred to it tonight. It is located on the Chilcotin military reserve of the Department of National Defence. I am sure he knows that because I would guess it is in his riding.

I must point out that the Natural Resources Canada forestry centre in Victoria has a five year memorandum of understanding with DND to provide advice and services regarding forest management on all defence properties within British Columbia, with the exception of the Chilcotin military reserve.

DND specifically excluded this property from the memorandum of understanding because it has an agreement with the B.C. ministry of forests for forest protection and timber management which has been in place since June 1992.

As early as 1995 Natural Resources Canada scientists identified the beginning of the mountain pine beetle outbreak in the central part of the province and alerted the B.C. government. Since then NRCAN conducted annual beetle surveys of the Chilcotin military reserve. These surveys were used to prepare reports on the status and trends of the infestation, copies of which were provided to DND and the B.C. ministry of forests.

In the fall 2000 NRCAN scientists presented workshops on the mountain pine beetle in four communities in B.C., including one in Williams Lake which is adjacent to the military reserve. Landowners and representatives from industry, the B.C. government and first nations were invited to attend. Information was provided on the biology, research and management tools available to assist in dealing with the outbreak. Options to address the infestation were discussed and made available to the participants.

The current outbreak of the mountain pine beetle did not originate from any one spot. Forest health maps from 1990 to 1996 indicate that the beetle population was on the increase throughout central B.C. regardless of jurisdiction. The present outbreak is a result of these smaller populations increasing, coalescing and then spreading.

I also point out that a map made from aerial surveys clearly indicates the centre of the outbreak is located several hundred kilometres northwest of Riske Creek.

Federal support for the mountain pine beetle epidemic has provided the research on understanding and predicting beetle outbreaks, developing tools to incorporate predictive capacity into higher level planning, understanding the impacts of a variable climate on the beetle and controlling the beetle through stand management activities.

Adjournment Debate

•(1910)

Mr. Philip Mayfield: Mr. Speaker, the facts as I understand them do not entirely square with the comments of the hon. parliamentary secretary. For example, the Department of National Defence said that it accepted responsibility for the fir bark beetle infestation when I made a representation to it shortly after I was elected in 1993. Whatever happened, I am not in a position to say, the plans that it had to deal with that infestation never took place.

What strikes me is the amazing similarities between what happened with the fir bark beetle and with the mountain pine beetle. When I speak to DND it hardly knows what is going on and it does not seem to care to find out. I have great difficulty accepting the parliamentary secretary's response.

Mr. John Finlay: Mr. Speaker, the department is committed to working with other landowners to help mitigate the problem. Any formal proposal by the B.C. government for federal assistance will be considered within the context of the federal mandate. Support and expertise are already being offered, as well as the availability of funds.

It may surprise the hon. member to know that to date the department has not received any formal request for funding or for co-operative planning to solve the problem. It would be happy to hear from my hon. colleague or the B.C. ministry of forests.

THE ENVIRONMENT

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, last September I asked the Minister of Natural Resources why provincial and federal energy and environment ministers had not at that time reached an agreement on the ratification of the Kyoto protocol on climate change. I was told by the minister that the ministers were able to report on measures that would reach only about half of Canada's Kyoto targets.

Since then, however, important international negotiations on climate change have taken place. In early November a landmark agreement was reached by representatives of nearly 180 countries at the seventh conference of the United Nations climate change convention in Marrakesh. The net result is that the rules for implementation of the Kyoto protocol are now finalized and the protocol will come into force after 55 countries representing at least 55% of industrial countries' emissions have ratified it.

Here in Canada, the statements by the federal Minister of the Environment and Minister of Natural Resources still make ratification of the Kyoto protocol conditional on an agreement with the provinces. Federal and provincial energy and environment ministers plan to meet next year. Progress is slow given the fact that Canada signed the Kyoto agreement in December 1997. In addition, the uncertainty of the government's commitment to ratification is in contrast to recent developments in international negotiations on climate change. Secondly, in view of the high level of concern about the impacts of climate change shown by the insurance industry, ski resort operators, shipping companies that rely on sufficiently high levels of water and other Canadians, we therefore need domestic measures to achieve the Kyoto targets so that Canada is put in a position to ratify.

Soon the international community will be able to closely scrutinize Canada's domestic plan on climate change at the Rio Plus 10 meeting in Johannesburg next September. The next world summit on sustainable development will allow participants to look at and measure progress made since the 1992 Rio summit when Agenda 21 was agreed upon. Members should know that the United Nations convention on climate change was adopted in May 1992 and opened at the Rio summit for signature.

Without ratification, what will Canada say in Johannesburg? With this question in mind, I would like to ask the parliamentary secretary to assure the House and Canadians that the necessary steps are being taken to guarantee ratification of the Kyoto protocol before the Johannesburg summit and to dispel any lingering uncertainty. The security of the globe and of millions of people depend on this ratification.

•(1915)

Mr. John Finlay (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I thank my esteemed colleague for his question. It is a matter with which both of us are much concerned. However I will have to ask him not to shoot the messenger as I read the response I have from Natural Resources Canada.

Mr. Svend Robinson: Speak from the heart.

Mr. John Finlay: I may do that too, but probably not with my colleague from Davenport.

The government is making substantive progress on the important issue of climate change. Last month 28 projects worth \$425 million were announced that would reduce annual greenhouse gas emissions by 23.7 megatonnes. We have put in place a series of emission reduction programs across a wide range of sectors aimed at achieving 65 megatonnes of annual greenhouse gas emission reductions or one-third of our Kyoto commitment.

At the September 24 meeting of energy and environment ministers in Winnipeg, all levels of government demonstrated their determination to addressing climate change and making substantive progress on the Kyoto protocol. The momentum continued when ministers met again this past October in Toronto.

The meeting in Winnipeg resulted in the release of a progress report on Canada's first national climate change business plan as well as a proposal to develop a second national climate change business plan. With the impacts of climate change now being felt in Canada, particularly in the north, the 2002 business plan will be expanded to assess regional impacts and identify adaptation needs and mitigation programs.

If we are to be successful in addressing climate change all levels of government need to work together. This is why ministers at the Winnipeg meeting considered a possible federal-provincial-territorial framework agreement. It was agreed that future discussions would be held to formalize our co-operative efforts.

Adjournment Debate

In the meantime, we remain committed to working together closely on climate change through the national implementation strategy, a proven approach that emphasizes the interrelationship between national and international action within the confines of a co-ordinated strategy.

The meeting in Winnipeg also saw the renewal of our commitment to continue detailed analytical work on policy options for addressing climate change on issues such as a possible domestic emissions trading system, targeted measures, covenants with industry, impacts and adaptation, technology and competitiveness.

It was also agreed to discuss ways in which the Kyoto target might be allocated by sector or province. Discussions on all these specific matters will start no later than next May in order for Canada to consider ratification of the Kyoto protocol as early as 2002.

Ratification of the Kyoto protocol was a key area of discussion during the meeting in Winnipeg. The Minister of Natural Resources reiterated the government's commitment to a full consultation process involving Canadian industry and environmental groups as well as the Canadian public in advance of a ratification decision. Provincial and territorial ministers indicated their interest in being involved in the decision process throughout.

With regard to the recently negotiated Bonn agreement, a framework for implementing the Kyoto protocol, the provinces and territories were generally supportive of the positions taken by the Government of Canada and appreciative of the consultative process put in place to keep them informed and seek their input.

● (1920)

Hon. Charles Caccia: Mr. Speaker, I assure the parliamentary secretary, perish the thought that I would ever shoot the messenger. I thank him for his comprehensive reply and will only say that it is an issue on which too much talk is devoted to the costs of reducing emissions and too little energy and time are applied to the benefits.

The benefits that can accrue to the economy from a more efficient and innovative use of energy are enormous. Tremendous benefits can also accrue in the long term by reducing our dependence on fossil fuels and shifting to renewable sources of energy.

In conclusion, somehow, somewhere, the federal government must give stronger leadership than it has given so far if it wants to reach the plateau necessary to ratify it earlier.

Mr. John Finlay: Mr. Speaker, I concur with my colleague from Davenport. I want to see a plan. I want to see action. I want to see that commitment.

The ministers have agreed to meet in February and in May 2002 to discuss international developments, their continuing progress on addressing climate change and key analytical policy issues related to Canada's decision on ratification. I urge the department to continue in that direction.

JUSTICE

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, early one morning in November 1999 a 24 year old law student, Robbie Peterson, was brutally kicked and punched in the head and face. It happened at the corner of Regent and Brunswick streets in Fredericton, New Brunswick. He was attacked because he was gay.

He was attacked from behind, thrown to the ground and kicked repeatedly. His attacker hurled anti-gay insults as he fled into the night.

Shortly after that attack I questioned the Minister of Justice in the House, asking her when she would be introducing legislation to include sexual orientation in the hate propaganda provisions of the criminal code. She replied at that time, which was December 1999, two years ago, that we would be making the necessary changes to the criminal code in the coming months.

That was two years ago. In fact it was a year and a couple of months before that in October 1998 that the provincial attorneys general, together with the federal attorney general, agreed at their annual meeting in Regina, Saskatchewan, that they would move ahead and deal with hate motivated activities in a manner consistent with the charter; in other words, to make those amendments. That was over three years ago.

Last month, almost two years to the day after Robbie Peterson was brutally attacked in Fredericton, New Brunswick, Aaron Webster was murdered in Stanley Park. Aaron Webster was a gay man. He was bludgeoned to death and he was attacked because he was gay.

Today, over three years after the Minister of Justice promised to amend the criminal code, I am appealing once again to the minister through the parliamentary secretary to do the right thing and asking why it has taken so long since the promise was made, first in October 1998 and then in December 1999.

That was the question I asked the minister just a couple of weeks ago after Aaron Webster's death. She responded that she would consult with the provincial and territorial attorneys general.

Consult she did once again and they unanimously agreed again that there must be action. I spoke personally with the attorney general of Saskatchewan, Chris Axworthy, who agreed to this. The attorney general and justice minister of Manitoba, Gord Macintosh, said:

It is pathetic that this issue got lost somewhere in Ottawa.

We do not want to see another three years go by and another killing to move this issue along.

This affects both the violence and hatred directed at gay and lesbian people and those perceived to be gay and lesbian, but it also affects the ability of the police to stop hatemongers at the border, people like Fred Phelps.

The Ottawa police said recently that if this were done against a catholic, a jew or a black person charges could be laid. If we had that legislation in place we would not have to put up with the nonsense of Fred Phelps on Monday. We could have told him that if he shows up and starts spreading this hate we will arrest him.

I want to call on the government to act and to act now to finally include sexual orientation in the hate propaganda sections of the criminal code. This is long overdue. No one else should be bashed or murdered simply because of the fact they are gay or lesbian in a land in which our criminal code does not prohibit the spewing of that hatred and violence.

Adjournment Debate

• (1925)

Mr. Stephen Owen (Parliamentary Secretary to the Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I thank the hon. member for Burnaby—Douglas for raising again this immensely important point, I would hope for all Canadians.

The hate propaganda provisions of the criminal code were introduced prior to the Canadian Charter of Rights and Freedoms. When the charter was introduced in 1982, almost immediately there were challenges to it.

The Keegstra case made its way to the Supreme Court of Canada on the basis of an infringement of section 2(b), the freedom of expression provisions of the Canadian Charter of Rights and Freedoms. The Supreme Court of Canada in a split decision of four to three found that although it did infringe the freedom of expression provisions under section 2(b), but that it was properly within the limits in a free and democratic society as a matter prescribed by law.

There are some difficult defences that can be raised against these offences. One must be very careful when one knows that laws might be challenged under the charter that they be expanded with great care.

The member for Burnaby—Douglas has raised this issue on a number of occasions. I heard him raise it again on November 21 with respect to the very recent tragic events in Vancouver which he mentioned again this evening.

The minister, as the member said, agreed to raise this with her territorial and provincial counterparts in the justice ministries on November 28 and as he said, she did raise it. The minister was able to achieve consensus in that group as reported, that the identifiable groups which the hate propaganda provisions, and there are three offences under those sections, apply to should be extended to include the factor of sexual orientation.

I think not a moment too soon, but given the years and some disagreement in the country about these issues and public ideas about this policy, I am very pleased to be able to say tonight that the minister will be putting forward amendments to the Criminal Code of Canada to add sexual orientation to the definition of an identifiable group under the hate crime provisions.

I thank the hon. member for his persistent and very principled tracking of this issue and his persuasive arguments.

Mr. Svend Robinson: Mr. Speaker, I want to thank the parliamentary secretary both for his undertaking and his commitment that the legislation will be brought forward and also for his personal commitment to equality in this issue with which I am very familiar and which I very much respect.

The obvious question I have for the member is when. How much longer will we have to wait? I remind my hon. friend that in fact the same commitment was made in the House in December 1999. The minister herself said then that we would be moving ahead within months.

I have tabled a private member's bill that would explicitly amend the code to include sexual orientation. Is the parliamentary secretary prepared to consult with the minister as to the possibility that we may be able to move ahead with my bill, assuming that it meets the objectives that we agreed to in the House at the earliest possible occasion in the new year?

• (1930)

Mr. Stephen Owen: Mr. Speaker, I am not in a position of course to commit to exactly when or to the support of the exact wording of the hon. member's bill. I have not seen it.

I can reiterate the commitment of the Minister of Justice to her colleagues from the provinces and territories and through me to the House tonight that these will be put forward in an expedited way.

We are adjourning this week for the winter break, but soon after our resumption in the new year these matters will be put forward. I will undertake personally to discuss with the hon. member for Burnaby—Douglas when we return the exact timing of this so that we can make sure that he is consulted on both the timing and the wording.

[*Translation*]

The Acting Speaker (Mr. Bélair): The motion to adjourn the House is now deemed to have been adopted.

Accordingly, this House stands adjourned until tomorrow at 2 p. m., pursuant to Standing Order 24(1).

(The House adjourned at 7.31 p.m.)

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