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OFFICIAL REPORT  
(HANSARD)

**Thursday, February 24, 1994**

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**Speaker: The Honourable Gilbert Parent**

# HOUSE OF COMMONS

Thursday, February 24, 1994

The House met at 10 a.m.

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*Prayers*

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## HOUSE OF COMMONS

**The Speaker:** My colleagues, I have the honour to lay upon the table the expenditure plan in relation to the 1994-95 estimates for the House of Commons.

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## ROUTINE PROCEEDINGS

(1005)

[*English*]

### MAIN ESTIMATES, 1994-95

A message from His Excellency the Governor General transmitting estimates for the financial year ending March 31, 1995, was presented by the President of the Treasury Board and read by the Speaker to the House.

**Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure):** Mr. Speaker, I submit Part II of the estimates for laying on the table.

I would also like to table in support of the estimates Part I, the government expenditure plan. In addition I will table with the Clerk of the House on behalf of my colleagues Part III of the estimates consisting of 76 departmental expenditure plans.

These documents will be distributed to the members of the standing committees to assist in their consideration of the spending authorities sought in Part II of the estimates.

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### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** 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.

### MAIN ESTIMATES, 1994-95

**Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure):** Mr. Speaker, today I present the 1994-95 main estimates for the Government of Canada.

[*Translation*]

I have the honour to table the first Estimates of this 35th Parliament, which contain the government's expenditure plans, department by department, program by program, for the next fiscal year.

[*English*]

I take pride that these estimates reflect the commitments we made to Canadians in the election last fall. They reveal a balanced approach in which the government supports growth and creates jobs while taking steps to reduce the deficit.

The main estimates set out the details of \$160.7 billion in planned expenditure in the next fiscal year. This includes the \$112.1 billion in statutory expenditure that flows from legislation that Parliament has previously approved and \$48.6 billion in expenditures for which we are seeking parliamentary authority at this time.

(1010)

The main estimates are the first step in carrying out the expenditure plan amounting to \$163.6 billion set out in the budget of two days ago delivered by my colleague, the Minister of Finance.

However, unlike the budget, the main estimates do not include reserves and they do not anticipate the impact of proposed legislation. In other words, if legislation has not yet been passed then the dollar figures would not be in the main estimates.

The main reason total spending is up is the increase in public debt charges. Program spending, which is our total spending less public debt charges, is virtually flat, increasing by only 0.7 per cent. Spending on most programs is down.

Old age security and aboriginal programs account for a large part of the increase in program spending. That is because of an increase in the population in those two categories which are drawing on the programs.

As the Minister of Finance made clear two days ago, this is a budget that sets in motion the most comprehensive reform of government spending policy in a decade. The budget tabled on

*Routine Proceedings*

Tuesday and the main estimates that I table today provide a framework for the future delivered by a government for the future.

One of the clear policy planks of this government is that we are going to do what must be done and we are going to do it in a fiscally responsible way.

In the main estimates we have set a course of action for each component of the agenda in "Creating Opportunity", better known as the red book. Canadians have told us that job creation is a high priority and in the red book we have said that a national infrastructure program would be a key element in job creation.

Since we have come to office, I am proud to say that we have made this a reality by signing agreements in every province across this country. In the main estimates we are asking Parliament to appropriate more than \$700 million in the coming fiscal year for the implementation of this program.

Also in the red book we said we would impose further cuts in operating budgets by some \$400 million in 1994-95, increasing to \$620 million in the following two years. The main estimates reflect the commitment. We hope that we can generate a lot of these savings through efficiency gains, but we realize that it may also require having to set priorities.

Of the \$400 million just mentioned, the largest part will come from savings on professional services. These are services that we contract for. We will shortly be asking Parliament to look at this whole area of contracting out.

However, this was not enough. Solving our fiscal problem required taking more restraint measures in the operating budgets. We looked at different options available to us. We looked at what other governments and the private sector were doing. We consulted with our public service unions in this process. In the end we did what we believe is best for Canadians, best for public service employees and for the economy.

As the Minister of Finance stated in the budget, we extended the freeze on the federal public service for a further two years and we suspended annual increments for two years beginning in 1994-95. We also provided for the opportunity, working with our employees and working with their bargaining agents, to be able to shorten that period of time by finding other efficiencies in government spending so that we could in fact end that freeze at an earlier time.

We believe that under the circumstances this was the best course to follow. It allows us to better protect jobs while minimizing the impact of our ability to deliver quality services to Canadians at the lowest possible cost.

The reduction in the defence budget reflects reality. We had a defence structure that reflected the priorities of the past. The

world order was changing and we had to adapt. The result will be an armed forces that will meet our future needs.

Reductions in our international assistance funding is a statement of our fiscal capacity rather than a reflection of what really is the need. We will nonetheless continue to spend \$2.6 billion on international assistance as is shown in the main estimates.

(1015)

Canadians told us that grants to business were not getting the best value for the tax dollar. We made it clear in the red book we would cut grants that were not of value in helping small and medium sized business and we have done that.

Canadians were vocal in expressing their desire to reform the unemployment insurance program because it was more than taxpayers could afford. The payroll tax required to pay the benefits was putting us in an uncompetitive position vis-à-vis our trading partners. We had to take action and we have.

In the main estimates 16 per cent of the total spending is in payments to other levels of government and 25 per cent is in payments to persons such as the old age security and unemployment insurance. The government will spend about \$62 billion on social programs and \$4.8 billion on natural resource based programs, \$3.9 billion on industrial, regional and scientific programs, \$2.8 billion on transportation programs, about \$3 billion will go to cultural and heritage programs, \$3.3 billion for justice and legal programs, and \$6.4 billion for general government operations.

My colleague the Minister of Finance made it clear in his speech this is only the beginning of reform. He announced that over the next year we would make service delivery more efficient and effective and we will do that.

As a result of the course set out in the budget, program expenditures will decline in real terms between now and 1995-96. Even now, as I said earlier in my remarks, expenditures are virtually flat with last year.

Our annual deficit is on a downward curve, a very important downward curve, and we have set our sights on the fiscal objective of a deficit which amounts to no more than 3 per cent of all the goods and services we produce in Canada in a given year.

This is the true sign of a government that listens to the electorate, shows leadership, takes decisive action, consults its partners, and sets a clear vision for the future of each and every Canadian.

[Translation]

**Mr. Richard Bélisle (La Prairie):** Madam Speaker, what strikes me upon reading the 1994-95 Estimates tabled by the Minister responsible for Treasury Board is that, compared with the 1993-94 budget, there is a 0.5 per cent reduction in transfer

*Routine Proceedings*

payments and a 3.2 per cent reduction in other program spending, while at the same time the cost of servicing the debt has gone up 3 per cent. This means that budget cuts are being made to accommodate an increase in the cost of servicing the debt.

The government's policy in the years to come will be to cut transfers to individuals and transfer payments to the provinces. However, as we postpone these cuts, the debt increases accordingly, as shown in the budget, which means even larger cuts will be necessary in the future, always to accommodate the cost of servicing a debt that will soon be out of control. We are fast approaching the breaking point.

As the debt increases and transfers to individuals are cut back, the gap between rich and poor widens. The gap between the various levels of our society has never been greater, and is getting wider. Ironically, the cumulative debt of the past 20 years was the result of a desire to redistribute wealth across the country.

When servicing the debt means transferring tens of billions of dollars from taxpayers to investors, this will create even greater gaps between the rich, the middle class and the neediest in our society. Is this the failure of the Canadian model of a just society, an echo from another era?

Total budget expenditures are forecast at \$163.6 billion, an increase of 2.1 per cent. We are told that more than 75 per cent of this increase, or 1.6 per cent, is due to the cost of servicing the public debt. The impact of the debt on the estimates will get worse over time because the government's spending cuts are not enough, as was illustrated by the minister's speech this morning.

(1020)

The cost of servicing the public debt is \$41 billion, compared with \$38.5 billion last year. Program spending is estimated at \$122.6 billion, compared with \$121.8 billion last year, a difference of only 0.7 per cent, while debt charges are 6.5 per cent higher than last year.

This year, cuts in operating costs—departmental budgets—amount to \$413 million, out of a total \$2.1 billion in cutbacks. My point is that departmental budget cuts represent only 19 per cent of the total reduction in operating costs. The \$725 million cut in unemployment insurance, however, represents 33 per cent of total reductions. Reductions in business transfers add up to \$117 million or 5.3 per cent of total cuts. I think it is clear where this government's priorities are. It uses the unemployed to get the cuts it cannot make in its own operations.

Cuts in the departments represent less than 2 per cent of the government's operating costs, of which a substantial 19 per cent is generated by defence. There was no disciplined item by item assessment by the government, as the Bloc Québécois had requested.

However, there is still fat and waste in government operations. The Auditor General estimates that if the government stopped the waste, the potential savings would amount to several billion annually. A reduction of \$400 million in operating costs, less than 2 per cent, is certainly not enough when the cost of debt servicing increases by \$2.5 billion during the same period.

The government has failed to make the necessary reductions in spending. Only a reduction in expenditures achieved by eliminating waste and poor management procedures will in the long run reduce the tax burden on the middle class that has caused the underground economy to flourish, as we have seen repeatedly during the past few months.

Although so-called spending cuts were announced with a great deal of publicity, government program spending will increase again this year, by another \$800 million. This amount corresponds to statutory programs such as equalization.

Instead of coming down hard on the unemployed and senior citizens, whose age credit has been cut, the government should have acted immediately to streamline government operations by getting rid of the duplication and overlap that costs the government between \$2 and \$3 billion annually. This is nearly eight times the cuts made in this government's budget plan.

Second, the government should make further reductions in defence spending. A 12 per cent cut is planned over five years, while the Bloc Quebec asked for a 25-per cent cut. The Collège militaire royal in Saint-Jean should not be closed until Quebec has received its share of national defence spending, on a per capita basis. This closing does not make sense, especially since the college had just been renovated at a cost of several million dollars.

In concluding, I would like to add that the government should have made further spending cuts and invested half of this spending room in job creation and the other half in reducing the debt. Most analysts agree that the infrastructure program does not do enough because it creates only 45,000 temporary jobs and is, in the final analysis, the employment recovery program the government announced with so much fanfare.

[English]

**Mr. Ray Speaker (Lethbridge):** Madam Speaker, I appreciate the opportunity to speak to the resolution before us and certainly in recognition of the tabling of the estimates. As we examine the presentation today and the budget which was given to us on February 22, we have some very major concerns. They are concerns that reflect the attitudes of Canadians.

The first concern is that the debt of the country is going to be our downfall and we must recognize that. The second concern is that along with the debt is the annual debt or the deficit which continues to hang over our heads, not only as taxpayers but members of Parliament. We have to deal with it. It is very basic.

*Routine Proceedings*

We cannot afford in the next three years to accumulate \$100 billion more of debt.

(1025)

The estimates of 1994–95 start that process. They place before us \$39.7 billion as the deficit. That is the best the government could do in its budgeting process. It could not do any better and it is not good enough. We have to sit here as parliamentarians and face that.

The government tried to tell us it has a plan to cut in the future. It is going to use studies to bring about the cuts. From my experience any time a group of legislators and private citizens work together, any recommendations that come back to the assembly usually demand more money.

I do not think any terms of reference went to those committees, particularly terms of reference with regard to social programs. The Minister of Human Resources Development said he would like to see the cost of social programs reduced but that those programs be targeted. I did not hear that in the terms of reference. Those should have been the initial terms of reference for those kinds of programs. That was not there.

The government is continuing a pattern of spending more. All of the deficit reduction in this budget, the amount of money applied to the deficit, comes from revenue growth. None of it comes from substantial, deliberate, prioritized reductions of spending across government.

Nothing in these estimates presented to us today really deals with the fat of government, the overlap of government, the inefficiency of government, the bloating of government that occurred between 1975 and 1982. There is nothing in these estimates that represents significant changes from the trends of that period of time. The government is continuing the way it is.

I would like to say something with regard to the reductions. First, the government claims that it has made some major reductions and will make major reductions in expenditures over the next three years. The projections are \$11 billion.

In the estimates before us the reduction is \$3.7 billion. If one examines the budget book that was presented to us on February 22, 25 per cent of the reductions came from Tory policies, not from Liberal initiatives. That is the first item. Therefore how can the government take much credit for the reductions in the estimate expenditures?

Second, let us talk about the estimates for 1994–95. The reductions are \$3.7 billion which is not much in a major budget of some \$163 billion. New initiatives is \$2.2 billion which leaves us \$1.5 billion to apply to the deficit. That still leaves us with \$39.7 billion. That is not much. Why did the government not look at the reductions and say it should apply all of the \$3.7

billion to the deficit and do something with a little more significance?

Many of the funds were reallocated internally without consulting Parliament. We as parliamentarians should be able to ask the questions. For example, when certain programs are being cut, what is being cut out? After a program has been reallocated we should be able to ask the cost of the new priority, is it necessary, where will the money come from and can we do it for less. We really did not get a chance to do all of that in the process. We will possibly have that opportunity in the estimates.

(1030)

I have a last point to the government in the time I have left. I hope that the government will really make a serious commitment, in the words spoken by the Minister of Finance yesterday, so committees will be able to review these matters, make recommendations and that the government will listen to those recommendations and implement them. I hope during this 35th Parliament that will be a major change. If government is that open and able to allow that, we will have a tremendous Parliament and one that is really democratic.

I recommend to the government not to become political and terminate that process through which a committee recommends decisions that are a little difficult to initiate. Committee reports and recommendations are number one to an effective process of dealing with the estimates.

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**COMMITTEES OF THE HOUSE**

## JUSTICE AND LEGAL AFFAIRS

**Hon. Warren Allmand (Notre-Dame-de-Grâce):** Madam Speaker, I have the honour to present, in both official languages, the first report of the Standing Committee on Justice and Legal Affairs. Pursuant to the order of reference on Friday, February 4, 1994, your committee has considered Bill C-4, an act to amend the Crown Liability and Proceedings Act, and has agreed to report it without amendment.

## FINANCE

**Mr. Jim Peterson (Willowdale):** Madam Speaker, I have the honour of rising today to present the second report of the Standing Committee on Finance. This is in accordance with the order of reference of Wednesday, February 9, 1994. Your committee has considered Bill C-3, an act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, and has agreed to report it without amendment.

May I also take this opportunity to say this is the second report to the House from the Standing Committee on Finance. I just want to thank all members of that committee who have worked so hard in the spirit of constructive co-operation to

bring in a second report in addition to all of the other business the committee has had to do. I thank all members.

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### MAIN ESTIMATES, 1994-95

#### REFERENCE TO STANDING COMMITTEES

**Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure):** Madam Speaker, pursuant to Standing Orders 81(4) and 81(6), I move:

That the main estimates, 1994-95, tabled this day, be referred to the several standing committees of the House as follows:

Since the list is rather lengthy, I would ask that it be printed in *Hansard* at this point without being read.

**The Acting Speaker (Mrs. Maheu):** Is that agreed?

**Some hon. members:** Agreed.

[*Editor's Note: List referred to above is as follows:*]

To the Standing Committee on Indian Affairs and Northern Development

Indian Affairs and Northern Development, Votes 1, 5, 10, 15, L20, L25, 30, 35, 40, 45 and 50

To the Standing Committee on Agriculture and Agri-Food

Agriculture and Agri-Food, Votes 1, 5, 10, 15 and 20

To the Standing Committee on Canadian Heritage

Canadian Heritage, Votes 1, 5, 10, 15, L20, L25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105, 110, 115, 120, 125, 130, 135, 140 and 150

To the Standing Committee on Government Operations

Canadian Heritage, Vote 145

Finance, Vote 55

Governor General, Vote 1

Parliament, Vote 1

Privy Council, Votes 1, 5, 10 and 30

Public Works and Government Services, Votes 1, 5, 10, 15, 20, 25, 30, 35 and 40

Treasury Board, Votes 1, 5 and 10

To the Standing Committee on Natural Resources

Natural Resources, Votes 1, 5, 10, L15, 20, 25, 30, 35, 40, 45 and 50

To the Standing Committee on Environment and Sustainable Development

Environment, Votes 1, 5 and 10

To the Standing Committee on Foreign Affairs and International Trade

Foreign Affairs, Votes 1, 5, 10, 15, 20, 25, L30, L35, 40, 45 and 50

### *Routine Proceedings*

Public Works and Government Services, Vote 45

To the Standing Committee on Finance

Finance, Votes 1, L5, L10, L15, 20, L25, 35 and 50

National Revenue, Votes 1, 5, 10, 15 and 20

To the Standing Committee on Fisheries and Oceans

Fisheries and Oceans, Votes 1, 5 and 10

To the Standing Committee on Health

Health, Votes 1, 5, 10, 15, 20, 25 and 30

To the Standing Committee on Human Rights and the Status of Disabled Persons

Justice, Vote 15

To the Standing Committee on Industry

Atlantic Canada Opportunities Agency, Votes 1, 5 and 10

Finance, Votes 40 and 45

Industry, Votes 1, 5, 10, L15, L20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105 and 110

Western Economic Diversification, Votes 1 and 5

To the Standing Committee on Justice and Legal Affairs

Justice, Votes 1, 5, 10, 20, 25, 30, 35, 40 and 45

Privy Council, Vote 35

Solicitor General, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45 and 50

To the Standing Committee on Human Resources Development

Human Resources Development, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40 and 45

To the Standing Committee on Procedure and House Affairs

Parliament, Vote 5

Privy Council, Vote 20

To the Standing Committee on National Defence and Veterans Affairs

National Defence, Votes 1, 5, 10, 15 and 20

Veterans Affairs, Votes 1, 5, 10, 15 and 20

To the Standing Committee on Public Accounts

Finance, Vote 30

To the Standing Committee on Transport

Privy Council, Vote 15

Transport, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55 and 60

To the Standing Joint Committee on Official Languages

Privy Council, Vote 25

To the Standing Committee on Citizenship and Immigration

Citizenship and Immigration, Votes 1, 5, 10, 15 and 20

To the Standing Joint Committee on Library of Parliament

Parliament, Vote 10

(Motion agreed to.)

*The Budget*

(1035)

**PETITIONS**

## CANADA POST

**Mr. Grant Hill (Macleod):** Madam Speaker, it is a privilege to present a petition to this House from the members of my constituency in Glenwood, Alberta. This petition relates to the post office and it is an honour to present this petition on behalf of those constituents.

## CHILLIWACK RIVER

**Mr. Chuck Strahl (Fraser Valley East):** Madam Speaker, it is my duty and honour to rise and present a petition duly certified by the Clerk of Petitions from over 400 concerned citizens in the beautiful Chilliwack River valley of my constituency of Fraser Valley East.

The petition states that incidents of flooding, related problems with roads, utility lines and residential homes and businesses are becoming more and more frequent since the disastrous floods of 1989 and 1990. Each such incident threatens public safety, devalues property and hinders the ability of residents to obtain mortgages and home insurance.

As a result the petitioners humbly pray and call upon Parliament to implement the Chilliwack River valley hazard management plan through the Government of Canada's infrastructure program.

## YOUNG OFFENDERS ACT

**Mr. Nelson Riis (Kamloops):** Madam Speaker, it is a privilege to present a petition on behalf of constituents from Kamloops, Chase, Savona, Pinatan, Knutsford, Little Fort, Barriere, Birch Island, Monte Creek, Pritchard, Monte Lake, Westwold, Blue River and Clearwater.

These constituents point out their concerns regarding the Young Offenders Act. They suggest that the act as currently enacted is inadequate for the needs of a modern society. They are asking Parliament to review the Young Offenders Act and take the necessary steps to ensure appropriate sentencing, better post-custody supervision and more effective rehabilitation programs.

\* \* \*

*[Translation]***QUESTIONS ON THE ORDER PAPER**

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

**The Acting Speaker (Mrs. Maheu):** Shall the questions be allowed to stand?

**Some hon. members:** Agreed.

*[English]*

**The Acting Speaker (Mrs. Maheu):** I wish to inform the House that pursuant to Standing Order 33(2)(b), because of the ministerial statement, Government Orders will be extended by 24 minutes.

**GOVERNMENT ORDERS***[English]***THE BUDGET**

## FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from February 23 consideration of the motion that this House approves in general the budgetary policy of the government; the amendment; and the amendment to the amendment.

**Mr. Jack Frazer (Saanich—Gulf Islands):** Madam Speaker, subsequent Reform Party speakers will be splitting their time, to 10 minutes and five minutes for questions and comments.

This morning I would like to address the budget from the point of view of the defence department and first of all to congratulate the government on some good measures it has taken. I have noted it is looking at reducing the rank structure in the Canadian forces and thinning out the level of middle management. Both these items are long overdue and will provide more people at the pointed end and fewer in the administrative support tail.

It is looking to amend its management practices, to delegate and lower the responsibility level to base commanders and other unit commanders, to do away with bureaucracy. This will make the process much more efficient and more cost effective.

It is looking at off the shelf purchases. For far too long Canadians have tended to put in special frills and things that required additional engineering which wound up costing more and taking much longer to implement. I think the off the shelf purchases are a very good idea.

We are looking at contracting out some of the things that Canadian forces personnel currently do. This as well is a step in the right direction.

(1040)

I understand from the defence document that we are going to look at contracting out flight training at Moose Jaw. I know this has worked very well at Portage la Prairie in basic training and I must admit I have some personal misgivings about putting the training of our air crews into other than military hands. However, certainly it has worked at Portage la Prairie and we should definitely investigate it at Moose Jaw.

I also note that group headquarters has been combined for efficiency and moved air combat, which used to be fighter group headquarters, from North Bay to Trenton. The same will be done

*The Budget*

with 10 tactical air group headquarters from St. Hubert to combine with air transport group at Trenton. Again, this is a refining and efficiency measure which will pay dividends.

The government also mentioned some infrastructure reductions, some \$850 million over five years by the 1997–98 timeframe. By that time savings will be \$350 million a year. I will be speaking to this from the other point of view in a few moments. However, I think all people who have looked at the defence department have been aware that there has been an overabundance of infrastructure in that force and it was time to reduce it.

However, I do think that defence has become an easy target. All parties in the last election, with the exception of the Reform Party, were aiming very strongly at large cuts in defence. I think this may be premature and that people do not appreciate the current state of the defence force.

Basically it has been underfunded since 1972 when Mr. Trudeau made dramatic cuts. He was reminded of the inter-relationship between defence and trade when he tried to make the cuts in NATO and very shortly found out that it would impact dramatically on Canadian trade. He reversed his decision on the cuts he was proposing.

The world situation has changed, without question. The relationship between the two superpowers has evaporated. However, rather than providing us with a more stable world, this has provided a much more volatile world, one which is much less predictable and, I would say, more dangerous.

Currently Canada has more troops deployed on operational missions than at any time since the Korean war. The current strength of the Canadian forces is 75,000 in round numbers. The government is suggesting that this should be reduced to 67,000 in round numbers by 1998. I question the wisdom of these cuts, particularly before we have completed a defence review to establish what we want the Canadian forces to accomplish.

I am not certain at the moment that 75,000 is a sufficient number to do the jobs Canadians will be asking their forces to do. I believe it really is premature to suggest that we should be cutting this number even further.

I am glad to see the reserve force staying constant at 30,000, although I believe there may be some need to expand its uses if we go to the total force concept and it is found to be workable.

Regarding budget cuts, over the period from 1989–97 the previous government had programmed in \$14 billion in defence budget reductions. This government has now implemented an additional \$7 billion deduction in the defence budget between 1994 and 1999. This is a total of \$21 billion over 10 years, a substantial reduction in a budget of only \$12 billion. This again

has been done before we know what we are going to be asking the defence forces to do. I think this is premature.

These defence cuts have reduced the operations and maintenance budget so that operational and training activities have had to be reduced by 25 per cent. In plain words, this means that the navy has and will continue to sail less. The air force has and will continue to fly less and the army has and will continue to train less. This means less well trained and less capable sailors, soldiers and airmen, and that means a reduced operational capability. There is no question that the training required by the forces increases its ability to do the job we ask it to do. Reducing its training reduces its operational capability.

The government has said that one half of the \$7 billion reduction over the five years in the defence budget will come from the cancellation of the EH–101 helicopter project. I remind hon. members that the EH–101 was a 13-year program extending to the year 2002 with the heaviest spending occurring in the years 1998 and 1999. The \$5.8 billion to which the government is referring is based on 2002 dollars rather than the original cost for the EH–101 which in 1991–92 dollars was \$4.3 billion. I suspect its number is not accurate, its \$3.5 billion saving.

(1045)

Also missing from the figures totally is the cost of the cancellation of the EH–101 program, payments to contractors who had already invested substantial sums in the program. This is estimated to be anywhere between \$500 million but more likely close to \$1 billion. This appears nowhere in the budget.

The Minister of National Defence said yesterday that this would not be coming from the defence budget, but if it is going to be paid it is paid out of our own budget. Since it is not identified that means it is in addition to the \$39.7 billion the government has already estimated.

In addition, the minister points out on page 2 of the budget impact document:

The Department will still have to find the money for replacement helicopters should the requirement be confirmed in the defence policy review.

He said also, and I agree with him, that the likelihood was that the need for these helicopters would be confirmed in that defence review.

Depending on the helicopters that are chosen to be bought, we can spend as much or even exceed the cost of the original EH–101 program. The Canadian environment provides an atmosphere that is perhaps among the most challenging for flying operations the world knows.

Canada is a beautiful country. It is one I have chosen over a many other countries, having visited them. It has many advantages but we have long and rather severe winters. When we have winter weather we have icing conditions. When we have icing



*The Budget*

conditions we have problems for flying machines, particularly helicopters.

Whatever airplane we buy it should have the ability to fly in icing conditions. I point out that when the Ocean Ranger went down off the coast of Newfoundland it took 36 human lives with it. Both the Sea King and Labrador helicopters were grounded in Halifax at that time. They were unable to fly because of a combination of icing conditions and fog.

The EH-101 helicopter could have operated in those conditions and may very well have saved those lives on the Ocean Ranger. Any helicopter we buy to operate in Canada whether it be from ships or in search and rescue should be able to have the range, the speed, the capacity and the ability to fly in icing conditions.

Let me move on to another cost saving measure, the reduction of infrastructure. The government has announced that it will close four bases: the base at Cornwallis, the base at Chatham, the base at Ottawa, and the base at Toronto. A total of \$185 million is identified in the defence document as the cost of those closures. I do not think they are going to include termination training, allowances for civilians or transfer costs for military personnel.

The gift of the station at Downsview to the city of Toronto as a gift in perpetuity, a park, is a super thing. Is my time up, Madam Speaker?

**The Acting Speaker (Mrs. Maheu):** The member's time has expired. Could he conclude please.

**Mr. Frazer:** Basically there are some good things in the budget, but there are many things which are incomplete and have not been thought through. Budget day in 1994 was not only a disappointing day for Canada; it was not a good day for Canada's defence force.

**Mr. John Richardson (Perth—Wellington—Waterloo):** Madam Speaker, I listened with great interest to the hon. member for Saanich—Gulf Islands. He made some very good points in his speech.

I know from his experience the infrastructure was like an albatross around the neck of the forces in terms of budgets for the past 10 to 12 years. The move was seen by all professional officers as an excellent one, as a way to free up money for the needed things he mentioned in his speech. The government should be applauded for taking the stand to depoliticize the nature of bases. I certainly go along with that.

(1050)

I agree with him that we should not be tailoring the future of the forces based on the budget. A lot of thought has to go into that matter. I hope the committee that is put together will come up with a forward thinking program and task the armed forces appropriately. I look forward to working with him on that future project.

There are other points I would like to make. The British announced today a very serious cut in defence expenditures. As the member just noted, they have gone to a ratio of total force. They call it a one army concept, a one navy and one air force concept. Here we call it total force. They are putting more resources into upgrading the quality of the reserves as a method of rapid expansion in case of need.

As the member appropriately indicated, we may probably have to look at it in the future as a way to bring the people of Canada into the armed forces by having the reserve component enlarged and increased in competence to take on the roles they do in the German air force, the American air force and the reserve programs, as well as in the army and navy components.

Overall he made some very good points. I want to make clear that the cut in infrastructure was applauded throughout the forces because it was a drain on both financial and human resources. It will release that hopefully for the future growth of the forces.

**Mr. Frazer:** Madam Speaker, I would like to address the problem of infrastructure. I agree with the hon. member that obviously there was a military hand in the cuts that were made. These were not done for political reasons. I appreciate that. I think it is a step in the right direction.

I would question the wisdom of closing either of the two defence colleges, Collège militaire royal in Saint-Jean or Royal Roads Military College in Victoria. The total capacity of the production of the defence colleges has not been sufficient to provide the Canadian forces officer corps with sufficient graduates.

I can speak for Victoria. The University of Victoria does not have the capacity to absorb additional students. By taking this productivity from Royal Roads the number of qualified graduates that will be available has been cut. If these are supplanted by armed forces training prospects it will cut other people out of the program. It is my understanding the university training given at Royal Roads is very slightly more expensive than that given at any civilian university. I suggest the government was premature in shutting down these two universities.

[Translation]

**Mr. Robichaud:** Madam Speaker, it has been agreed that hon. members on this side of the House, in other words, the Liberal members, will share their 20-minute speaking time, which means two periods of 10 minutes, with the exception of the ministers who will use the full 20 minutes.

[English]

**Mr. Herb Grubel (Capilano—Howe Sound):** Madam Speaker, the Government of Canada is like a person who has a weight problem. Overspending is like overeating. The deficit is like the fat that stores the excess calories consumed. The dangers for Canada are the same as for the overweight person.

*The Budget*

Ultimately the fat will clog the arteries and some vital functions will fail.

Like those with weight problems our government always makes resolutions to do something about the problem: just enough calories today to sustain the fat and a more serious diet next week.

The excuses for procrastination are always the same. We need the calories to sustain the living tissue otherwise there will be pain: unemployment. Another excuse is that we are about to discover a method for losing weight without pain: an infrastructure spending program, some grand redesign of social programs, more efficient government operations or the closing of tax loopholes.

(1055)

This budget has put the patient on a diet which slows the rate of growth of the debt. It does nothing to stop the debt from growing. Certainly there is no indication that we can ever expect a slimming of the debt. Promises for a more restrictive diet following the redesign of social programs are no longer believable. There are no painless ways of losing weight. No studies will uncover them.

More important, it makes no sense to keep on saying that all slimming procedures are health threatening. Canada had full employment and rapid economic growth when budgets were balanced. The restoration of balanced budgets really restore these favourable conditions, just like people feel healthier and more vigorous who have dieted successfully and have returned to their normal weight.

The cure for Canada's disease is known. It needs to be applied soon or the patient will be seriously ill. All it takes is to say no to additional helpings of food. We need to cut spending drastically. During the election campaign the bulk of people I had contact with were concerned about the size of the deficit and debt and wanted dramatic action to reduce it. They believed that the overweight person, the Government of Canada, must be made to slim down to where there is no more fat. They believed that a crash diet was worth the pain in the knowledge that health would be restored.

My constituents put one important condition on their willingness to make sacrifices for the sake of the country's fiscal health: the pain must be shared by all Canadians. Our basic system of public health care and pensions must be preserved. Social spending programs must be restructured to serve only those in need. The budget does not share the burden.

The people in the defence industries, civil servants, elderly taxpayers, business, entrepreneurs with capital gains and the recipients of UIC have been singled out. Worse, these Canadians are asked to make sacrifices while excess spending is maintained. There are 18 new spending programs which in the aggregate match the cuts. These new programs are motivated by the desire to pursue ideological goals stemming from the liberal

world view about the ability of government to solve all problems of society.

There is the promise to increase the number of day care spaces once economic growth has reached 3 per cent. The forecast is for such a growth rate during the next two years. What will this promise cost? The budget is silent on this potentially very expensive program.

There is much known fat in current government spending programs. No studies are needed to identify it. It could have been cut to reduce the deficit significantly while resulting in much more equitable sharing of the burden.

First, there is the unemployment insurance system. The proposed changes in eligibility requirements are a step in the right direction but they are not enough. By most international and our own historic standards the benefit rate of 55 per cent for single persons is too high. Lowering it by two percentage points is symbolic rather than economically effective, especially when at the same time the benefits to others are raised to 60 per cent.

Second, old age security benefit payments are slated to rise 7.5 per cent from the current \$20 billion in two years, primarily because there are more eligible Canadians and because of the indexing of the benefits. Yet, it is well known that a very substantial part of OAS payments are going to families with high incomes. It was never the intent of the program for families in the top decile and earning \$100,000 to receive annually over \$2.5 billion under this program while they are retired, without family obligations and fully insured against health care expenditures.

Third, the most rapidly growing expenditure category is grants to Indians and Inuit. It is slated to rise a full 17 per cent in two years. Many people who have been asked to make sacrifices are wondering why spending in this program is slated to increase \$300 million every year for the next two years.

More generally this budget claims to make savings of \$8 billion in two years. It should be noted that these savings are relative to spending levels slated to increase according to the budgets made a number of years ago. Half of them are due to what is called securing savings from previous budgets which requires no measure of political courage. In effect all the so-called savings amount to nothing more than the reduction of previously announced spending increases.

The bottom line for Canadians is that the level of program spending is slated to remain unchanged at \$122 billion during the next two years. This is not the kind of diet the overweight patient needs.

(1100)

There is legitimate reason to be sceptical about the realism of the projected size of the public debt charges. They are slated to rise only \$3 billion over the next three years. The expected deficits of this period are about \$100 billion. The interest on this additional debt alone is \$6 billion. Therefore the government

*The Budget*

must expect to enjoy large savings of \$3 billion on debt service charges on the already existing debt of \$504 billion.

This is a very risky forecast. Economic growth is predicted to be 3 per cent and 3.8 per cent in the next two years. This will create inflationary pressures which will be compounded by the delayed effects of the depreciation of the Canadian dollar during the last year.

The forecast of the inflation rate of 1.3 per cent for 1995 is very low and so is the related forecast for interest rates of only 6.1 per cent on long term bonds in 1995. Adding to my scepticism about interest rates is that the U.S. economy is booming and rates there have already begun to rise. Canada cannot afford to have a significant gap in favour of U.S. interest rates.

I also have my doubts about the forecast for economic growth in the next couple of years, doubts which are not shared by the majority of economists. I believe the main reason consumers are reluctant to spend and therefore are extending the recession is that they are worried about the country's deficits and debt. They worry whether they will experience the collapse of government services and entitlements suffered by the people of New Zealand.

Until they are sure that our government has taken courageous steps to reduce the deficit, they will continue to spend cautiously. As a result, economic growth may well remain more sluggish than has been forecast in the budget.

Let me close by noting that the international capital markets are giving the government breathing space for this budget, however disappointing are the figures on the level of spending cuts. Several people in close contact with the financial community have told me that we may expect serious capital flight and a financial crisis unless the announced redesign of the social programs this fall produce significant savings.

I therefore urge the government to make the redesign of the social services a serious effort. If there are no tough decisions made and credible savings generated, Canada may find itself in the same position as did the country's largest real estate empire.

Rumours and predictions about a financial crisis were denied and banks kept on extending credit until suddenly and upon one extra slight provocation the crisis started and the entire empire began to collapse. The diet was too late and too little.

Let us hope that Canada will not face the same problems. The decision is in the hands of the government.

**Mr. Andy Scott (Fredericton—York—Sunbury):** Madam Speaker, I am delighted at the opportunity to beat all of my colleagues to the floor. I was certain that the speech would

provoke an immediate reaction. Certainly it reminds me why I am here.

I would suggest to the member for Capilano—Howe Sound that the objective of social programs is not to save money. The objective of social programs is to help people. To set out with an immediate objective that is based on the need to save money is incorrect in the spirit of those programs.

The 18 new programs that the budget is financing were presented to the population of this country last fall and accepted and supported in big numbers. I think to do anything but to support those programs is to ignore the democratic wishes of the people in this country.

The idea that the UI reductions did not go far enough I find mind boggling, that the way we would try to save money is to take it from the hands of people who are just getting by so that people who are getting by more comfortably will be more comfortable in their support for these programs.

Finally I would say, in keeping with the member's analogy in terms of diet, there is a big difference between dieting and starving people to death.

**Mr. Grubel:** I thank my hon. colleague for his comments. They are clearly partisan. This is what divides people. I look forward to seeing how many letters he will get from the people who have been singled out to make sacrifices so that other people can get benefits. I find that the kinds of programs initiated by his government are not popular with my constituents.

(1105)

**Mr. Eugène Bellemare (Carleton—Gloucester):** I would like to comment on the remarks of the tough-talking, self-proclaimed crash diet expert from Capilano—Howe Sound. He says we are not going through enough pain in dieting and that we should be on some kind of crash diet. I am not too sure if he confuses the word diet with what my friend just mentioned to me, starvation.

The hon. member said that the Liberal Party is now going into excessive new spending. Then he attacked the system for day care we want to introduce. He talked about overweight Canadians. I react to that with a smile.

He says that the UI changes are not enough, that we should have been more courageous and we should have cut, cut, cut further. I wonder if the member for Capilano—Howe Sound would have further cut the UI.

He talks about letter writing from Canadian citizens. I wonder if he would care to write an open letter to the newspapers in the Atlantic provinces on the UI changes which he would propose. I am waiting with bated breath to hear what his proposals would be.

*The Budget*

On old age security he says that we are giving out too much money. I wonder if he has read the budget and if he has had reactions from people who are now seniors and will be paying much more in taxes due to the thousand dollars they will be losing from now on.

He talked about the 17 per cent increase to natives, \$300 million a year. I wonder if he could expand on his views regarding the treatment of natives.

I will stop at this point because I believe the member for Capilano—Howe Sound, the tough talking, self appointed crash diet person, probably has a lot on his plate right now.

**Mr. Grubel:** Madam Speaker, I will be very brief in commenting on the wonderful reiteration of the ways in which this government is preserving this wonderful country which is going down the drain because we are facing a financial crisis. One hundred billion dollars more added to the debt in three years. It alone will add \$6 billion to the current deficit. I do not understand how this can continue.

**Mr. Barry Campbell (St. Paul's):** In this, my first speech in the House of Commons, I would like to congratulate the Speaker on his election and you, Madam Speaker, on your appointment.

I would also like to express my sincere thanks to the people of St. Paul's riding in Toronto who have entrusted me with the honour of representing them in this Parliament. I accept this responsibility in all humility.

St. Paul's riding is in many ways a microcosm of Canada. It defies easy characterization. It is a place of contrast. It is a riding of tenants and home owners, business executives and building contractors, new Canadians and people who have been here for generations. Successive waves of immigrants have called the southwest part of my riding home and supplanted one another in this neighbourhood as each group has prospered and moved on, the Canadian way.

Among the residents of St. Paul's are many of our best known business, cultural, political, labour, educational and community leaders, and many thousands of hard-working people who through their efforts keep Toronto and Canada growing.

(1110)

As I went door to door during the last election, I was continually moved by the diversity of Canada and how it is reflected in my riding. In representing St. Paul's, I have wonderful role models to look to: John Roberts, Mitchell Sharp and Walter Gordon who represented voters in this riding in the past. These people of great vision and deep commitment to Canada shared a fundamental belief in the virtue of public service.

In carrying out my responsibilities I shall very much have in mind their example, people who served, and in the case of

Mitchell Sharp continues to serve, with integrity and devotion to their country.

I must pause to say thank you to my family, the unsung heroes in any politician's life. I am grateful to my wife Debra, who holds things together in Toronto while I am here, and to my two sons, Matthew and Jeremy.

My parents taught me that we each have a responsibility to give back to our community. Whatever our personal circumstances we have the same responsibility to roll up our sleeves, get involved and try to make a difference. I shall always be grateful for that lesson and their support.

Over the last year I have had the privilege of meeting thousands of people in my riding. They voiced concerns about jobs and the economy. Many are deeply troubled about the future and perplexed about the role of government in our time.

St. Paul's has not been spared the ravages of the recession. For many, optimism has given way to frustration and despair. Economic stagnation has taken its toll. However, our spirit is strong. The people in my riding are not apathetic. They have channelled their frustration and anger into action and involvement within their community, their city and their country.

Politics is serious business in my riding. St. Paul's is the site of Montgomery's Tavern where William Lyon Mackenzie planned his rebellion of 1837. One cannot help but notice parallels between those days and our own. The rebellion resulted from widespread public anger directed at a government which was disinterested, self-absorbed and out of touch. The bold actions of 1837 paved the way for responsible government.

One hundred and fifty-seven years later the Canadian people, angry with a disinterested and out of touch government, again rebelled the way we do in modern society: at the ballot box. The message they sent was loud and clear. Canadians want responsive and responsible government.

The people of my riding are unforgiving of politicians. They do not forget if we fail to keep our promises. That is why I am proud to be part of a government which is proceeding with this budget to do exactly what it said it would do. We are funding every major commitment in the red book. When we keep our promises we go a long way to restoring the confidence Canadians must have in their government.

Among the many noteworthy budget initiatives are the infrastructure program, the youth service corps, prenatal nutrition programs, the restoration of the court challenges program, the technology network and the residential rehabilitation assistance program.

There are two different visions for Canada. Some believe, and we have heard it today, in a Canada of winners and losers, of we and they, of us and them. They believe government is the problem, that government has no role to play except to stand

*The Budget*

aside and let the chips fall. Their theory is that the economy will adjust, that we will all be better off in the long run if government simply gets out of the way.

In the meantime, and it is a mean time, slash and burn economic policies have a terrible impact on the social fabric of society.

[Translation]

I learned a few things when I was working for the monetary fund in Washington.

[English]

One of the things I learned is that slashing expenditures alone, what we call shock therapy, leads inevitably to serious costs to society and fails to restore fiscal health. We must control expenditures and foster growth. That is the course we have set. We should beware of those who would prescribe quack diets.

[Translation]

Our vision is different. We cannot define Canada in terms of winners and losers. What matters to us is improving the quality of life of all Canadians so that they can all be winners.

The government has a role to play in revitalizing the economy and in preserving the social fabric. Canada has always been a land of prosperity and Canadians have always prospered under a government which could play that role, even in times of fiscal restraint. As the budget indicates, our government must take an active part in the economic, social and cultural life of this country.

[English]

This budget demonstrates that this government understands its responsibilities to the people of Canada. For Canada and for Canadians to prosper, government must neither stand aside nor stand in the way. Government must stand alongside Canadians.

(1115)

I know the government cannot do everything. There are worthy things we simply cannot afford to support. We have made tough choices in this budget but I believe we have made the right choices. We were listening to Canadians in the pre-budget consultations.

[Translation]

As a member of the Standing Committee on Finance, I look forward to listening to the views of Canadians on the thrust of the economic policy.

[English]

The government understands the reality we are faced with today and is prepared to do that which is necessary to be fiscally responsible. Controlling spending is a priority for this government. This budget begins the long and difficult task of reversing the debt and deficit spiral. The budget incorporates a more

ambitious deficit reduction plan on the expenditure side than any budget in the last decade.

We will not blame the previous government for the sorry state of Canada's financial affairs. We are prepared to be judged by how we deal with the hand we have been dealt by the world we find. This budget is a first step in a longer process which began on October 25 to restore fiscal health and preserve the social justice which defines Canada.

The government will not solve Canada's problems by creating a permanent underclass in this country. Those who need help most will always have the assistance they require. I will work with the government to identify and support the role that government can and should be playing.

Government can and should bring people together, set goals, provide leadership, make sure the job gets done fairly and effectively. That is what this budget is all about. The government understands it has a role to play in helping people find decent work, in helping restore their confidence. Even in difficult economic times government must respond to the needs of Canadians and Canadians need jobs.

The budget accomplishes this in two ways. The infrastructure program is putting people to work now. In looking to tomorrow, to tomorrow's workers and the jobs they must have, the budget establishes a national literacy program, a youth service corps, internship and apprenticeship programs, and innovative programs for small business.

I am confident that together with the people of Canada we can solve the riddle of the 1990s. We will be able to have a caring society, a vital cultural life, and a viable economy. We are up to the challenge.

[Translation]

We, as members of Parliament, must do our job, but Canadians too must do their share and keep on believing in what we can accomplish together. All citizens of our great country must recognize and accept their responsibilities towards this society and do their share. We must regain confidence in our common future.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup):** Madam Speaker, I was rather surprised by the speech of my colleague, because my vision of the budget is entirely different from his.

How can he say that we are going to improve the quality of life in Canada, when the qualifying period for unemployment insurance has been raised from 10 to 12 weeks at a time when people are experiencing a very difficult economic situation in the regions of Quebec and Canada? How can he say that reducing the number of weeks of insurable employment for an individual to be eligible to UI benefits will improve the quality of life of Canadians? I believe that Liberals will have to admit, at the very least, that their budget is a conservative one.

*The Budget*

What should we think about this budget, when the government is reaching into the wallets of senior citizens. They have paid their share all their lives and now that they are retired, all they deserve is to see their income cut back. I think the media were very clear on this. I would be pleased to hear the hon. member explain to me how this is going to improve the quality of life of Canadians.

Also, how can he say the deficit is under control, when it is the highest that any government dared make public? I am willing to make a bet with the hon. member that, next year, when we get the figures for the fiscal year, the deficit will be \$45 billion rather than \$39 as forecast, because the Liberals were not willing to take their responsibilities and reduce the duplications.

(1120)

*[English]*

**Mr. Campbell:** Madam Speaker, I want to thank the hon. member for his question.

The budget is very much about the quality of life. It contains numerous programs, many of which I have focused on, that are all about the quality of life: our youth, the jobs they must have, the retraining that must take place and the preservation of the social programs that he referred to in a sensible way which contributes to getting people back into the workforce.

**Mr. Art Hanger (Calgary Northeast):** Madam Speaker, I appreciate some of the comments the member made in reference to the response of people to a government that does not listen. I keep wondering how things are changing right now when we are faced with that very situation. Government is not listening to the people.

Many have expressed concerns about the massive debt that keeps building up. The budget has just been released and it amounts to a situation now where in the next three years we will have an additional \$100 billion in debt. That certainly does not reflect what the people are demanding. A threat hangs over the head of every taxpayer in the country. There is now going to be a service charge to be paid, again on the backs of the taxpayer.

What is going to happen? Are we going to have additional tax burdens again affecting the quality of life? How caring will the government be when forced by lenders to curtail its spending? If we do not get a handle on it now, what is going to happen in the next three years when the lenders say that enough is enough?

I would appreciate the member responding to how caring the government will be after failing to take immediate action. It will be a much greater crisis in the future.

**Mr. Campbell:** Madam Speaker, I want to thank the hon. member for his question.

There are no tax increases in the budget and I have every confidence, unlike the hon. member and some of his colleagues,

that we are up to the challenge. I am not sitting on the edge of my seat waiting for the total collapse of this country. I am shouldering my burden along with my colleagues on this side of the House and the few who are over there in getting on and in getting the job done.

**Mr. Benoît Serré (Timiskaming—French River):** Madam Speaker, I want to thank you for giving me the opportunity to address the House this morning on this important matter of my government's first budget.

For the past few weeks, I have sat in the House, listening to the many statements, questions and speeches made by my colleagues on both sides of the House. I was struck by one fact. No matter how different our approaches and methods and no matter which region of Canada we originate from, we all share something in common: a strong sense of duty to our constituents.

For me my riding will always come first. I want to thank the people of Timiskaming—French River for putting their faith in me. I want to tell each and every one of them how proud and honoured I feel to be their voice here in Ottawa.

Many of my colleagues on both sides of the House have addressed specific issues in relation to the budget speech today. I would like to restrict my comments to two areas which I feel have more direct consequences to my riding: mining and agriculture.

My riding of Timiskaming—French River is largely a rural riding. It is vast in size and stretches from Matheson and Kirkland Lake in the north to the French River of Alban and Noelville in the south. It is a riding that has been developed by the forestry, mining and agricultural sectors. Although tourism offers great potential it remains relatively undeveloped.

Unfortunately as a result of the poor mining policy of the previous government and the cancellation of mining incentives by the Conservatives in 1987, for the first time in its history Cobalt has no operating mine. The Adams mine in Kirkland Lake and the Sherman mines in Temagami, two iron ore pellet producing mines, closed in 1990. Dofasco through very questionable circumstances now buys its iron ore pellets in the former Prime Minister's riding.

(1125)

Permit me to state a few facts and statistics on the mining industry in Canada. The first big myth is that mining is only important to a few remote areas of the country. This could not be further from the truth. The mining industry is the cornerstone of our economy, accounting for approximately 16 per cent of total exports, 4.6 per cent of gross domestic product and 100,000 high paying, skilled jobs. More jobs are created in urban centres from services and supply to the mining industry than in the actual mining communities.

*The Budget*

Mining is a mainstay of employment and industrial activity in more than 150 communities across the country with a total population of about one million people. Urban areas also benefit as they are home to international mining head offices, support industries including banks, stock markets, insurance companies, suppliers, legal services and consultants.

This is why I am so pleased with our initiative to establish a reclamation fund mechanism for the mining sector. I intend to continue my consultation with the Minister of Finance and cabinet to ensure that other initiatives, as set out in our mining policy, such as a single window environmental process and an incentive program for exploration, be implemented as soon as possible.

The second big myth is that mining is environmentally damaging and irresponsible. Well-intentioned environmentalists have virtually declared war on our resource based industries like mining, forestry and trapping. Yet the total mined acreage in the country is smaller than metropolitan Toronto.

Although I recognize that forestry and mining practices of the past cannot be repeated, we must guard against extremes which would result in the death of our resource based communities and thus do great harm to the Canadian economy as a whole. We must do more to educate the general public, especially from the urban areas, on the importance of mining in the Canadian economy.

In the last five or six years our ore bodies inventories in this country have been reduced to dangerously low levels. The lack of consistency and the duplication in environmental processes, the lack of incentives and a reclamation fund mechanism, land accessibility because of native land claims and parks are but a few of the problems facing the mining industry.

The Liberal Party in the last election was the only party which developed a comprehensive mining policy. These policies received tremendous support from the mayors and reeves of the mining communities across the country, most of which are single industry towns. These policies were also endorsed by all major mining associations in Canada. I praise the finance minister for acting expeditiously to implement some of those policies.

[*Translation*]

Agriculture remains an economic sector which is essential for the security, the prosperity and the sovereignty of our nation. On December 15, Canada signed the GATT Agreement in Geneva. I want to congratulate the Minister of Agriculture, the Minister for International Trade as well as the 60 members of the Liberal caucus who worked hard to defend the interests of the Canadian farmers in Geneva.

Together we have succeeded, under those very difficult circumstances and in spite of tough time constraints, in maintaining our marketing system and an effective control over import

quotas through an appropriate pricing method. Those measures will allow our family farms to survive in the short and the long run.

We still have a very thorny problem to settle with the Americans, the cream and yoghurt issue. I am confident that the Minister of Agriculture will be quite capable of negotiating with them a bilateral agreement which will satisfy our Canadian dairy producers.

(1130)

However, we will have to be very careful not to give in to the constant pressures of the Americans who are asking us to lower those import tariffs. We will have to maintain the viability of our family farms at any rate.

A country that cannot feed its own people is not a sovereign nation. Therefore, I am very proud that the Minister of Finance maintained the major safety nets for farmers, including the Gross Revenue Insurance Plan and the Net Income Stabilization Account.

I would like to make a few comments to my colleagues from the Official Opposition, in particular to their leader. First, I wish to say a few words about my background. My ancestors arrived in the beautiful city of Quebec around 1658. I am very proud to be a descendant of one of the greatest Canadians, Sir Wilfrid Laurier. My family moved to Ontario around 1889 to work in the logging industry and clear rocky lands. I am extremely proud that we were able to preserve not only our language but also our French culture, despite all the challenges and fights we had to face in Ontario.

Last year, my family was designated the Francophone Family of the Year by the ACFO Nipissing.

My riding is made up of about 30 per cent of francophones, as well as Canadians of Ukrainian, Polish, Italian and other origins, and 45 per cent of anglophones who came to work on the land, sometimes a very difficult land to develop. I intend to defend the rights of all these minorities equally.

I am doubly proud to be the first francophone elected in the Timiskaming—French River riding, with the biggest majority ever seen there, since the riding includes six municipalities which declared themselves unilingual anglophone, even before Sault Ste. Marie went that way.

That is why I listened to the opposition leader's speech with great concern and apprehension. I had the impression that, during the election campaign, he promised Quebecers that he would concentrate first and foremost on job creation and economic renewal. I think it is the reason why many Quebecers voted for his party. However, nearly all his speeches have been very negative and mostly devoted to his separatist agenda. Quebec constituents are not any different from those in Timiskaming—French River. They want to be able to earn a decent living and put food on their table.

*The Budget*

Consequently, I would like to warn the opposition members that if they do not set aside their separatist option and start working with this government to put Canada back to work, as a party, they will end up paying a huge political price.

Moreover, for the Leader of the Opposition to consistently refer to the rest of Canada as English Canada is an insult to the millions of francophones outside Quebec, as well as the millions of Canadians of other origins.

I had the opportunity and the pleasure to visit beautiful Quebec City and other areas in Quebec where I felt at home. They are as much part of my heritage as of any Quebecer's. Thus, I would like to invite my colleagues from the Bloc Québécois, especially those who come from Northwest Quebec, to work with us to implement our mining, forest and farm policies, extend the Ottawa seaway, and jointly develop our tourist industry, so that we can stimulate the economy and create jobs.

Let us look for what unites us rather than what divides us and together, let us put our country back on its feet.

(1135)

**Mr. Yvan Bernier (Gaspé):** Madam Speaker, I want to congratulate my hon. colleague from Timiskaming—French River. I must say, however, that I do not agree fully with his comments. He speaks of sovereigntists. Well, I am proud to be a sovereigntist, but I am even more proud of the fact that our leader addressed the sovereignty issue during the election campaign. Another distinguishing feature of Bloc Québécois members is that they are realists.

The budget brought down this week is an assault on existing social benefits. We have proof of this. We have listened to our constituents and seen the impact of cuts, of lower unemployment insurance premiums, of the increase in the number of weeks of work for UI eligibility and of other reform measures which have either been announced or are being planned for them by the Minister of Human Resources Development. We are confused and worried. And we are rightly proud that we are sovereigntists and realists.

We are not trying to be divisive, to start any arguments or to score political points at the expense of Quebecers and Canadians. We have before us a budget about which my colleague spoke at greater length. I fail to see why one would seek out divisive issues. But, since we are talking about this, I would like to reiterate that the second distinguishing feature of sovereigntist Bloc members is their realistic approach in saying to Canadians: Be careful, you voted for the Liberals, the ones responsible for this budget. We have always maintained that there is very little difference between the Liberals and the

Conservatives. During the election campaign, we used the expression “six of one, half a dozen of the other”.

If we had to start another campaign tomorrow morning, in referring to the difference between the Conservatives and the Liberals, I would say that the Liberals are just Tories wearing red ear muffs. That is all I wanted to say.

**Mr. Serré:** Madam Speaker, on one side we have the Reform Party claiming that we did not cut deep enough, while on the other side, we have the Bloc Québécois that says we were too ruthless. They want us to reduce the deficit, but they do not want us to make any cuts or increase taxes, as we did on corporations and wealthier Canadians.

A well-known Quebec comedian and philosopher by the name of Yvon Deschamps summed it up quite well when he said that what these people want is an independent Quebec within a united Canada.

[English]

I must say that one cannot have it both ways. One cannot have one's cake and eat it too.

[Translation]

**Hon. Lucien Bouchard (Leader of the Opposition):** Madam Speaker, governments come and go, but nothing changes. At least, that is the distinct impression one gets from the February 22 budget, once the veil of pretence has been lifted and the many statistical pirouettes have been figured out.

Yet, the members opposite claimed they had understood a few things: first, the urgent necessity to drastically reduce the federal budget to reverse the debt spiral which is spinning out of control; second, the price to pay in terms of credibility for padding forecasts for future economic progress; and third, the need for openness and transparency to win people over, as they are the ones who pay and do not appreciate being mistaken for something they are not.

There was also a fourth thing, which the government seemed to distance itself from more and more as the fateful moment to table the budget drew near. The federal government is unquestionably responsible for creating the debt spiral, and therefore the budget crisis that Canada is currently facing. Logically, it should make some sacrifices and clean up its own act.

Given that the federal government had recognized in December, at the premiers conference, that overlapping jurisdictions and policies were a problem, some were nevertheless hopeful.

(1140)

Alas, on all four fronts, the budget is a surprising disappointment, especially since the government has, at the very beginning of its mandate, a wide-open window of opportunity, both politically and economically. Any recovery, however slight,



*The Budget*

still gives more leeway than a recession. This golden opportunity was missed.

Let us look at the substance. The billions in cuts announced left and right combined with the spectacular increase in federal revenues would have led any person unfamiliar with the vocabulary used by successive finance ministers to believe that the trend in the federal deficit would finally be reversed as early as next year. Nothing could be further from the truth.

We will go from a deliberately inflated \$45.7 billion deficit in 1993-94 to an almost \$40 billion deficit for the coming year. The government's budget plan tells us that the 1993-94 basic deficit, excluding non-recurring factors, will amount to \$42.1 billion and that, without any political change, next year's deficit will go down to \$41.2 billion.

Let us compare this \$41.2 billion figure with the \$39.7 billion deficit announced by the Minister of Finance. We must conclude that all this figure shuffling by the government results in a very modest deficit reduction of \$1.5 billion. The Minister of Finance wants to convince us that he deserves a gold medal in deficit reduction. In fact, he deserves a paper medal.

Why paper? Because a paper medal has two sides, one for recording revenues and the other for recording expenditures. When we look at it more closely, we see that the finance minister's alleged achievement is entirely based on a revenue increase so large that we are taken aback, especially since his economic forecasts for 1994 are both realistic and modest. But it is pretty useless if we do not arrive at the right conclusions. Even if we exclude non-recurring factors, revenues only went up by 1.2 per cent between 1992-93 and 1993-94, while the GDP grew by 3.3 per cent in nominal terms.

With a wave of the finance minister's magic wand, revenues, excluding increases due to a broader tax base, will suddenly jump by 4.6 per cent with a GDP nominal growth of 3.9 per cent.

We must ask the question that the Minister of Finance has been avoiding: What would be the impact of a more realistic tax revenue increase of, say, 3 per cent? The deficit would amount not to \$39.7 billion but to \$42.9 billion. The basic deficit for 1994-95 would stay the same as that for the fiscal year ending in one month. At first sight, this outcome would seem the most likely.

The government backed down after the general outcry caused by the trial balloons on RRSPs and employer-financed health insurance plans. But it will still take \$1 billion from the pockets of the middle class over the next three years, while some tax shelters reserved for the wealthiest stay in place. They told us about making taxes more equitable, but that will have to wait.

If the government wants its revenue forecasts to materialize, it must allocate additional resources to create jobs by making

further cuts in less sensitive federal expenditures. There would then be a real deficit reduction with, as a bonus, a beneficial effect on long-term interest rates and, in turn, on consumption and investments.

The government is acting as though Canada was not facing a structural economic crisis. The year 1994 did not start well on the employment front as 38,000 jobs were lost last month so that, nearly two years after the recession ended, 47 per cent of the jobs lost during the recession in Canada have still not reappeared. The 143,000 jobs created in 1993 were not even enough to absorb new arrivals in the workforce. Quebec still has to recover 60 per cent of the lost jobs. The Canadian economy is still performing well below its potential. The Minister of Finance himself predicts that 173,000 jobs will be created in 1994, which is barely enough for the new arrivals and is not enough to continue making up lost ground.

(1145)

One of the obstacles to a real recovery of the Canadian economy is the level of longer-term interest rates, which are still high, especially because of this huge debt hanging over Canadians like a sword of Damocles. Historically, long-term interest rates did not exceed 4 per cent in real terms. Today, they are still 6 per cent and, even worse, have started to rise again in the last few weeks under pressure from the U.S. economy.

[English]

The only way of bringing back the momentum of lower long-term interest rates is by substantially reducing the federal deficit. When we have a debt of \$511 billion, a one point decline in rates represents more than \$5 billion less in interest payments. Half the federal debt is of a short-term nature and half is of a longer term nature of is more than one year. This momentum can feed on itself but it has to be sustained and propelled by a government that knows where it wants to go. This does not seem to be the case.

As things stand now the prediction of the Minister of Finance on long-term interest rates seems too optimistic. In a few months the federal deficit will appear to be still out of control and significant economic growth will again be postponed. Job creation was supposed to be the rallying cry of the Liberals. The Minister of Finance predicts a real boost in job creation but unfortunately not this year. It will be next year only.

I am reminded of the metallic plaques in a few French cafés and brasseries bearing the inscription: "Tomorrow free beer". It is tomorrow only and we read it today.

In the meantime what are we supposed to make of a budget that acknowledges one of the first measures of the new government enacted last December was and is a job killer. It is written in black and white on page 2 of the background on the proposed changes to the unemployment insurance program.

*The Budget*

Referring to the rollback in the premium rate from \$3.07 to \$3 next January it says:

—will provide significant financial relief to businesses. By the end of 1996 there will be 40,000 more jobs in the economy that could be expected if premiums were allowed to rise.

Certainly 40,000 jobs are not something to be looked down upon in these uncertain times. It represents maybe \$1 billion in wages.

The government is going to roll back its own increase in the premium rate this year but only in 10 months. In the meantime this increase is killing thousands of jobs. It is strange indeed.

[*Translation*]

But how do you explain that the announced cuts of several billion dollars do not have any real impact on the deficit? This is because there are two kinds of cuts: real cuts and artificial cuts. For several years, finance ministers have become real specialists in making false cuts.

What is an artificial cut? It is an announced reduction of planned future spending. What was usually foreseen before, of course, was an increase. Reducing or eliminating this increase, in the jargon of technocrats at the Department of Finance, becomes a cut. An employee whose salary raise goes from 5 to 3 per cent has his pay cut 2 per cent, from this point of view, although in fact it is a 3 per cent increase, which will be accounted for as such in the budget of the company or the department.

Such an approach obviously has several advantages for the government. For one thing, it is a good show for the media, since the billions pile up fast in this game, especially since there is no time limit. They will talk about cuts spread over the next three or even five years. And since they are in the habit of adding the cuts over several years, even if it only makes the debate more confusing, they quickly come up with impressive amounts that they can boast about.

(1150)

What this approach does, in reality, is keep the public guessing as to the government's determination to take the bull by the horns. These budget papers, like all those that came before, do not include the expenditure forecasts of the previous budget. This makes it easier for the government to pull the wool over people's eyes and to more or less distort the facts.

Before I give you a few examples of this sleight of hand, Madam Speaker, I want to say that not only are we not impressed with all of these special effects, we also deeply deplore the lack of transparency in the budget process. The nice words spoken by the Minister of Finance at the University of Montreal last November were quickly forgotten, along with all of the other good intentions. However, the government will not resolve the serious debt crisis by playing hide-and-seek with the opposition parties and with the taxpayers.

At this point, I would like to highlight a discrepancy which, considering the sums of money involved, is perhaps only a minor one, but one that is nonetheless symptomatic of a dangerous attitude. The government appears to be saying that since no one will bother to check the figures, it can take the liberty of concealing the truth. Here is one example of this type of attitude which we are not used to seeing, given the traditional accuracy of Finance Department budgets. On page 32 of the Budget Plan, we note the following: "International assistance funding is, therefore, being reduced by 2 per cent for 1994-95 from the 1993-94 level". However, on page 34, the figure quoted for 1994-95 is \$91 million. This represents a reduction of 3.4 per cent compared to this year's international assistance budget, which was pegged at \$2.7 billion. Therefore, this is not a 2 per cent reduction. Does this mean that we have to check every single percentage in the Budget Plan? Is there a catch here? Is the government trying to conceal something? We want an answer.

The budget announces new cuts in business subsidies. On page 33, the following is stated and I quote: "These reductions are over-and-above the reductions in grants and contributions announced in the April 1993 budget. By 1996-97, grants to business will be on the order of \$3.1 billion, down by just under 10 per cent from \$3.4 billion in 1993-94". While this last sentence is accurate, it completely contradicts the first one. Expenditures for this item already exceed the forecasts contained in the April 1993 budget. It was projected that expenditures would decrease from \$3.3 billion in 1993-94 to \$2.5 billion in 1997-98.

All of this is quite complicated and difficult for anyone to understand. However, this approach generally allows the Finance Department and the Minister of Finance to hide behind distorted facts that have been introduced into the debate. In this instance, the lack of transparency is accompanied by a lack of consistency.

This is doubly worrisome. Not only are facts being distorted, but the total accuracy of table 8 on page 34 can be viewed as questionable. This particular table is very important as it details reductions in expenditures associated with the restructuring of federal programs. Consequently, the formula used to calculate the deficit can also be viewed as questionable. In fact, in some cases the figures listed under such items as international assistance and defence relate to the April 1993 budget, while in other cases, they do not. They do not even represent new artificial reductions. The references are complex and confusing. We are dealing with apples and oranges and the average person has trouble sorting the whole mess out.

The situation with respect to business subsidies is also true of federal government operating expenses, at least for 1994-95. It should be noted—and this is far from reassuring—that the federal government is having a lot of trouble controlling its operating expenses. Over the last two fiscal years, these expenses have clearly exceeded budgetary projections. The Budget Plan announces that the new reductions for 1994-95 will be over-and-above those announced in the April 1993 budget. At the time, reductions of \$468 million were projected for

*The Budget*

1994–95. Yet, in Tuesday's budget, we see that the operating expenses for the new fiscal year are identical to the forecasts in the April 1993 budget. It is in the defence sector, Mr. Speaker—I just went from the feminine to the masculine and the people reading *Hansard* will realize that our female Speaker has just been replaced by a male Speaker—so it is in the defence sector that we hit the jackpot of false cuts. Seven billion over five years compared with the April 1993 budget. In this case, it seems to be somewhat consistent. But the real cut is much smaller, since the defence budget will decrease from \$11.3 billion in 1993–94 to \$10.5 billion in 1995–96.

(1155)

As there will be no real reduction in federal operating expenditures and in business subsidies, and as the overlap problem will remain unresolved, the Minister of Finance had to do something to at least give an impression of movement. So what was left? Social spending. So they went full speed ahead.

Make no mistake. We would dearly like to see the unemployment insurance budget reduced to zero for lack of unemployed people, except for those in between jobs. But the minister is cutting the budget without reducing unemployment. He will eventually carry out a global reform combining, we are told, training and re-training programs. But, in the meantime, he is striking with full force. He himself estimates that 85 per cent of unemployed workers will receive reduced benefits while only 15 per cent will see an increase in theirs.

Disadvantaged regions will be hit the hardest. Let us not forget that the minister's own forecasts for 1994 are not the greatest. Social assistance, mainly funded by the provinces, will see an increase in the number of claims.

At the same time, the Minister of Finance is reducing his cash transfers to the provinces by \$800 million. I am referring to Table 17 on page 56 of the Budget Plan, a \$800 million reduction in cash transfers. The value of tax point transfers will increase by more than that, but cash transfers, the only transfers that the federal government can regulate, are the only ones that matter in terms of the federal government's policy in this regard. So the federal government's heavy responsibility in the budget crisis, the practice of shifting the deficit burden to the provinces remains popular. That is a heavy price to pay and we will come back to that later.

Again, an accurate assessment of the unemployment insurance shortfall will have to wait. The Minister of Finance talks about savings of \$725 million in 1994–95, but compared to what? It is not clear. What is surprising is the total cost of unemployment insurance benefits, which stays at practically the same level between 1993–94 and 1994–95, despite the new rules and the stable unemployment figures. Given other esti-

mates of budgetary expenditures, we are entitled to see the finance department's detailed simulation.

Is there, Mr. Speaker, more significant evidence of this government's lack of moral fibre than the avowed intention to achieve the most drastic cuts, \$5.5 billion over three years in this particular sector? During the election campaign, the Liberals were rending their clothes over the protection of social programs. They are now trying to mend them but their stitch-work leaves much to be desired.

The copy tabled by the Minister of Finance deserves a single annotation: "This Budget is all smoke and mirrors". This is not what Canada and Quebec were hoping for.

*[English]*

**The Speaker:** As I am sure all hon. members understand, there will not be a question and comment period. The hon. Leader of the Opposition has unlimited time and it is only after 20-minute speeches that there are questions and comments.

**Mr. Harper (Calgary West):** Mr. Speaker, I wonder if there would be unanimous consent to have a 10-minute question and answer period.

Daily we have the opportunity in the Chamber to question cabinet ministers and any other member who makes a speech, including the leader of the Reform Party. The government in particular is always saying that the Leader of the Opposition is somehow responsible for every policy that occurs around here.

Maybe there would be unanimous consent to allow a 10-minute question and answer period.

**The Speaker:** Is there unanimous consent?

**Some hon. members:** Agreed.

**Some hon. members:** No.

(1200)

*[Translation]*

**Mr. Duceppe:** Mr. Speaker, this process is a privilege of the Official Opposition and we do not want to call into question the role of the Official Opposition, as the Prime Minister did when he was leader of the opposition. So, we fully respect the normal operations of this House, while also following the example of the present Prime Minister when he was sitting on this side of the House.

*[English]*

**Hon. John Manley (Minister of Industry):** Mr. Speaker, I would like to remind the Bloc that the current Prime Minister did accept questions in the question period after speeches when he was Leader of the Opposition, not necessarily on every occasion, but he certainly did it. Perhaps the current Leader of

*The Budget*

the Opposition does not like to be reminded of his past as a member of the previous government.

I have participated in a lot of budget debates and a lot of borrowing authority debates over the last five years, always of course from the other side of the House. The task of criticizing the budget when I was in opposition was always made easier by the fact that the previous government always failed to meet the budget targets it set. Every year it gave us more and more rhetoric about the deficit. It proposed more cuts and tax increases every year. Yet it seemed to auger deeper into the ground, so much so that this year we face a deficit of \$45 billion.

The fundamental problem which the previous government failed to address was the need to take seriously its responsibility for the transformation of the Canadian economy into one premised on the need for growth based on knowledge, skills, innovation and the use of technology.

[*Translation*]

We live in a new global market. Rapid structural changes are taking place in our traditional industries and these changes, combined with globalization, have generated confusion and uncertainty among Canadians.

[*English*]

We have reason to be hopeful. The new economy offers boundless opportunity for the innovative, the inventive and the courageous. This budget is about seizing the opportunities of the new economy. It is an agenda for economic growth. It is an agenda to put Canada back to work. It builds on our strengths, faces our weaknesses head on and points us to new horizons.

A basic vision for the Canadian economy was at the core of our red book in the election campaign and survives intact in the budget. The vision is one of a Canada successful in making adjustments to the new economy, a Canada in which our traditional sources of wealth creation are enhanced by the application of new technology and by adherence to the principles of sustainable development, a Canada in which small business is able to prosper in an environment in which governments believe that to succeed is good and to succeed requires the co-operation and support of public policy.

The fundamental problem that faces Canadians today is that we as a society cannot finance our consumption at current levels. Measures in the budget reduced the amount that the federal public sector is consuming by a significant degree. However, we still face the reality that the only way our standard of living can be maintained and our expectations of government

services can be realized is if we move forward with a plan to revitalize the wealth creation capacity of our economy.

The notion that government does not have a role to play in enabling a nation's economy to succeed is a view that I believe was held by our predecessors, including the current Leader of the Official Opposition. This view has been widely discredited by the successful new economies that are emerging rapidly as our chief competitors in the international marketplace.

The world is moving from a commodity and assembly line economy to a knowledge based economy in which innovations in products and processes are the result of scientific research and development.

(1205)

[*Translation*]

Knowledge and skills, rather than location and natural resources, are now the basis for the competitive edge in agriculture and mining, as well in electronic data processing.

Public policies can have a bearing on knowledge and skills. The government can promote the creation and improvement of those.

[*English*]

At the same time as barriers to trade are falling, new roles for government in determining a nation's economic success are being defined. Governments too have to be innovative and strategic in the use of their own limited resources and strategic as well in the direction sought for the economy of the nation.

Our strategy recognizes the rapid change occurring in the world today. Our strategy recognizes that for Canadian firms the key competitors are not across the street. They are on the other side of the world. Our strategy recognizes that our most important resource is people: their skills, their knowledge, their desire to succeed.

In this strategy individuals need to prepare themselves for a future that will likely include career changes and the acquisition of new skills and knowledge throughout their working lives. In this strategy companies must recognize the importance of continual upgrading of their products and the need to develop new markets in Canada and abroad. To do so they need to continually invest in their people and they must not delay in acquiring and using new technology, new processes, new ways of solving old problems. In this strategy governments must create the supportive environment that encourages individuals and companies to innovate, to upgrade, to expand and to create jobs.

What will this require of government? First, we have to get the economic framework right. The Minister of Finance has set out a tough but realistic plan for reducing the deficit to 3 per cent of GDP over three years.

*The Budget*

[Translation]

We put in place a clear and stable monetary policy until the end of the decade. We signed two major trade agreements, NAFTA and GATT, which increase and ensure access to world markets for Canada. We are also negotiating a comprehensive agreement to eliminate internal obstacles to domestic trade in a key sector by June 30 of this year.

[English]

Second we have to get Canada's business framework right. By that I mean we need a regulatory and tax environment that enables Canadian firms to succeed rather than hindering their success. We need competition and consumer protection laws that enhance the proper functioning of the marketplace while enabling Canadian businesses to achieve the critical mass necessary to take on the world.

[Translation]

We must try to attain excellence in education and training, and also eliminate barriers and obstacles to personal initiative.

[English]

Third, we must change the culture and attitudes of employers and employees alike to the adoption of new technologies.

Advances in science and technology are driving productivity improvements everywhere in the world. In the 1990s no country can insulate itself from new developments. We must organize ourselves to keep up with cutting edge technology and where possible move ahead. This is the essence of creating well paying jobs and growth in this decade.

The opening of markets around the world creates new opportunities for Canadian business. In Latin America and southeast Asia national economies are growing at a double digit pace. Yet almost 80 per cent of the Canada's trade continues to be with one nation, the United States. Despite the abundant opportunities abroad, as recently as 1990 only 100 firms accounted for 60 per cent of our exports. Only 7.6 per cent of Canadian firms are engaged in export trade. This is simply not good enough for a country as dependent on trade as we are to sustain our standard of living.

(1210)

In a knowledge based world economy, technology and people define the difference between a firm in Singapore and one in Montreal. Yet less than one-half of 1 per cent of Canadian companies do research and development on their own. Not enough of our R and D winds up in products and services to create jobs at home. Canadian companies, particularly small businesses, have not integrated leading technologies as rapidly as their competitors abroad.

[Translation]

The message is clear. The number of businesses doing research and development and investing in state of the art technologies must increase dramatically.

[English]

The questions we have to answer are these: How are we going to make more than one in ten Canadian companies into exporters? How are we going to dramatically improve the number of Canadian companies that perform research and development? How are we going to match our global competitors in the use of new manufacturing and processing technologies?

[Translation]

To succeed, we must have an economy based on innovation. We must rely on the strengths of small businesses which offer the best opportunities for growth and job creation. We must help small businesses where needed, that is with training, exports, high technology and financing.

[English]

As part of the budget the Minister of Finance and I have tabled an action agenda to help small businesses grow and to continue to generate jobs for Canadians. It is a small business agenda that is willing to help firms to take risks and to innovate. It is the small business that has the greatest potential for dynamic growth and job creation.

At the top of our growth agenda is the vital consultative process that has been launched with the small business discussion paper. This consultation demonstrates that we are ready to listen and ready to act. The need to review our approach to science and technology to better support a knowledge based economy is also at the top of our growth agenda.

As part of the budget, we announced a comprehensive re-evaluation of science and technology policy that will begin with the release of a discussion paper this spring. This process will build on budget initiatives to set a long-term course for science and technology policy focused on our greatest opportunity, the transfusion of R and D and technology into high value added products and services.

A key feature of the knowledge based economy is the speed with which information is transferred. Economic success comes from freer, easier flows and exchanges of information. In this rapidly changing environment, the prospect of linking Canadians to a high speed interactive multimedia network, a virtual information highway becomes critical to building our new economy.

[Translation]

Canada is a leader in telecommunications and we can rely on that strength. Investments, mostly from the private sector, are enormous. I will work in co-operation with industry and the

*The Budget*

users of the information highway to ensure that governments play an active and creative role.

[English]

An economic growth strategy is not a one budget issue. It is at the heart of the government's mission. I have reviewed today how we will elaborate on our growth agenda in coming months, particularly in the areas of small business, science and technology and the information highway. However this debate is also about what the government is doing to fulfil the immediate promises of the red book.

(1215)

The answer is simple. We mean what we said. Capital is the catalyst that turns ideas into new products and services. The Canada investment fund will help provide that patient capital. We will contribute \$100 million to the fund over four years and we will seek additional funds in the private sector. The fund will be operating before the start of the next fiscal year.

We are working with the Canadian Bankers' Association on projects to improve financing for small business. These include the development of a banking code of conduct to clarify the relationship between borrower and lender and the search for new and better ways of providing regular and trade financing to knowledge based businesses.

[Translation]

We will work with the industrial sector to create networks that will help small businesses to form groups to do together what they cannot do alone.

[English]

Our competitors, particularly in Europe, recognize that networks are essential if small businesses are to compete internationally and gain competitive advantages of scale, scope and speed.

Networks are particularly effective in innovation. They help small businesses develop new products and services, to put new and emerging technologies to work for them and to focus on marketing and exporting.

We will improve the diffusion of innovation and the building of an innovation culture in business by committing \$15 million this year for the creation of the Canadian technology network. The network will provide small businesses with the latest information on new technology, new management techniques and new market developments.

[Translation]

We want to set up an engineering and science program to help small businesses hire engineers, scientists, technicians or industrial designers. We will co-operate with the provinces and industry to develop this program and co-ordinate its implementation by 1995.

[English]

To help turn research excellence into new products, growing industries and jobs, we are committing to start-up funding this year of \$10 million for a national technology partnerships program. This program will promote the growth of technology partnerships and help small businesses turn research into new products, new services and new jobs.

There is a great domestic and export growth potential for the environmental technology sector, particularly for small businesses. This sector is poised for growth and Canadians can benefit immeasurably from the jobs and exports created by environmental technologies.

The Minister of the Environment and I are reviewing Canada's approach to the environmental technology sectors. When that review is complete we will table detailed plans for this strategic sector.

The budget allocation of \$800 million over 10 years for a new long-term space plan is proof of the government's commitment to Canada's continued role as a space-faring nation. The new space plan will be within our financial means and will build on our strengths in earth observation, remote sensing and satellite communications.

A stable base for our research infrastructure is a vital part of improving our innovation capability. The National Research Council of Canada plays a key role in giving effect to the federal government's science and technology policies. This year we will provide the National Research Council with new resources to carry out its mandate.

[Translation]

It is important that we be able to promote and preserve our skills in the university research sector. University research and development are high priorities. This is why we continue this year to ensure the financing of the various granting agencies. Starting in 1995-96, we will give them an annual increase of about 1.5 per cent.

(1220)

[English]

A significant part of Canada's academic research capability is the networks of centres of excellence program.

We are making sure that there is enough funding to support the second phase of the program. In this second phase we will give greater weight to the economic and commercial potential of the networks to support our growth agenda based on innovation.

As Canadians we have been through a lot in this last decade. Many of our fellow citizens approach the future with more anxiety than hope. Our mission as a government is to offer hope. But if hope is to be meaningful, it must be realistic. So we have put forth in this budget a plan for the revitalization of the

*The Budget*

Canadian economy, a plan which I believe addresses the challenges and recognizes the opportunities that await Canada.

This House was once told, and I quote: "The times in which we are living call for initiative and resourcefulness on the part of industry. We must be constantly alive to the changes taking place in the world today and quick to seize every opportunity that will build up our economy. It cannot be done overnight but I am confident that with the co-operation of industry and of government we can build toward a better Canada and a better world".

Canadians heeded my predecessor, C. D. Howe, when he spoke those words in this place in 1948. Canadians showed initiative and resourcefulness. They worked together, they seized opportunity, and they launched Canada into a period of unparalleled vigorous growth and helped build a better world.

We still have that initiative, that resourcefulness, that sense of shared opportunity. I am confident that we can harness it again to create a period of growth as we move into the next century that will match our great post-war expansion.

I look forward to the co-operation of all Canadians and all members of this House in working toward that goal.

**Mr. John Williams (St. Albert):** First I have to say how much I enjoyed my colleague's speech about how enthusiastic he is about how bright the future of Canada perhaps will be. He talked about the electronic highway, and that of course is vitally important to the ability of this country to remain competitive in the years ahead.

He talked about putting new technology to work. He talked about a \$50 million program to provide assistance in the new technology. He talked about a program to hire scientists and engineers to ensure that we can move forward and develop new products. He talked about a \$10 million program for new product partnerships. I thought this was just great and wonderful.

If all these things are so important to Canada moving ahead and being competitive in the world, why are we spending \$6 billion to fix the roads and sewers when these things that he has outlined are so vitally important for the country to move ahead from this point forward?

**Mr. Manley:** I thank the member for his question because I think it is important for us to understand how economic growth is generated in the country. I think what is fundamental in the favourable comments that he made on the subject of some of the investments that we want to make with respect to the electronic highway, with respect to diffusion of technology, technology partnerships which get new inventions out into the marketplace, and what is very important about spending in some of those areas is that it is seen as an investment in growth for the future.

An analysis came out a week or so ago, produced by Statistics Canada, analysing what has made for success, made for growing small and medium sized firms in Canada. One point is that they have been prepared to invest in research. They are also good at applying new technologies.

We have to understand when we spend whether we are consuming or whether we are investing.

With respect to the infrastructure program, there are really two things that I would like to say in response to the member's question. First of all it was made an important point of the design of criteria for the program that the definition be broad enough to include expenditures that related to, for example, electronic highways, to things that would improve innovation that would allow investment in technology.

(1225)

I am absolutely delighted that the Regional Municipality of Ottawa-Carleton, part of which I represent, has chosen to use some of its funds under the national infrastructure program to expand the communications network by investing in electronic highway capability for this region. I think that is exceptionally far-sighted on the part of local government and I applaud them for it.

It must also be understood that the traditional infrastructure programs are also investments in economic growth in the future. True, they do provide short-term jobs, but just as at one time in our history it was the canals and at another time it was the railroads, currently in many areas it is the highways that are generating economic growth, highways, airports, means of transportation and communication. These are vital to economic growth in many parts of the country.

Every government at every level needs to look at, and these issues are difficult because of the financial limitations on government, its expenditures very carefully to ensure that its expenditures represent investments in productivity gains for the future, not simply spending for current consumption. The emphasis has to be on building for the future so that we can afford our current level of consumption.

[Translation]

**Mr. Gérard Asselin (Charlevoix):** Madam Speaker, in response to the minister's speech, where he talked about sending a clear message, I would like to tell him that since the tabling in the House of this budget, which will be in effect until March 31, 1995, Canadians and Quebecers do indeed find the message very clear.

It is clear because, regardless of whether Conservatives or Liberals are at the helm, people no longer have any confidence at all in the present federal system. Let me explain: Canada is operating increasingly in the red. Both the budget and the deficit reflect this fact. Liberals, for a second time, have set a record. The first one was when they created the deficit, under former Prime Minister Pierre Elliott Trudeau. This week, they set a second record, when they brought down a budget forecasting the

*The Budget*

largest deficit ever, \$39.7 billion; never before has a budget projected this large a deficit.

How does the minister intend to reduce the deficit when he has tabled a budget forecasting a \$39.7 billion deficit? I await his answer.

**Mr. Manley:** Madam Speaker, in my speech, I tried to explain what is not so hard to understand. I think that the key to deficit reduction is economic growth. Throughout the years under the previous government, we have learned that the Conservatives always thought that, by cutting expenditures and increasing taxes they could lower the deficit. It did not work.

This year, we have a dreadful \$40 billion deficit. If we want to tackle this problem, we will have to reduce government spending. That we have already acknowledged. But we must also limit tax increases. That is why the Minister of Finance stated that the deficit reduction measures announced in the budget will result in a cut of \$5 in government expenditures for every one dollar raised in revenues. That is totally unlike the old tactics used by the Conservatives. We have also implemented an economic growth policy. We are prepared to invest in the new economy. We are prepared to help Canadian small businesses have access to international markets for their goods and services. That is the key to the problem.

(1230)

[*English*]

I would just like to say a couple of words in English. If we are going to solve the problem of the deficit over the long term there is only one realistic solution and that is to achieve substantial, sustainable economic growth. That is the plan of this budget.

That is a diversion from the budgets of the previous government which relied entirely on a false hope that getting some of the macroeconomic fundamentals right was going to allow for economic growth as the grass grows in springtime. It simply did not work. We are going out into the fields, we are ploughing them, fertilizing them, we are trying to encourage economic growth. That is going to be the key to reducing the deficit in the future.

**Mr. Jim Jordan (Leeds—Grenville):** Madam Speaker, I just want to congratulate the minister on his fine speech. I am very sorry that we did not have the opportunity to question the Leader of the Opposition. I think that is a mistake because unless we have that exchange and dialogue we are not quite sure where the opposition stands in reference to the budget.

If I understood correctly it was saying that the cuts did not go deep enough. I will never know for sure. I do know for sure that the Reform Party is saying that the cuts did not go nearly deep enough. It would have cut further and I guess would have been prepared to substantiate and defend the fallout.

I want to ask the hon. minister if he saw any further area of substantial cuts that this budget could have imposed on the Canadian people, forgetting that there is a fallout; that innocent, hardworking, perhaps unemployed Canadian people will bear the negative effect of any further cuts we would have imposed on the Canadian people. That would have to be realized.

I wonder where the Reform Party and the Bloc will be a year from today when we come in with a new budget. They will say further cuts, further cuts.

I just wonder if the minister would care to pass judgment on that. If we consider that people are still the bottom line, will there still be that position a year from today when they think we should have made deeper cuts than we did?

**Mr. Manley:** Madam Speaker, I appreciate that question as well. I must say that what I find confusing about the position that the Official Opposition, the Bloc Quebecois, has been taking, and I heard part of its leader's speech, seemed to be that it was very dissatisfied with the fact that the deficit was too high.

Yesterday in the House of Commons we heard its members raising question after question about the changes to the unemployment insurance regime which is effecting a reduction in the deficit and a reduction in payroll taxes. They send us very contradictory messages and it is impossible to understand how their ultimate political objectives which they proclaim on a regular basis of separatism are going to do anything but add to the burden of costs on the people of Canada and the people of Quebec.

With respect to the Reform Party, the comment is correct. The view has been consistently presented. I do not agree with some of the views that have been put forward by the Reform Party, particularly with respect to what it has said about eliminating all assistance to business.

For example, in the areas of concern to me, science and technology, it is the scientific research and development tax credit which gives about a \$1 billion a year assistance to advanced technology companies in Canada which has made Canada a desired location for much of the R and D facilities that are here now.

In my speech I talked about how we do not have enough. If I had time I could list examples of companies that have chosen to locate facilities in Canada, high paying, high value added jobs, because of that assistance. It is provided by other countries. That



*The Budget*

kind of work is footloose. It can be here, it can be in the U.S., it can be in Europe, or it can be in Asia.

(1235)

If we are going to secure those kinds of jobs, unfortunately or fortunately, depending on how one looks at it, we have to be prepared to create a tax and economic environment which is as favourable to those efforts as is offered by our competitors.

Further, I would like to say that there are ways we can make more progress on reducing the deficit. Let me give one example. The elimination of internal trade barriers within Canada could generate as much as a 1 per cent increase in our GDP, a product of \$6 billion to \$7 billion a year. Why is it that so many provinces are still not willing to come to the table and say they will do it by June 30?

We have signals of goodwill. We signed an agreement last month but there is a lot of work to do. I hope that we will see all of the provinces and the federal government sign such an agreement.

We have to come to grips with areas of duplication between levels of government. That effort is being spearheaded by the Prime Minister and the Minister of Intergovernmental Affairs. That will enable us to deliver government services more efficiently and help us make more progress on the deficit in years to come.

**Mr. John Williams (St. Albert):** Madam Speaker, February 22, 1994 will go down in Canadian history as the day that the Minister of Finance failed to rise to the challenge of coming to grips with the fiscal problems facing this nation.

This government has a debt in excess of \$500 billion and an annual deficit of \$45 billion. The Minister of Finance has brought down an uninspiring and tepid budget with nothing but a little more taxes and a little less spending that barely addresses the issue of deficit reduction and elimination. By his own admission, the actions that the minister announced in this House on Tuesday will only reduce next year's deficit by \$1.5 billion, from \$41.2 billion to \$39.7 billion.

The Minister of Finance had led us to believe that he was launching a major attack on the debt and deficit of this country. This was to be a tough budget, he said. He was going to break the back of the deficit and we all expected that the Minister of Finance was going to be decisive. His budget reduces the size of the expected debt in this country next year by less than .3 of 1 per cent. Is that what he calls an attack on the debt and deficit? Is that being decisive?

I have challenged the Minister of Finance on several occasions. I will say it again. Will the Minister of Finance dare to be great and balance the budget by the end of this Parliament? I

have stated that he could choose mediocrity or he could choose to rise above mediocrity and reach beyond himself and lead this nation out of the dark tunnel of deficits and debt and into the sunshine of renewed prosperity. History has always given the accolades to the leaders who rise to the challenge while those who have failed to rise to the challenge have been buried in the ignominy of their failure along with their mediocrity.

It would appear to me that we may find the name of the Minister of Finance and his red book, or perhaps red ink book, buried in the footnotes of history along with his indecisive and inadequate policies.

The Minister of Finance broke new ground on January 31 by holding the first ever parliamentary pre-budget debate in this House. At that time he was demonstrating his leadership. He had no shortage of innovative ideas presented to him. If he had listened to Canadians he would have heard that they were disgusted with budgets that profess to address our fiscal problems through a little more taxes and a little less spending while waiting for the panacea to fall out of the sky.

This budget, in my opinion, has failed the test of financial leadership since the deficit and the debt tunnel has just been extended again. There is no sign of that ray of sunshine of renewed prosperity. According to my calculations, the light at the end of the tunnel may have been turned off as a result of lack of leadership and lack of vision.

In his report, the Auditor General stated that hard choices lie ahead. This government continues to pay millions of dollars of old age security to high income families.

(1240)

These taxes are paid by working people, many of them just scraping by. To continue paying old age security to high income families means that he, the Minister of Finance, has dodged the hard choices which still lie ahead.

What about unemployment insurance? The Minister of Finance proposes to narrow the gap between employment income and unemployment insurance payments for people with modest income and dependants, thereby further reducing the incentive to work.

If there is one thing this country needs it is more jobs. This budget has presented easy choices but no jobs. The bad news is that the hard choices still lie ahead.

A previous Liberal government, back in the seventies, promised us a just society but delivered to us a debt society. If we examine the track record of the seventies we will see that the previous Liberal government spent beyond its means and the net result was a plethora of social programs and a mountain of debt.

*The Budget*

In the eighties the Tory governments promised to reverse this alarming trend. Every budget in the last 10 years has professed to address the annual deficits as they continue to consume our economy like a cancerous growth. What was sold to us, sold to Canadians as a just society by the Liberal governments in the seventies, turned us into a debt society in the eighties. The Minister of Finance's budget by this new Liberal government gives us every indication that, in turn, this will turn us into a bankrupt society in the nineties.

I have spoken in this House of the difficult choices and how we have surmounted them in the past. I have drawn parallels between our current situation and the period at the end of World War II when the federal debt was 108 per cent of our gross domestic product. We had back then what we would call today a peace dividend as we wound down the war effort.

That was not a time without problems, however. Soldiers were returning from the war with no jobs; industry was in transition. The leaders of our nation at that time were able to open the door to a period of unprecedented growth and prosperity through leadership and vision.

Members will note that I said leadership and vision opened the door by using the peace dividend to buy the prosperity. We did not use it to buy more social programs.

We can do the same today by creating our own deficit elimination dividend. This country needs a dramatic realignment of our resources toward the opportunities available in this rapidly changing technological world. We have talents and resources that are in high demand around the world.

If we start exploiting these opportunities and teach our citizens to build on our advantages rather than holding each other's hand through social programs, it will be then that this country will have a bright future. The sunshine of renewed prosperity will once again be realized so that we can pass that prosperity on to our children.

Unfortunately, the Minister of Finance has put that reality on hold for yet another year, if not indefinitely. The deficit elimination dividend, obtained through a dramatic reorganization of our priorities that will balance the budget by the end of this Parliament, is the only hope that I can see for the return to economic prosperity in this country.

The Minister of Finance has failed to secure the economic future of this country. He did not rise to the challenge. He did not dare to be great and he passed up on an opportunity to balance the budget in this Parliament.

The day of fiscal reckoning cannot be postponed. We must face it and we will face it. Based on the budget tabled yesterday,

Canadians will have to face that day of reckoning on their own without the leadership of this government.

**Mr. Bill Graham (Rosedale):** Madam Speaker, I congratulate the hon. member on his remarks.

I would like to ask him a couple of questions that arose out of his remarks. The first is a specific one and the second is more general.

(1245)

The member made specific reference to the fact that in his view old age security to high income families was still being paid as a result of the budget. Exactly what level does the member and his party set as high income? Where does the member set the line? Where would he cut the line and say that thereafter no one would get supplementary payments?

As the member knows the budget referred to a possible cap at \$49,000. Where does the hon. member drop it to? Would it be \$30,000 or \$35,000? What is the member's definition of a high income family? The member heard the minister specifically say that the budget was trying to deal with the problem of people trying to survive in complex urban societies who need money to live. The top cap is \$49,000. Where would the member draw that line?

It is easy to criticize, but we were here when the Minister of Industry explained what was in the budget for precisely, it seems to me, the types of items the member has been talking about: the need to get the economy going and the need for small businesses to have government services that would enable them to participate fully in the economy.

Is the member suggesting that all those should be cut as well? Where is the member going to cut in three years to bring us down to a flat no debt position?

**Mr. Williams:** Madam Speaker, in response to the member's question, during the last election we stated quite specifically that we would cut back the old age security from families making more than \$54,000.

During the election campaign when I told seniors that our policy was to cut off the old age security for families making more than \$54,000, their response was generally that they wished they could have earned \$54,000 a year as a family. Why should hard working Canadians, many of whom are just scraping by, pay their taxes for retired people to be in Florida, Hawaii or California courtesy of the taxpayers of the country?

I will address the second question. I listened to the excellent speech of the Minister of Industry earlier this morning. I raised the point then and I will repeat it again: Why are we spending \$6 billion in infrastructure programs based on sewers, roads and low tech jobs when there is such a great need to ensure that the country is competitive around the world in the area of high priced jobs where education is required, where it is important

*The Budget*

that we can compete? I have always said that the differences between \$20 an hour jobs in Canada and \$1 an hour jobs in Mexico are motivation and education. That is where we should be taking the \$6 billion and putting it into high tech jobs.

We cancelled a helicopter program that was to create all kinds of research and development in the country in order to pave a road from here to there. That is where this government's priorities are wrong. It does not have a philosophy and a real plan of what it is trying to do. It is trying to appease various different projects with short-term solutions.

If we finally got our act together we could accomplish what the minister was trying to say. At the same time we could balance the budget and ensure that the country has a future for our children.

**Mr. Randy White (Fraser Valley West):** Madam Speaker, this is the defining moment for the new government because the first budget sets the tone for the next four years of Liberal policy. I want to talk today about a definition of my own. It defines my view of the substance of the budget. There are some good things in the budget I could spend a good deal of time talking about, but I will talk about those things that are most disappointing.

Here we are in a most critical period of our economic history and the government has gone soft. Instead of clenching its fists and getting tough with the deficit and debt at a time when world markets are watching our every move, the government has opted for a limp-wristed approach. At this defining moment for the new government the word I use to define this disappointing budget is flaccid. The dictionary defines flaccid as limp, flabby, less rigid, lacking vigour and feeble. How appropriate.

(1250)

The budget is more important for what it does not address than what it does. I want to ask why the budget has not done more or, to paraphrase an American statesman, instead of looking at things the way they are and asking why, I am here today to look at the way they could be and ask why not.

My focus today is on what was not cut and why. There are no details of significant cuts to spending on things like foreign aid, wasteful aspects of bilingualism programs, ineffective multiculturalism programs, subsidies to crown corporations, and grants and subsidies to special interest lobby groups. Quite frankly the reason the government avoided these areas is that they are politically dangerous.

The time for safe, non-contentious decision making is past. It astounds me that members across the floor still refuse to acknowledge the seriousness of the country's financial situation. If we want to gain the confidence of business and the

general public we have to make tough decisions now; not two years from now after more studies, but right now.

Let me illustrate some needless cuts. I will start with the *b* word, bilingualism. The media like to jump on anyone who mentions this issue and brand him or her anti-Quebec. It makes good ink and is guaranteed a predictable response from Quebec members. There is a difference between talking about the theory of bilingualism and the outrageous waste of money that sometimes accompanies the application of that theory.

I am talking about the needless waste of money. When it comes to official bilingualism, the act itself, we have absolutely no idea of how bad the problem of wasteful spending is. I would like to quote from a letter of a government official:

The true costs of official languages activities from the Department of National Defence are higher than those given. Unfortunately, Treasury Board reporting guidelines do not permit us to report, among other things, salaries of military personnel attending continuous language training—and the bilingualism bonus for civilian employees.

Millions of dollars were spent on translating manuals for frigates, but that figure is buried in the budget for the frigates, sunk so deep below the sea of numbers no one could ever dredge up the real true costs. While the commissioner may report the cost of official languages as about \$654 million as he did in 1992, the number means nothing. A report released last year puts it somewhere between \$2 billion and \$4 billion. What is the truth? No one knows.

Since 1969, according to a report released last year, language policy added \$49 billion to the federal debt. The effect on provincial debt and the compliance cost of private industry are left to our imagination. Where does it end?

The government has also gone weak in the knees in the area of foreign aid. Flaccid is the word. The Auditor General's report cites a litany of mismanagement, especially in the area of foreign aid. The Canadian International Development Agency, CIDA, has become a cash cow. The Auditor General reports that CIDA is trying to please too many interest groups and meet too many conflicting objectives. The result is an agency with a budget of over \$1 billion a year that is characterized by confusion and ineffectiveness.

What is really confusing is the government's refusal to look to this area for major cuts. It cannot even use the excuse that it is a politically contentious area since criticism of the effectiveness of foreign aid spending is coming from all directions. What is the government waiting for? In 1993 the federal government spent just under \$2.7 billion on international assistance with little or no tangible proof of any kind of results.

The horror story continues into the area of—dare I say it—the *m* word, the department of multiculturalism.

*The Budget*

(1255)

I am disturbed by some of the commentary in the Chamber this week. I firmly and deeply believe we are all equal regardless of race, colour or creed. Every single Canadian should be proud to stand and proclaim his heritage, but he should not expect every other Canadian to finance his group's cultural activities. These groups must be self-supporting.

In 1992-93 federal government spending on multiculturalism was nearly \$120 million. What is frightening is the response I got from a researcher when I tried to get the figure. He told us he was having trouble getting a response from government departments that incur costs as a result of multiculturalism programs. In other words again we have no idea what is the true cost of multiculturalism.

A short time ago the deficit was supposed to be \$33 billion. That was around the time when the election campaign started. During the election the government would not even tell us what it was. The new government took over and the number suspiciously grew. It went to \$42 billion and all of a sudden we are told it could reach \$46 billion. Now we are supposed to feel happy with a figure of \$39.7 billion. It has to stop.

In closing I leave the House with my definition of flaccid. I will redefine the term. For the purposes of this discussion I will use the acronym, FLACCID. The previous Progressive Conservative government promised tough measures, but when it came to making the politically tough decisions it withered under the pressure. The present government was elected on the promise it would tackle this critical problem too, but its feeble attempt to come to grips with our financial woes suggests another definition of flaccid applies. The acronym stands for federal Liberals are cunning Conservatives in disguise.

[Translation]

**Mr. Yvan Bernier (Gaspé):** Mr. Speaker, I want to congratulate my colleague on his speech. That is not to say that I agree with everything he said. There are things I would like him to go over again. I did not understand everything he said about multiculturalism. He spoke too fast and I do not understand English all that well yet. I am trying very hard to learn but it takes a lot of time.

I would like to give the hon. member the opportunity to reiterate his thoughts on the reduction of the multiculturalism budget. I want to be sure that as long as Canada exists, English and French will be spoken in this country, and that the cuts regarding multiculturalism will not change that. I would like an answer from the hon. member.

[English]

**Mr. White (Fraser Valley West):** Mr. Speaker, the cutting back of multiculturalism I was talking about is about \$21.5

million relating to grants to cultural groups. That is not the only cut that has to come about. I listed only a few.

I am surprised government members would really believe Canadians would re-elect them in view of where they have already started to go. Their deficit is higher than anyone expected. We can look at what happened last week in the House.

We asked a question of the Prime Minister about why they gave away a patronage payment of \$4.5 million to his riding to build a museum. They spent \$172,000 on one minister to take one flight to make a speech. They gave \$27 million to Quebec City for a conference centre. They blew away \$120 million by misfinancing CBC. They took over a deficit of \$33 billion. They said it was going to be \$45 billion and now they say we should be happy at \$40 billion.

(1300)

There is a saying that goes: If you forget the past, you are condemned to repeat it. The past is the Conservative government. The government is condemned to repeat it if it keeps on the same road.

**Mr. Nelson Riis (Kamloops):** Mr. Speaker, I listened with interest to my friend's commentary. What caught my attention was his reference to the fact that he thought the Liberal government looked very much like past Conservative governments.

What gave my hon. friend the clue? Was it the fact that the Conservatives promoted NAFTA? Of course the Liberals opposed NAFTA and then after they became the government they signed it. The Conservatives supported cruise missile testing and the Liberals opposed it, but when they got into government they too approved cruise missile testing. In opposition, my hon. friend opposite often spoke against payroll taxes, and one of the first things the government did was, of course, increase payroll taxes.

**An hon. member:** They rolled it back.

**Mr. Riis:** Well, indeed, introduced it and a few days later rolled it back.

But are these items some of the reasons that my hon. friend thought that the present government looks an awful lot like the Conservative government?

**Mr. White (Fraser Valley West):** Mr. Speaker, I like the way the hon. member got his speech in by asking the questions. He made some very good points. Yes, we learn fast, we new members. I suppose I could use those too.

I guess what reminds me most of the Conservative government over here is the acceptance of deficit financing and the very acceptance by virtue of their budget that the debt will increase by \$100 billion in three years. It was not a problem with the Conservatives and it is not a problem with the Liberals.

*The Budget**[Translation]*

**Hon. Audrey McLaughlin (Yukon):** Madam Speaker, on February 1, the Minister of Finance stated in this House, and I quote:

There is a profound sense that the status quo simply will not do and that if we continue on our current path then that would be a road to nowhere.

Having read the latest budget, I realize that, unfortunately, it will lead us nowhere. Why? Because it does not deviate in any significant way from the course taken by the Conservatives over the last nine years.

The Liberals were elected because they promised jobs. Yet, there are 29,000 fewer jobs in Canada today than there were when the present government took office. Voters clearly showed the previous government how they felt about the unacceptable unemployment level. With this budget, the present government did not keep its word.

Page 9 of the budget makes the point clearly: "The unemployment rate will continue to exceed 10 per cent in the foreseeable future". There is no hope for unemployed Canadians. One in five workers in Canada is unemployed or has a part-time job because full-time jobs are impossible to find.

The budget simply abandons these people to pave the way for a jobless recovery.

*[English]*

Canadians have had enough of what the former government used to call the jobless recovery. I ask the government why are there no targets in the budget for reducing unemployment? There are deficit reduction targets, as there should be, but also accompanying those should be targets on reducing unemployment.

What is the government's expectation other than, as we see by the budget, that we will have double digit unemployment in the next few years? Instead of choosing to attack unemployment the government in this budget chose to attack, once again, as its predecessor did, the unemployed.

The Minister of Finance told us early on through the whole pre-budget consultations that everyone would share equally in the pain of this budget. I ask people to consider the facts and whether Canadians have shared equally in the pain of this budget.

(1305)

Fact one, fully 50 per cent of the spending reductions in the budget are on the backs of the unemployed.

Fact two, the poor who rely on the social safety net lose \$2 billion. The social policy review has been given its final mandate before it even begins.

Fact three, the provinces face cuts in transfers, increased welfare costs when unemployment runs out and there are no jobs to be found. The budget is a very elaborate offloading to the provinces and territories and to unemployed Canadians.

Fact four, the Atlantic provinces get more than their fair share of the pain. With unemployment levels as high as 20 per cent in the Atlantic provinces, facing base closures, reductions in income, reduced fisheries compensation and no jobs, no one can look at the budget and say that the pain has been shared equally.

These last few months since the election of the government we have witnessed a range of consultation initiatives. Let us look at what the budget really says about what those initiatives will mean. Prebudget consultations were held when it is clear that the budget is just going to be a continuation of previous governments. When the Minister of Finance looked in the mirror he saw his predecessor, Don Mazankowski.

Defence reviews are being held when the government has already moved on the issue of defence. Social policy reviews are promised to be held when the budget in fact sets the parameters for that very debate. Negotiations on transfers to the provinces are also to be negotiated or reviewed, we are told. However, the finance department has already determined what the outcome will be with this budget. Lip service is being given to collective bargaining in this budget, but the budget precludes it.

On February 2, 1994 there were 29,000 fewer jobs in Canada than on October 25, 1993. The government was elected with the hope that it would make good on its promises to create jobs and to get Canadians back to work. What does this budget show? It shows 25,000 fewer jobs in the public service, 16,500 jobs from defence. We did not know that the government's job plan was going to work in reverse after it got elected. This budget shows that is exactly what is going to happen.

The minister said we would all share the pain equally. I ask Canadians if they feel it is fair that \$6 billion was cut from the unemployed while the rich still get to deduct 50 per cent from the cost of their cruises and hunting trips. The unemployed will be getting more trips too, but those trips will just be to the food banks.

The wealthy certainly did not need to fear the budget. They will still get to hide their money in private trusts, untouched. The 63,000 profitable corporations will still go untaxed, untouched. Offshore profits are untouched by the government.

*[Translation]*

That is why, on behalf of Canadian workers and also on behalf of about six million Canadians who want to work, I ask the Minister of Finance to send back his work boots. The last thing we need is to be kicked while we are down.

*The Budget*

[English]

The budget clearly shows that the Minister of Finance should send back his work boots. We do not need to be kicked while we are down.

Elements of the budget have not given hope to Canadians as it should have done. It has not restored consumer confidence that needed to get our economy on the rise.

(1310)

The government has failed on all counts but most seriously it has failed the faith of Canadians, the faith that Canadians elected it to provide jobs to get them back to work. In fact more people are out of work.

Later in this session I will be presenting a private member's bill on full employment. It will ask the government and require the government to set employment targets, to put before the House on a regular basis through the Minister of Labour a report on how those targets have been achieved and to give a full report to every member about the objectives of the government in terms of job creation. The time is long past when empty rhetoric and promises will do. Canadians want to see a pay cheque, not a promise.

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry):** Madam Speaker, I want to say to the member for Yukon that whenever a budget is put forward there will always be people, through change and transition, who will go through some pain.

I want to say to the member that we feel the pain that a lot of those people—we do not feel all of the pain, but we feel a little bit of the pain—are going through, especially on those bases in Atlantic Canada.

The member knows we inherited a fiscal framework that was dramatically different from all of the forecasts to which we had access. We have been caught in a very tough bind. It is our collective responsibility to try to get some kind of confidence going in this country.

There is an area in the budget that the member refused to talk about or forgot to talk about and that is the area around small business. The member for Yukon has made tremendous speeches on the importance of small business. Small business represents our greatest hope for putting Canadians back to work. It represents our greatest hope for liquidating the unemployment problem. I think she has to be fair and recognize that there are many good things related to small business in the budget.

I have heard from small business people and already just the mere fact that the Minister of Finance announced we would be having a comprehensive study on access to capital for small business has caused a positive response in the community. Banks right now are beginning to trip over themselves in providing a more aggressive lending practice toward small

business. That is a good feature of the budget and I do not think we should forget it.

The other thing related to small business in the budget is the continuation of that good idea about new home ownership from the RRSP pool for first time buyers. In my community there are many people in the trades; carpenters, plumbers, home builders who are happy about that and already we can see some activity in the home building industry. That is another good part of the budget.

My only point to the member for Yukon is that, yes, this is a tough budget and I acknowledge that. We have ourselves in a fiscal bind, the likes of which we have never seen in this country. When we talk about the budget she should at least acknowledge that there are some portions of it that really are exceptional. The section relating to small business is headed in the right direction.

(1315)

**Ms. McLaughlin:** Madam Speaker, I will agree with my hon. friend. I certainly concur with an emphasis on small business but I would remind my hon. friend that small businesses rely on customers. If farmers are going bankrupt and factories and mines are closing across this country, there are not going to be many customers.

We have to make the link between the two. People living on reduced unemployment insurance with no hope of a job and people living on reduced social assistance are certainly not going to be viable customers for the small businesses that my friend mentions.

I agree that the Canada investment fund, a fund that we proposed during the election, is important to get venture capital to small businesses. I support that. I hope members opposite will review the proposal of the New Democratic Party. It was reasonable. There are some similarities to that of the Liberal Party. We share some good ideas on that. The hon. member across and I both share the necessity of ensuring that part of our economy is stimulated.

I would like to mention two other points on small business. I note that the budget says that Canadian business centres will be established in every province. I hope that was just a lapse. We from the territories have to pick up on this lapse and hope that there will be one in Yukon and the Northwest Territories as well. I am assuming that there was a temporary amnesia there. We do have two territories that cover one-third of Canada's land mass.

The second point I would like to make is with regard to the negotiations, and I applaud the government for doing this, with banks and financial institutions in terms of venture capital to small business. While it is not my place in this period to ask a question, I will phrase it as a comment. I hope that in this consultation the government will raise with financial institutions the possibility of looking at a formula whereby the savings

*The Budget*

that come into a particular financial institution from a community or a portion thereof will be reinvested in that community.

One of the main problems we have is that a very large proportion of Canadians' savings is not being invested in Canada. It is being invested offshore. We must encourage Canadians to invest in their own country, something that the province of Quebec and Quebecers learned a long time ago and we could take a lesson from.

**Mr. Nelson Riis (Kamloops):** Madam Speaker, I am pleased to have an opportunity to participate in today's debate.

I listened to eight or nine Conservative budgets. After each budget I could almost hear the champagne corks popping on St. James Street in Montreal, on Bay Street in Toronto and on Howe Street in Vancouver because almost inevitably that same group was always pleased with the Conservative budget.

Of course working people just shuddered because they knew that they would be slapped with additional taxes, they would be hacked here and there and slashed up. Indeed, they were never disappointed because that is exactly what happened time after time after time.

When the election came along in October, the people of Canada said that they were going to send a clear message to Ottawa and they jettisoned all of the Tories, except two. They said that they were going to send the strongest message possible and set these Tories back so far they were never going to come back, at least in the foreseeable future. They disappeared almost like the dinosaurs.

The people of Canada said that they wanted a government with a strong mandate, one that was going to do something totally different. There was going to be a new direction. There was going to be a new approach. We would get off this monetary and fiscal policy that we saw in the past and the government was going to create jobs. It went on and on.

In the red book there were jobs here, jobs there, jobs, jobs. Of course, this was what Canadians wanted to hear. Therefore they elected the Liberals. Almost the next day things started to change. There is a magic conversion that takes place when Liberals walk across that central aisle and occupy the seats on the right hand side of you, Madam Speaker.

I can see all my friends across there. I remember their passionate speeches against NAFTA, how NAFTA was going to be the killer of jobs. I heard "killer of jobs" echo throughout this Chamber days on end. The first thing they did was sign NAFTA. This sort of jarred people. They wondered what was going on.

Of course, they remembered the payroll taxes that those mean and nasty Conservatives used to impose on small business. The first thing the government did was to impose another payroll

tax. The people of Canada started to get a little shell-shocked at this.

(1320)

Then they remembered that cruise missile testing by the United States was coming up for renewal. They remembered all of the Liberals saying for years that this was dastardly, that it was caving in to the Americans, and they would never do that. When the time came, they did that too. They agreed to it.

I could go on and on, but I think I have made my point. Before we even got started, people were dazed because suddenly the Liberals started to break their promises and do exactly what they said they would not do. They enacted exactly what they said they would never enact.

Along comes the budget. I guess Canadians thought: Well, here is a chance because Liberals were elected to do a job, and that job was to create jobs. What Canadians got was a snow job.

Look at this budget. I am sure that if you went back a few days you would find there were some ghostwriters such as Michael Wilson and perhaps Don Mazankowski. Perhaps they wrote that budget. Maybe Kim Campbell slipped back from Harvard and added her two bits worth.

Has there been a significant departure in terms of domestic policy in this country? No. Has there been a change in monetary policy? No. I know there is a new Governor of the Bank of Canada, sort of a John Crow look-alike. He says that the same monetary policy will continue.

Is there a shift in policy? No. Canadians were hoping for a different kind of budget that would actually put people back to work. What did they find? If they read the budget carefully and they go to page 9, they may ask what the government predicts all of this is going to do. They read through and, lo and behold, they find that unemployment levels will continue in double digits for the foreseeable future.

After all the red book rhetoric, the budget plan says that unemployment will continue at essentially the same level for this year, next year and on into the future.

**Ms. McLaughlin:** And it is a blue book.

**Mr. Riis:** Yes, this is a blue book. They did not even change the bloody colour, for Pete's sake.

We had a chance to start setting targets. When it came to reducing the deficit, targets were set. This is what we anticipate the debt reduction to be. However, when it came to setting targets for reducing unemployment, they were woefully absent from the budget. This is a serious oversight and it is really too bad.

We have the old approach to the Peter Pan school of economics. We thought it would be something a little bit different from the Liberals; that if you really believe that unemployment will come down, it will. But you have to take action. You have to set

*The Budget*

targets and then introduce strategies to reduce those levels of unemployment. That is not in this budget. It is not in here.

Here is what happened to me personally. I received calls from a number of small businesses in Kamloops. They called and said: "We have not read the budget, Nelson, but what is in it for us?" I told them there were a couple of things, that there would be a network established and so on so they could bid on international contracts. I was told: "I am running a hair salon" or "I am running a welding shop, I am not going to be exporting my services overseas. What is in it for us?" I had to say, with a heavy heart, that there was nothing in it for the average business person in this country.

The unemployed, as my hon. leader indicated, were again hit with this budget. The victims of these government policies have been now hit. It is a strange way to run a government. We accept it, but it is a continuation of what we saw for the last nine years under the Mulroney regime.

I want to give credit to the government on one point. Actually I could give it credit on a number but let us just pick one. When it was changing the unemployment insurance system, it acknowledged that some people would be really hard hit. I am thinking particularly of single parents or low income families with dependent children or adults that they are caring for. Their benefits went up slightly. In other words, there was acknowledgement that some people were hard hit.

Is there anything in here for the 1.5 million kids who are living in poverty today?

**Ms. McLaughlin:** No. Not a thing.

**Mr. Riis:** Not a single word, not a word.

(1325)

What about the public servants? The public service was hit in this budget. As a matter of fact 25,000 will likely lose their jobs over the next three years as a result of this budget. The government said it was going to freeze their salaries once again.

Does it make sense to freeze everybody when messengers or people who shovel snow off sidewalks have annual incomes in many cases below \$20,000 and deputy ministers have incomes in excess of \$120,000? It does not acknowledge the fact that some federal government workers are struggling to simply survive.

The government showed sensitivity when it came to changing UI programs. Why did it not show that same sensitivity to the people who actually work for the government? As somebody said the other day, it is like bombing your own troops.

Show some compassion, show some sensitivity. There are people who work for the federal government right now who quite frankly are just managing to survive by the skin of their

teeth. They are suffering. There should have been an acknowledgement about that in terms of that blanket across the board freezing of salaries.

My greatest disappointment is that a handful of people are probably still drinking champagne. Those are the richest families in Canada who had a special tax loophole provided for them by a previous government, actually by the Liberals which was then updated by the Conservatives. There is not a single tax lawyer or single tax accountant in this country who says family trusts make any sense at all, not a single one.

I remember when the experts were before the finance committee. The financial advisers were asked what they thought of this particular tax exemption. They all thought it was crazy. They thought it was nutty. They thought the government was goofy to do this.

The Minister of Finance had a chance to show that even the very wealthy in this country are going to have to pay their fair share this time under this new government. Did he close that loophole? Oh, no. The government is going to study it. What on earth is there to study about a loophole that everybody agrees is absolutely dastardly?

In closing, it was a missed opportunity. I could go on and hopefully I will have an opportunity later. I must say that those Canadians who were hoping for a change of course from the last nine years of Brian Mulroney are very disappointed after this budget.

**Mr. Jim Jordan (Leeds—Grenville):** Madam Speaker, I think anyone who campaigned in the last election found out that very high on the priority list of Canadians was the need to address the national debt and the national accumulating deficits. I notice my good friend from Kamloops did not allude to that.

Today I think we know where the Reform would stand. They would say: "Correct that by deeper cuts". I think I know where the BQ stands, if I understood their leader this morning. We did not get a chance to dialogue with him because of the new rule. I think he was saying: "We would be in favour of deeper cuts, that way of getting at the national debt".

I wonder if the hon. member for Kamloops would tell me where the NDP stands in relation to national debt. Were the cuts deep enough, too deep or just right?

**Mr. Riis:** I think it is fair to say that there were some changes that could have had a very serious impact in terms of deficit reduction. I named one, the closing off of some of the glaring tax loopholes like the family trust loophole, a consideration of a wealth tax. Again, we are one of the very few countries in the world that does not have a wealth tax. These are not going to solve the deficit problem but they would show good faith in moving in the right direction.



*The Budget*

I think if a person wins \$5 million on a lottery they would not mind paying some tax on that. I do not think anybody would say that is an unfair request.

The question of a minimum corporate tax that we have often discussed in this House is something that deserves examining. In other words a whole number of changes to the tax system would generate an awful lot of wealth.

This budget assumes that the deficit will be brought down, which we all support. No one in this House would say we do not have a serious debt crisis and a deficit problem and we have to take steps to get it down.

This budget assumes that because of the steps taken there will be economic activity occurring and then general revenues will flow to the central government. That is a fair summary I think.

However, as my leader indicated, when one person is unemployed or underemployed or afraid of being unemployed, if one is living on social services, one does not have enough disposable income to make much difference. That is what we require. We must get people back to work. I know my friends opposite when in opposition said the same thing. It is critical. If we are to pay down the deficit we must get people back to work so that they can contribute and not be a drain on those revenues.

(1330)

I do not think the budget will put people back to work. I do not rely only on my own observations. I have listened to the experts who responded to the budget. I have yet to find anybody who says it is going to put a lot of Canadians back to work.

We have all sorts of unused capacity. I remember the figures given earlier this week for manufacturing losses in the province of Ontario alone because of unused capacity and the new technologies. They are simply not putting people to work.

This is why the budget has been such a disappointment. There is nothing in it to give hope to those people who are unemployed or to those people who want to see a meaningful new direction in terms of putting people back to work.

**Mr. John Cannis (Scarborough Centre):** Madam Speaker, I followed the debate with great interest all morning. If I were confused this morning, I am even more confused now.

Earlier we heard two presentations from the Reform Party. One was saying how we did nothing and there were not enough cuts. The critic for the defence ministry indicated that we cut too much. Now I am hearing something else again. I do not know what it is.

Did we cut enough? Did we not cut enough? We want to entice businesses to hire. The \$300 million rollback on the UI will entice companies to hire.

**Mr. Riis:** Madam Speaker, we in the House would all agree that the area the government has supported in the past to a certain degree and needs to support more in the future is the area of high technology.

What do we find in the budget? We find the abandonment of the KAON project in British Columbia. I see some of my British Columbian colleagues across the way. That project would have put Canada on the cutting edge of high technology. It would have been a vote of confidence for our scientists and our top engineers in the country and around the world.

The Conservatives slapped British Columbia in the face by abandoning the *Polar 8* icebreaker. This was to be the federal government's show of support for B.C. KAON was the same and the government let down KAON. Literally hundreds of millions of dollars that would have gone into creating jobs in the construction area and, most important, in the high tech sophisticated scientific engineering area have now been abandoned. It is very disappointing that we missed this opportunity.

[Translation]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup):** Madam Speaker, the finance minister's budget speech, that could be described as "Campbell meat with Martin sauce", reflects the vicious circle of irresponsibility the federal government has got stuck in.

The Minister of Finance did not allow himself to do the job he has been elected to do. During the whole election campaign, he said "jobs, jobs, jobs", but when the time comes to create them, he is not there. Instead, he forecast a record deficit of \$39.7 billion, and a new series of committees. There is a disease in Ottawa, the "committee disease", which I have rarely seen so rampant anywhere else.

The election slogan has fallen by the wayside due to the timidity of a finance minister who has given in to the federal bureaucracy. How then can politicians ask voters for their confidence when, every time, government parties promise one thing during the election campaign and do the opposite?

This budget will contribute to increasing the differences and disparities between the various regions of Canada because, under the guise of the infrastructure program, the federal government is cutting the budgets of the development agencies without giving the provinces any leeway to take over their own development.

The federal government is courageously taking on the weakest in the system by raising the minimum number of weeks of work required to be entitled to UI benefits and bringing down to 55 per cent benefits paid to unemployed workers. That is a Valcourt plus formula. What is worse, they assume that people do not want to work.

*The Budget*

(1335)

The lack of jobs and the extensive restructuring of the North American economy are blamed on the unemployed and on other people who try and improve their lot. Instead of trying to help them, we will take a whole year to cook up a reform, the contents of which are not known, when we should be up and running and taking immediate action. We were not elected to create committees but to take action.

I would like to underline more particularly that the situation in regions like Eastern Quebec is certainly as bad as in aboriginal communities, but I do not find the same level of support for those areas as for aboriginal communities. I think the needs of native people are real, but ours are too, and it is extremely unfortunate that the situation is handled the way it is.

Somebody said a while ago that there is no tax increase. Do you not think there will be a hefty increase for those people who will have to go from unemployment to welfare next year because they do not have those two extra weeks of employment? They will have to find new ways of making ends meet only to find that they are accused of cheating the unemployment insurance system or the welfare system.

The federal government turns a blind eye to the elimination of duplication, because it would have to admit that the federal system itself is the cause of runaway deficits. During the election campaign, voters kept asking the same question: Are you going to create jobs like the Liberals promise they will? Our answer was: Yes, but in order to do that, we need some leeway.

Because of a lack of political courage, the Liberals will not reach their goal since they cannot get this breathing space. In no way, since the recall of Parliament, has the government allowed us to seriously examine spending in order to remedy the inequities, the programs which were created a long time ago, but no longer meet our needs. In the national capital, we often forget what the situation of unemployed people really is. We do not want to look at that because if we did, the government would be forced to admit that federalism is costly for Canada as a whole.

If the Liberals had freed the \$3 million lost because of duplication, they would have given hope again to the 25–35 generation whose potential is wasted. That generation includes technicians, engineers, skilled people who should be working. We will realize in 10 or 15 years that this generation has been sacrificed, that we did not give these people the opportunity to work for the good of Quebec and Canada. They will struggle along from one project to another.

The government also forgets—since it has decided to tax the elderly, we understand a little better its agenda, which is to become another conservative government—that unskilled workers older than 40 were the ones who were hardest hit by the

recession. Nowhere do we find this search for fiscal fairness which was supposed to be the mark of this budget.

Forgotten were family trusts. Forgotten were the \$250 million which are wasted because of duplication of labour services for Quebec alone. I personally had the opportunity to work in reclassification and labour assistance committees which systematically have both a provincial representative and a federal representative to do a job that could be done properly by one person only. Quebec has agreed for a long time to take full jurisdiction in that field but no one wants to hear a word about it.

The government reduces transfers to the provinces by \$2 billion, which means \$700 million less for Quebec. All the provinces will then have to accept the machiavellian plan of the Minister of Human Resources Development to reform social programs.

This is a very difficult situation to live with since the minister will then take advantage of the hardship the provinces will be faced with, because of the budgetary restraints, to impose on Canadians a reform that they do not want. In the foreword, the Minister of Finance said:

Our goal is a Canada where every Canadian able to work can find a meaningful job.

Unfortunately, there are no incentives in that budget for massive job creation, as promised by the Liberals during the electoral campaign, for all unskilled workers, except for the infrastructure program and that will be judged when it is operational.

By not having contingency funds coming from useless expenditures, the government is acting exactly like its predecessor, the Conservative government, but in their case, such an approach would have been understandable.

(1340)

The government did not dare cancel the tax shelters of the rich. Rather it turned on average consumers—the elderly and the self-employed—by increasing their tax burden.

They went so far as to create two income classes for UI beneficiaries. Single people will have to prove they are not hiding a lover in their closet. What a good decision is this, the Year of the Family. Terrific! All the better since individuals living alone very often have fixed expenses which eat away at their budget. The only jobs created by this decision will be those of Axworthy's Macoute-style inspectors they will surely appoint, because of their bureaucratic logic. Federal Liberals should have taken advantage of the experience of their Quebec counterparts. A similar measure is now leading to the downfall of the Johnson administration.

In its process, the federal government even took the incredible decision of increasing the National Research Council's budget, an organization that is far from being as productive as regional research centres. Every part of the budget bears the mark of Ottawa mandarins totally unaware of what citizens are

*The Budget*

experiencing in the regions, everywhere in Canada and in Quebec. The government members did not do their homework.

On another point, I want to remind the minister of defence that, during the campaign, we did advocate cuts in the defence budget. However, the decision to close the only French language military college in all of North America has been inspired by something else than pure financial arithmetics. I appeal to all the Liberal members from Quebec, who will be stigmatised by this decision, especially the Prime Minister.

The Prime Minister and I come from the same region. The St. Maurice Valley is an area which had long been dependent on American or English-Canadian companies in the pulp and paper industry. Then, we had to slowly blossom as full partners. If he is not aware of the impact a decision such as the closure of the Collège de Saint-Jean will have, I think that he forgot what being a Quebecer means.

If the federal system can no longer assume the training of French-speaking officers in Quebec, Quebec will not take this laying down. We will fight as vigorously as others have done to protect the survival of the French fact in other Canadian provinces. The Acadian and francophone communities know full well that a bilingual education system is the shortest route to anglicization, for soldiers as well as ordinary citizens.

The Liberals have decided to make committees the cornerstone of their job creation program. Let me name a few: a task force to develop a code of conduct regarding loans to small and medium-sized businesses; a task force on the taxation of family trusts; a task force on an improved supplementary plan to make businesses more competitive; a review of how to increase the efficiency of federal assistance. Moreover, a discussion paper on science and technology will be published to trigger a national debate that will lead to a new policy in that area.

As a former civil servant, I know only too well this disease called "committee-itis". I know the recipe. It is the best way to go nowhere. A year or a year and a half from now, we will receive reports on reports. They will be quietly tabled here, on a day when the attendance is low, and they will not resurface until the following year.

Today, governments must react quickly to allow this country to enter the excessively competitive world market. While we prepare all these fine reports and that years of pussy-footing in committee go by, Canada will pursue its breathtaking drop on the list of nations with declining productivity. We were not elected here to set up committees.

Action was urgently needed to help college and university graduates. Now, forestry workers will have to hunt down 12-week contracts instead of 10-week ones. Of course, unem-

ployment insurance officers will be overworked, chasing down the bad guys who are trying to save their skins.

The government is not taking its responsibilities and is behaving like a consultant when it should be governing. By giving itself additional time, it avoids making real decisions. However, unlike the Conservatives, the Liberals have dared to increase the qualifying period for unemployment insurance.

(1345)

This budget appears to be the work of bureaucrats unaware of the devastating effect raising from 10 to 12 the minimum number of weeks of work required to be eligible for unemployment insurance will have in our local areas. I urge the Liberal members to remind their Minister of Finance of their election promise to put Canada back to work.

This budget will disillusion those who still believed in election promises. During the election campaign, I met people working in peat bogs and took half an hour or so to explain to them how politics could be useful and how things could change with the coming election. Now, when I will go back home, these people are going to come to me and say: "See, nothing changed. You elect a new government and, once in office, it does the exact same thing as the ones before". At least, I will be able to say that we did not change.

My cry to the Minister of Finance is also the cry of the regions, those struggling ever since fishing was restricted and doing their best to cope with their unemployment problems. These are also the regions that the young generation has inexorably fled, as well as those striving to pull through. No, the regions are not applauding this budget. They are scowling and looking forward to taking their development into their own hands. Two thirds of welfare spending goes to the various intermediaries in the system instead of to those who need it—that is something which should be attacked right away, and not worked on in a committee for over a year.

Those who are surprised that Quebecers regularly and repeatedly elect sovereigntists should understand why, faced with these successive Tory or Grit budgets that only show the influence of the federal bureaucracy. If only to get out of this infernal cycle, Quebec can no longer afford to stay in the federal system.

Indeed, next year at the same time, the Minister of Finance will explain to us why he could not keep the deficit to \$39.7 billion, but that 1995-96 will really be the year when the government regains control of its budget. I would be quite prepared to bet on that with any hon. member. It is a well-known old refrain that rings hollow.

To avoid this sad situation, I again ask the government to strike a special all-party committee to analyze all spending. This would force government managers to answer our questions about the necessity of the work done and would show all of

Quebec and Canada that we, not the senior civil servants, are the ones running this country.

Tomorrow I will go back to my riding to tell the people of Kamouraska—Rivière-du-Loup that there is no more hope of regaining control of the runaway federal government. I would hope that they rise up everywhere to show their disapproval as they have been doing in the media for several days. On the weekend, when you meet your constituents, how will you answer them when they ask all government members how this Liberal budget is different? Is there any hope in this budget of putting Canadians and Quebecers back to work? It is up to the Liberal members to bring their government to its senses.

**Mrs. Eleni Bakopanos (Saint-Denis):** Madam Speaker, I listened with great interest to the comments made by the hon. member opposite, and I find it strange that the remarks are always the same. Regardless of the issue discussed in this House, the observations made by the hon. members opposite never change. They are always making the same comments and every government measure is invariably taken at the expense of the poor and the unemployed. It is clear to me that they have not read the budget and I will simply give you an example to illustrate my point. As regards unemployment insurance, we clearly stated that women with children are going to benefit from the new system to be put in place. And let us not forget that the government also intends to bring in other changes. Of course, it is in their interest to talk about the unemployed and the poor and to mislead the media to get their message across.

(1350)

In Montreal's newspapers, it was mentioned that senior citizens would lose their pension. I can tell you that I received calls at my office, because people read this inaccurate information released by the opposition, to the effect that the elderly, regardless of their income, would lose their pension, which is not true.

Also, the scenario always being presented by the opposition is not realistic. Again, they did not look at the real figures in the budget and at what we really want to achieve. We do talk about jobs, yes we do. Let us not forget job creation. To what extent will we be able to create these jobs? It will be to the extent that we help small businesses in Quebec, including in Montreal where my riding is and which I know well, because they create jobs.

A few years ago, the city of Montreal conducted a study which showed that small and medium-size businesses were the ones creating jobs. We will help those businesses. We will provide them with the means to create jobs for the poor, as the members opposite keep saying.

Given the narrow vision of the opposition, and given that it keeps saying the same things, I would like to know why these

### *The Budget*

separatists—after all this is their real name—insist on continually misleading Quebecers and not telling them the truth.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup):** Madam Speaker, I am very surprised to hear such words from a member who lives in the poorest region of Canada. I feel she has lost touch with our planet.

How can you say that the Saint-Denis riding, in the region of Montreal—

**The Acting Speaker (Mrs. Maheu):** Order! I am sorry to interrupt the member, but he should address his comments to the Chair.

**Mr. Crête:** Madam Speaker, can the hon. member seriously tell us that in her riding, increasing the required number of weeks worked before one is entitled to unemployment-insurance benefits will not increase poverty? Let us not be mistaken here; the unemployed will be entitled to fewer weeks of benefits.

As for the issue of women, it is perverse for a member from Quebec to say such a thing; she should know better from her own experience in Quebec where the Bourbeau reform was implemented a few years ago and where women have to find witnesses and leave their homes in the evening just to prove they live alone. That kind of situation is unacceptable. We cannot maintain such a thing.

With regard to the member's question and comment, I for one trust Canadian and Quebec medias. I do not feel they lie, I think they report truthfully what they hear in the House of Commons. This is also partly what Mr. Martin, the Minister of Finance, realized the day after he presented his budget. He discovered that everyone thought he had made no changes at all and that surprised him a great deal.

My last comment is on the issue of what you call the separatists, or at least those who want Quebec to be sovereign. A sovereign country is one which makes its own legislation, collects its own taxes and signs all its treaties. We believe there is 3 billion dollars worth of duplication in a federal system and that means unnecessary expenditures; and because of your ideology, government members refuse to address that question. If they had the courage to do so, they would not have to take money away from the less fortunate among us.

**Mr. Benoît Serré (Timiskaming—French River):** Madam Speaker, the hon. member for Kamouraska—Rivière-du-Loup certainly did not listen to my speech this morning. He claims that it is only in Quebec that one can get an education in French. In fact, he is asking a question to Acadians and francophones outside Quebec. Earlier, he was telling us: "Ask them if one can get an education in French outside Quebec".

Madam Speaker, I think that I am living proof of that. I completed all my studies in Ontario and in French. Not only did the Franco-Ontarians have a good education system, but they also served a good part of Northwest Quebec, where people

*S. O. 31*

would come to Sudbury because there was no learning institution in Northwest Quebec.

(1355)

**Mr. Crête:** Madam Speaker, since the hon. member speaks French, he certainly did not listen to my answer, because I was talking about our bilingual colleges. I said we know very well that for any francophone, bilingualism in a bilingual college in any province of Canada leads directly to anglicization. When we know that, in Canada, we had to wait one hundred years for Supreme Court decisions allowing us to have French schools in some Western provinces and that we must still go to court to be able to preserve that, I think it is very clear that bilingual education in Canada does not have any future. You will have to walk all over us before you can impose the closing of the Collège militaire de Saint-Jean. You can be sure that the entire Quebec population will be behind us.

*[English]*

**Mr. Dennis J. Mills (Broadview—Greenwood):** Madam Speaker, I listened to the member's speech closely and I appreciated his respect for the fact that we had such limited manoeuvrability because we inherited a fiscal framework that was much worse than any of us ever imagined.

We all realize there is a crisis of confidence in the country. It does not matter whether it is in the member's riding in Quebec or my community in downtown Toronto, one of the factors that affects the confidence of investors is that we have so many members constantly talking about separation.

Does the member not realize or does he not agree that this constant focus on separation affects the economy just as much as any budget does?

*[Translation]*

**Mr. Crête:** Madam Speaker, if making a case for the sovereignty of Quebec could be as successful as the process that led to the separation of Norway and Sweden, I think we will have much to be proud of. Today, small countries like these have practically full employment while we are stuck with a federal government that is as cumbersome and slow-moving as an elephant. It is so slow to react to crises that by the time it is ready with solutions, another crisis has already developed.

**Mr. Martin Cauchon (Outremont):** Madam Speaker, I heard what the hon. member said. To hear him talk, a separate Quebec would be seventh heaven. I would like to ask him why that would be the case and how a separate Quebec could be in better shape economically than it is now within Canada, a Canada that has its place among the Group of Seven, a Canada that operates within a North American free-trade zone and that looks both to Europe

and Asia. What more would a separate Quebec be able to offer Quebecers?

**Mr. Crête:** Madam Speaker, when Quebec is a sovereign state, it will control all decisions that affect Quebec. It will never decide to waste \$250 million worth of labour just to make another level of government look good.

Furthermore, we can say that this beautiful Canada of ours is close to being examined by the World Bank. If the government keeps bringing down budgets like this one, not only those terrible separatists from Quebec but the whole world will want to see some changes made.

**Mr. Eugène Bellemare (Carleton—Gloucester):** Madam Speaker, the hon. member of the Bloc Québécois is to be commended for his very sensitive presentation on government administration.

(1400)

He suggests that once his province is a separate state, which God forbid, he will have all the answers and that Quebec's economy will be the envy of the whole world.

If we look at unemployment insurance, considering the economic situation in Canada today, a Canada which includes the 10 provinces and two territories, I would like to ask the hon. member what he wants to improve in reference to the economy.

**Mr. Crête:** Mr. Speaker, if Quebec became a sovereign state, I never claimed it would be seventh heaven. Those were the terms used by the hon. members on the government side. However, I did say, and maintain that we would be able to get along as well as many small countries in the world which are doing a better job than Canada is doing now. In 1980, people in Quebec wondered—

**The Speaker:** Order. It being 2 p.m., the House will now proceed to Statements by Members under Standing Order 31.

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## STATEMENTS BY MEMBERS

*[English]*

### ELECTORAL BOUNDARIES

**Mr. Réginald Bélair (Cochrane—Superior):** Mr. Speaker, the Electoral Boundaries Commission has proposed to eliminate the ridings of Cochrane—Superior and Timiskaming—French River in northern Ontario.

I am appalled at the commission's ignorance of the geopolitical landscape of this area. Reducing the number of ridings will only make it more difficult to properly serve our constituents because of the distances travelled and the increase of population set at 80,000.

Northern Ontario will not sacrifice two ridings for the benefit of southern Ontario which will be getting four additional ridings. We need a strong voice in Ottawa.

[*Translation*]

By eliminating the ridings of Cochrane—Superior and Timiskaming—French River, the Elections Commission is proposing to disfigure the north of Ontario. We will never accept a diminished representation. How could the Commission use a population of 80,000 as the only criterion to divide the huge territory of northern Ontario?

It did not take into account the excellent service we offer our constituents in spite of the great distances we must cover.

\* \* \*

### SCOUTING

**Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies):** Mr. Speaker, February 22 is a very important day. It is on February 22, 1857, in London, that Lord Baden-Powell, the founder of the scouting movement, was born. So, on February 22, Baden-Powell Day, we celebrate scouting, which Canada joined in 1910.

The scouting movement has now more than 25 million members across the world, in 150 countries. As a former scout, I would like to repeat for the House this famous quote from Baden-Powell: Try to leave this world in a better state than you found it.

\* \* \*

[*English*]

### TOBACCO SMUGGLING

**Mr. Paul E. Forseth (New Westminster—Burnaby):** Mr. Speaker, I rise to reflect what the tobacco smuggling issue tells me about Canadians.

Many say the government started it all by over reaching with taxes, but what about the complicity of the tobacco industry that markets a killer substance and then passes it off as socially acceptable? Protesting store vendors did not participate in civil disobedience. It was crime for profit. Some natives near the border look the other way, then blame someone else.

However, the real moral lapse comes from Canadians who consume illegal products. When did we become a nation of cheaters? Is it okay as long as one does not get caught? Dodging the GST, scamming welfare, lying to customs, it is time for each of us to look at ourselves and our social malaise.

*S. O. 31*

If there are no buyers, there will be no sellers.

\* \* \*

(1405)

### VIOLENCE AND ABUSE

**Mr. Paul Szabo (Mississauga South):** Mr. Speaker, on many occasions in this House, hon. members from all sides have expressed unanimous concern about the growing and senseless violence and abuse within our society.

Spousal abuse, child abuse and racism have been raised frequently because we know that law and order and safety within our communities are very important to all Canadians.

As such, members of this House have a duty to reflect their support for these social concerns whenever possible. Verbal support is important but tangible actions must compliment the words to demonstrate our sincere commitment.

Accordingly, I call on all members of this House, and indeed all elected representatives across Canada, to utilize their skills and resources to develop and to champion specific initiatives to promote our shared value which is, and I emphasize, there is no excuse for abuse.

\* \* \*

[*Translation*]

### AGE TAX CREDIT

**Mr. Martin Cauchon (Outremont):** Mr. Speaker, I rise today to clarify a question which many people have asked me regarding the age credit.

Contrary to what the Bloc Québécois has been saying, the changes brought to the age credit will be of no consequence for the vast majority of seniors.

As a matter of fact, three quarters of retirees are not affected since their income is less than \$25,921. Only those whose income exceeds \$50,000 will no longer be entitled to the age credit. They represent only 5 per cent of all retirees. Thus, three quarters of them will not be affected at all.

The new budget provisions will have the same beneficial impact on seniors who are less fortunate. Retirees with an income below \$26,000 will not pay more taxes.

One of the key ideas of the 1994 budget is to better target our resources so that we can meet the basic needs of those who depend on government assistance. By reducing the level of tax credits for the more wealthy, we free additional money to help the elderly who are less fortunate, so that they can live with dignity without being afraid of tomorrow.

*S. O. 31*

[*English*]

### ESTONIA

**Mr. Stan Dromisky (Thunder Bay—Atikokan):** Mr. Speaker, I address the Canadian people in celebration of the 76th anniversary of the independence of the republic of Estonia.

On February 24, 1918 Estonian nationalists declared independence from Russia, and after several periods of foreign control, reclaimed their independence on August 20, 1991. Since then it has emerged as a leader among the Baltic states. It is the first former Soviet republic to issue its own currency, to double exports and is outstripping the other developing economies of the former Soviet Union as well as most European countries.

Under the vibrant leadership of Prime Minister Mart Laar, institutions are rapidly emerging which clearly and solidly establish Estonia as an independent and free democratic republic wherein the supreme power is vested in the people.

To the people of Estonia, the people of Canada extend wishes of permanent peace and prosperity.

\* \* \*

[*Translation*]

### WINTER OLYMPICS

**Mr. Gaston Pélouin (Brome—Missisquoi):** Mr. Speaker, Quebec is once again in the spotlight today in Lillehammer. It is with great pride and pleasure that we learned this morning that Philippe Laroche of Lac-Beauport, in the riding of Charlesbourg, and Lloyd Langlois of Magog, in my riding, have respectively won silver and bronze in freestyle skiing—aerials.

We extend our heartfelt congratulations to them and wish them the best of luck in whatever challenge they decide to take on next, with no lack of enthusiasm, that is for sure.

Mr. Speaker, the success of our athletes at the Olympic Games is even more praiseworthy when you think that they must initially struggle on their own to find financial support.

We will see to it that the Minister responsible for Amateur Sports honours his commitments and quickly puts in place new policies regarding support for our athletes.

\* \* \*

[*English*]

### INDIAN AFFAIRS

**Mr. John Williams (St. Albert):** Mr. Speaker, it has been reported in the media that members and supporters of the

Reform Party have been maligned and labelled racist and haters of Indians by certain members of this House.

I find this repulsive and so do more than 2.5 million Canadians across this nation who voted for the Reform Party.

(1410)

Many of those who supported our party are native Indians. I have two reserves in my riding and they as well find these remarks offensive.

Remarks of this nature serve only to create divisions in our country and foster hatred between different groups of Canadians where there should be friendship and understanding.

It is my fervent hope that the members who have made such offensive remarks will rise in this House and apologize and promise never again to make such hate filled comments, whether in private or in front of this House before the television cameras.

\* \* \*

### BLACK ACHIEVEMENT AWARDS

**Mrs. Anna Terrana (Vancouver East):** Mr. Speaker, February is Black History Month. The black community has a long history in Canada during which, like many other immigrants, black people have substantially contributed to the life of this country with pride and determination.

Every February *Pride* magazine presents the Canadian Black Achievement Awards to members of the black community who have performed outstandingly in their field of expertise and in participating in the life of their communities. The awards recognize and honour the accomplishments, achievements and excellence of African Canadians in 16 different categories of endeavour.

This year *Pride* magazine has recognized and honoured three members of this House who are for the first time representing the constituents of their ridings in the Government of Canada.

The hon. member for Etobicoke—Lakeshore, the hon. member for Vancouver Quadra and the hon. member for Bruce—Grey were chosen for the work each of them did in their communities in their capacities as educator, medical doctor and mayor, respectively, while being active volunteers in many other endeavours.

I am sure all members of this House want to join me in recognizing the three hon. members and congratulating them for their achievements.

\* \* \*

### DEFENCE POLICY

**Mr. Jesse Flis (Parkdale—High Park):** Mr. Speaker, this week the Minister of Foreign Affairs announced that Canada

was sending 12 Canadian forces personnel to Cambodia to take part in the dangerous task of removing five million land mines which literally cover half of the country.

The terrible legacy of two decades of civil war left a deadly variety of land mines which kill or maim 300 Cambodians every month. It also makes any kind of agricultural activity virtually impossible.

I congratulate the bravery of these 12 Canadian soldiers who are going to Cambodia to support the demining operations there.

In view of the international conventions against the use of biological, chemical and other diabolical weapons of destruction, I will recommend that the use of land mines in warfare be considered on the agenda of the Canadian foreign affairs and defence policy review which this government is preparing to launch very shortly.

\* \* \*

[Translation]

#### SAINT-HUBERT WEATHER OFFICE

**Mrs. Pierrette Venne (Saint-Hubert):** Mr. Speaker, on October 25 last, the people of Quebec and Canada thought they had elected a new government. Unfortunately, until proved otherwise, this is not the case. Take for instance this important issue affecting my riding, namely the closure of the weather office in Saint-Hubert.

Weather services experts are slated to be replaced by an automatic meteorological observation system which has not yet been perfected and does not differentiate accurately between types of precipitation.

Following the announcement of this highly questionable decision, officials from the Montérégie region asked to meet with the two ministers concerned to review the decision made by the Tories. Will the Minister of Transport and the Minister of the Environment dare reconsider a decision made by the Tories? Stay tuned!

\* \* \*

[English]

#### INDIAN AFFAIRS

**Mr. Leon E. Benoit (Vegreville):** Mr. Speaker, recently the Minister of Indian Affairs and Northern Development expressed his concern with what he believes is the Reform Party's view on aboriginal Canadians which is that Reformers hate Indians. This allegation, of course, is completely false.

Charges of racism have been used all too often as a means of attempting to undermine the Reform Party. These allegations contribute nothing to the daily performance of this House.

#### S. O. 31

The statements the minister made in this House, which implied that Reformers have shown racist tendencies, are based on the fact that we speak openly and honestly on issues like Indian—

**The Speaker:** It is the practice in making these statements under Standing Order 31 that no member be directly attacked in this way.

Perhaps the hon. member could rephrase his statement so that it would not be a direct attack.

\* \* \*

(1415)

#### VETERANS AFFAIRS

**Mr. John Harvard (Winnipeg St. James):** Mr. Speaker, I rise in support of a special war medal for Dieppe veterans.

For 30 years or more the issue has been in the hands of the federal government. Almost everyone seems to support the idea of special recognition for these very deserving war veterans. Politicians make positive statements, officials meet and promises are made, but nothing really happens. If the country waits much longer all these men will be dead.

I am given to understand that the federal government is now studying proposals on how special recognition might best be provided and that when that is done the government will have several concrete options for veterans' groups to review. Moreover the secretary of state says he sees merit in a war medal for these courageous men.

Let us hope we are near the end of this saga. The gallant veterans of Dieppe have waited long enough. I urge the government to act and act now for a group of fine men.

\* \* \*

#### CHILD POVERTY

**Ms. Paddy Torsney (Burlington):** Mr. Speaker, there are just two days left and tickets are going quickly for the second annual gala for child poverty.

The successful event benefits needy children in the Ottawa-Carleton region. It is sponsored by the Fund for a New Generation, a group of active young people who represent all parties in the House as well as the public, private and university sectors. These young people strongly believe in grass roots community support.

I take this opportunity to thank the 100 local merchants and retailers and national sponsors Sun Life Canada, Merck Frosst and the Rider Travel Group. They have made the event possible but they cannot do it alone. Future generations need us now.

I ask members, visitors and pages to stick tapes in their VCRs to catch the Olympics and go to the Museum of Nature this Saturday night. Many children in the Ottawa-Carleton region



*Oral Questions*

need our support. Tickets are available from any of the whips' offices. They should call now. Operators are standing by to take their calls.

\* \* \*

**EMPLOYMENT**

**Mr. John Solomon (Regina—Lumsden):** Mr. Speaker, the Liberals are making it more difficult to be a young person with hope. In Regina—Lumsden more and more unemployment insurance claimants are rejected because of the unfair changes to UI.

These individuals cannot find full-time work and are forced to take seasonal or part-time jobs. When these jobs dry up they do not qualify for UI; they go on the province's welfare rolls instead. They are not lazy. They are underemployed because there are simply not enough full-time jobs to go around.

The Government of Saskatchewan addressed the issue of unemployment in its recent budget with a job creation program. Unfortunately the federal budget will mean more unemployment for Saskatchewan and more people dependent on welfare.

The changes to UI simply offload federal costs to the provinces and continue the Tory tradition of disguising how many unemployed people there really are by shifting them to welfare.

The Liberal government does not get it. The unemployed do not want to be unemployed. They only wanted one thing from this government: real jobs. Instead they got snow jobs.

recommendation to close the Royal Roads Military College in Victoria and the one in Saint-Jean, Quebec.

Royal Roads was established in 1942 and Saint-Jean in 1952. We decided to close them both and to keep the one in Kingston, Ontario, where both official languages of the country will be taught. There are many French-language institutions that work very well in Ontario.

I would remind the Leader of the Opposition that many times he recommended cutting military spending by 25 per cent. If we had followed his recommendations, not only would we have closed the military college in Saint-Jean but we would also have had to shut down the facility in Bagotville, in his region.

(1420)

**Hon. Lucien Bouchard (Leader of the Opposition):** I have trouble understanding how one can say such things when the Canadian armed forces already spend only 13 per cent of their capital budget in Quebec.

But, Mr. Speaker, if you allow me, I would remind the Prime Minister that the college in Saint-Jean was founded to end the scandal of an army that resisted the French fact and that the college in Kingston was indeed one of the bastions of that hostile attitude.

I want to ask the Prime Minister if he does not admit that his government's decision is taking us back 40 years and wiping out a symbol of success for the French fact in Canada.

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I am sorry, perhaps that was the problem in 1952, but since then, we passed the Official Languages Act. The best example I can give the House now is that the chief of Canada's armed forces, John de Chastelain, is a perfectly bilingual anglophone, which proves that the Canadian armed forces have changed a lot since 1952.

**Hon. Lucien Bouchard (Leader of the Opposition):** Mr. Speaker, we all noted with interest that the Prime Minister admitted that until 1952, it was a problem. Indeed, the problem was that the French fact was not recognized and was snubbed by the Canadian armed forces and that Kingston was a prime example of such rejection.

Can the Prime Minister confirm that closing the college in Saint-Jean is the result of last-minute pressure from the Liberal caucus to help the closure of military bases go down better in the rest of Canada?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, that statement is totally false. The problem was not even raised in the Liberal caucus.

I would say to the hon. member that he should think twice before making statements like that. If we had cut 25 per cent as he asked and as he called for dozens of times in the election campaign, not only would we have closed Saint-Jean, but we would have closed the military base in Bagotville at the same

**ORAL QUESTION PERIOD**

[Translation]

**COLLÈGE MILITAIRE ROYAL DE SAINT-JEAN**

**Hon. Lucien Bouchard (Leader of the Opposition):** Mr. Speaker, my question is for the Prime Minister.

Unexpectedly, to the dismay of francophones in Quebec and Canada, the government wants to close the military college in Saint-Jean. It is the only French-language military college in Canada and enables francophones to advance in the armed forces in their own language. Since it was founded, this college has trained several generations of brilliant French-speaking officers.

I ask the Prime Minister if he does not admit that by closing the Saint-Jean college in an arbitrary and underhanded way, he is sending a message that there is no more room for francophones who want to become officers in the Canadian armed forces in their own language and environment.

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, the government does not take such action on a whim. We had a

time. Furthermore, I think that the new Canada can have a completely bilingual institution in Kingston, Ontario, where they have one of the best universities in Canada.

**Mr. Michel Gauthier (Roberval):** Mr. Speaker, in an article published this morning and entitled "Kingston, a choice made for reasons of economy and national unity", the Minister of National Defence says, and I quote: "I am tired of those Quebecers who claim to be the only ones protecting the French fact in Canada". The minister goes on to say: "In Canada, francophones must feel comfortable everywhere. That was the dream of Mr. Trudeau and the Liberals of old".

Mr. Speaker, given those comments, are we to understand that, to get rid of those Quebecers he is tired of, the minister intends to give to Kingston the responsibility of training French-speaking officers?

[English]

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I stand by what the Minister of National Defence said. There is a possibility.

[Translation]

I once was the member for Beauséjour. When I was there, I attended the University of Moncton, where some law classes are taught only in French. I visited the University of Sudbury and the University of Ottawa. I was also invited to Glendon College, in Toronto. It is possible to find institutions in Canada, outside Quebec, which provide first-class education in French, and that is what Canada is all about: ensuring the preservation of French all across the country.

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

**Mr. Michel Gauthier (Roberval):** Mr. Speaker, how can the Prime Minister, who supports the comments made by his minister to the effect that he is tired of Quebecers who try to protect the French fact in Canada, believe that they will trust him when it comes to protecting the interests of the French language, while he and his government are about to close the only institution for the training of francophone officers in the Canadian Forces?

(1425)

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I am very pleased to see the hon. member defending federal institutions in Quebec. I am really very happy to see that. I hope that the hon. member will now start saying that he knows more than his small region.

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

**Mr. Bouchard:** The small region of Lac-Saint-Jean, is that it?

**Mr. Chrétien (Saint-Maurice):** I want to say something to the leader of the opposition. If, some day, he succeeds in leading Quebec to independence, his neighbour's children will not have

### Oral Questions

the option of becoming American citizens. In an independent Quebec—

**Mr. Gauthier (Roberval):** Is he talking about my children?

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

**Mr. Chrétien:** It is true. We, on this side, believe that there are federal institutions in Quebec and that one can be a proud Quebecer, a proud Canadian and a proud francophone everywhere in this country.

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

[English]

**Some hon. members:** More, more.

**The Speaker:** Order, please. I am starting to feel like the Maytag repairman. With my colleagues' kind permission we will hear from the member for Calgary Southwest.

\* \* \*

### EMPLOYMENT

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, I am wondering what happened to our resolve to conduct ourselves a little differently than in the past.

My question is for the Minister of Human Resources Development. The premier of Quebec announced that it was the objective of his government to reduce unemployment in that province by 1 per cent this year.

Does the federal government have an unemployment reduction target for the country as a whole and, if so, what is it?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, I would like to respond to the hon. member for Calgary Southwest by pointing out that one of the reasons the premier of Quebec is able to target a reduction of 1 per cent unemployment per year is that there is a federal government in Ottawa providing great assistance in job creation right across Canada and helping Quebec, Alberta, British Columbia, and every other province to reduce the number of unemployed.

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, the minister's reply is simply too vague, particularly on an issue of such personal importance to millions of Canadians.

In the name of those Canadians my question is: Does the minister have specific targets for reducing unemployment in 1994-95, public sector targets, private sector targets or national targets, and if he does, can he tell us what they are?

(1430)

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, there are two answers for the hon. member. The real target for members of the government is to put into place job creation programs, such as reducing UI premiums

*Oral Questions*

that will create over 60,000 jobs; an infrastructure program that will create over 65,000 jobs; a youth corps that will create over 15,000 jobs; an apprenticeship program that will create 15,000 or 20,000 jobs. The government is in the job creation business.

If the member wants the targets I suggest he read the budget papers because the information is in the budget papers. Maybe he should learn to read before he asks questions.

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, the red book and the throne speech promised jobs. Yet the budget predicts that unemployment will fall from 11.2 per cent last year to 11.1 per cent this year, a drop of only one-tenth of 1 per cent.

Will the minister acknowledge that this is not good enough, that the job impacts of the budget presented on Tuesday are negligible in 1994-95 and therefore unacceptable to unemployed Canadians.

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, with all due respect to the hon. member I think he has been attacked by a slight case of schizophrenia.

Yesterday he was in the House of Commons in high dudgeon speaking about the need to cut government expenditures, to get all the expenditures down, which would put thousands and thousands more Canadians in the unemployment ranks. Now he is asking us how we are going to put people back to work. He cannot have it both ways.

\* \* \*

[Translation]

**THE BUDGET**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie):** Mr. Speaker, my question is directed to the Minister of Finance.

Last December, the Liberal government raised unemployment insurance premiums to \$3.07, a tax increase of several hundred million dollars for 1994. The new Budget reverses this decision but will maintain the tax until next December. The government claims that the rate reduction will create 40,000 jobs, starting next January.

Would the minister agree that a roll-back is necessary right away, and that based on what the minister said, the premium increase, a real tax on jobs, will cost us about 40,000 jobs between now and next December?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, I am glad to hear the hon. member agrees with the number of jobs we will create by lowering unemploy-

ment insurance premiums, after the increase we had to introduce as soon as we came to power because of the deficit inherited from the previous government. If you look at the number of jobs we will create, our roll-back is in line with our infrastructure program and our job creation program which was welcomed by everyone. It is really excellent.

Let me quote the following: "The unemployment insurance premium roll-back is a major incentive for small business. By cutting social costs you get more jobs"; this was said by John Bulloch, President of the Canadian Federation of Independent Business. "It should provide the conditions that will help the private sector create jobs. And I think that is the tenor of this budget"; this from Anne-Marie Hubert, accountant, participant at the conference in Montreal. "I think the minister has brought down a budget that goes as far as the government can go towards—"

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

**Mr. Gilles Duceppe (Laurier—Sainte-Marie):** Mr. Speaker, thank you for interrupting the minister's quotes from favourable press clippings.

It is really incredible. The minister tells us: "You agree this will create 40,000 jobs, and it certainly will, especially since this year we are going to cut 40,000". Now that is quite an achievement. Mr. Speaker, this is like the cha-cha-cha: one step forward, two steps backward. The minister admits that this year he will be cutting 40,000 jobs, and he says that next year, he will save 40,000 jobs.

Why does he not do something right away and save several hundred million dollars in the process? This measure will create unemployment, because—the minister admitted this himself—they want to create jobs because this year they are creating unemployment.

Does the minister feel his policy is responsible, yes or no?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, the answer is, of course, yes.

(1435)

According to statements by the vast majority of union and business leaders, because we made it very clear that we are going to freeze spending—that is how we can do this roll-back—we are creating the kind of optimism that will create jobs. And here again, I could quote, if you do not interrupt me, Mr. Speaker, "This is the right way to go, because it is essentially a social cost, and if we can reduce the tax on jobs, this will have a positive impact on employment growth". That is one quote, but there are thousands, Mr. Speaker.

*Oral Questions*

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

[*English*]

**Mr. Randy White (Fraser Valley West):** Mr. Speaker, my question for the Minister of Finance affects all Canadians and not just one province.

Page one of the budget plan states that the government will meet an:

—interim target of a 3 per cent deficit-to-GDP ratio by 1996-97.

If 3 per cent is the interim target, is the ultimate target to reduce the deficit to zero?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Yes, Mr. Speaker.

**Mr. Randy White (Fraser Valley West):** Mr. Speaker, somehow I expected that answer.

The obvious question for the minister then is when does he forecast a successful attempt in getting to zero?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, we are on the road to that with this budget. It is the first important step.

Again, I would want to go through a whole bunch of citations.

**An hon. member:** No, no.

**Mr. Martin (LaSalle—Émard):** But they are so good, Mr. Speaker.

It is very clearly our ultimate goal. It is a goal that we have set out with this budget. As we begin to approach that goal there is another goal that we intend to implement at the same time and that is reductions of taxes because that is very important to a nation which is overburdened.

[*Translation*]

**Mr. Paul Mercier (Blainville—Deux-Montagnes):** Mr. Speaker, my question is also for the Minister of Finance.

In his budget speech, the minister chose to target the middle-class and particularly middle-income seniors. He has decided to take \$490 million out of their pockets over the next three years.

Does the Minister of Finance realize that he is adding unacceptably to the fiscal burden of 800,000 seniors by digging into the pockets of every senior earning over \$35,000 to find an extra \$560 over two years?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, first of all, 95 per cent of seniors will be entitled to all or part of the age credit. Only 5 per cent of seniors will no longer be entitled to any credit whatsoever.

All we are really doing is bringing the age credit in line with other revenue-based credits.

I might add that our budget does not affect in any way Old Age Security, the Guaranteed Income Supplement or the pension income credit.

**Mr. Paul Mercier (Blainville—Deux-Montagnes):** Mr. Speaker, the 800,000 people I was referring to are over and above this 5 per cent.

Why did the minister choose to target middle-income seniors rather than making sure that all corporations pay minimum tax or doing away with outrageous family trusts?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, there are two questions in one and I will answer both. As far as seniors and the budget are concerned, if I could just quote the famous Mrs. Solange Denis who was quoted in this morning's edition of *Le Droit* as saying: "We must be careful not to think that we can do as we please because we are senior citizens. Seniors must do their share; the deficit is enormous and every one knows that a concerted effort is required". Certainly, we will take the word of Mrs. Denis on this. Now, Mr. Speaker, the question was put to me—

(1440)

**Mr. Loubier:** One question, was it?

**Mr. Martin (LaSalle—Émard):** No, there were two. At any rate, he is much cleverer than you are.

Mr. Speaker, in response to the question on family trusts, about what we plan to do, allow me to refer the hon member to a speech made by the Bloc Quebecois critic for finance, who said in essence that the same thing applies to family trusts, that there are no really comprehensive studies on the subject, that the Bloc Quebecois reiterates its request that a parliamentary committee be struck.

\* \* \*

[*English*]

**GOVERNOR GENERAL**

**Mr. Myron Thompson (Wild Rose):** Mr. Speaker, my question is for the Minister of Finance, and he will happy to know he will not need reams of paper to answer it.

Last night CTV reported that the Governor General was using a Challenger jet to shuttle between Ottawa and Arizona for a total cost of \$160,000. I know that we would all like to head—

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

**Mr. Marchi:** There's the wild thing. Those westerners are expensive.

*Oral Questions*

**The Speaker:** Order. As a general practice questions about the Governor General are not handled in the House. Perhaps the member could somehow phrase his question so that he could elicit the information he wants without reference thereto. The hon. member for Wild Rose.

**Mr. Thompson:** Thank you, Mr. Speaker. I was surprised I even had to talk about Challenger jets. I heard they were for sale.

I wonder if the finance minister would agree that it is time the government started showing some restraint in this kind of spending in these tough times.

**Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I think it is the same for the Governor General as it is for the Prime Minister. When the Governor General and the Prime Minister travel, questions of security are decided along guidelines established by the security service of the RCMP.

**Mr. Myron Thompson (Wild Rose):** Mr. Speaker, I can accept that security may be important. I am not sure if it is or not. I would like to check into it more.

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

**Mr. Gauthier (Ottawa—Vanier):** That's disrespectful of the G-G.

**Mr. Thompson:** Probably security can be a factor. However I believe there might be better ways of doing it.

**Mr. Manley:** Just ask General Renfrew.

**Mr. Thompson:** The next question I have for the minister is: Would the finance minister be willing to take on an immediate, full scale review of pay and perks for all employees of the people of the country to put a stop to extravagant spending?

**Mr. Marchi:** They just froze it for goodness sake.

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, in the budget the Minister of Finance indicated that a review of all boards and appointments is being conducted at this time under the authority of the minister in charge, the President of the Privy Council. We are reviewing everything to make sure there will be no unnecessary spending.

In the case of the Governor General, I did not complete my answer to that. The same principle applies as to Her Majesty the Queen.

\* \* \*

[Translation]

**THE BUDGET**

**Mrs. Christiane Gagnon (Quebec):** Mr. Speaker, my question is for the Minister of Finance. The budget speech brings us 20 years back by taking into account the spouse's income and dependant children to establish the level of UI benefits.

Does the minister not agree that it is women who will bear the brunt of the changes brought about by his budget since they will have to prove whether or not they have a spouse or dependant children?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, it is very clear that the role of women is very important in the unemployment insurance reform we are presenting, as indicated by the fact that we have substantially increased benefits for single mothers. We did away with the draconian measures imposed by the Conservative Party. When you look at the reform, it is very clear that the women's role is very important to us and that we will act accordingly.

(1445)

**Mrs. Christiane Gagnon (Quebec):** Mr. Speaker, does the minister recognize that the enforcement of the new changes will require the establishment of a monstrous control system similar to a gang of boubous—macoutes which will harass women?

[English]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, the only monster around is in the mind of the hon. member.

The fact is that the administration of this new effort to help those most in need will be based upon those who are eligible for the child tax credit, which is a basic standard form that is applicable to all Canadians.

I would like to ease the fears of the hon. member and tell her that if she has any more problems with monsters, she may want to talk to the Leader of the Opposition about that.

\* \* \*

**NATIONAL DEFENCE**

**Mr. Ron MacDonald (Dartmouth):** Mr. Speaker, my question is for the Minister of National Defence.

Yesterday this House voted on establishing a joint parliamentary committee to review and revamp defence policy. On Tuesday night the Minister of Finance announced cuts to defence and the closing and downsizing of over 20 military installations.

My question to the Minister of National Defence is this. Could he inform the House as to what criteria was used in selecting the bases to be downsized and cut? Can he give this House an assurance that the actions in the budget of two nights ago will not prejudice the work of the defence review committee?

**Hon. David Michael Collenette (Minister of National Defence and Minister of Veterans Affairs):** Mr. Speaker, I answered a similar question in the House a few weeks ago.

We cut in such a way as to deal with the surplus capacity, the excess infrastructure, so as not to prejudice the outcome of a defence review.

I regret that many installations were deemed surplus after an exhaustive review by our officials and thorough costing was done. In fact one in the hon. member's constituency has been severely hurt and I do regret that. We are trying to work with him and the other members affected to see if mitigative measures can be put in place to help those local communities replace some of the economic activity that has been lost.

\* \* \*

### INDIAN AFFAIRS

**Mr. David Chatters (Athabasca):** Mr. Speaker, my question is for the hon. Minister of Indian Affairs and Northern Development.

It is my understanding that the previous government and native leaders agreed not to discuss Bill C-31, a bill defining band membership as part of ongoing discussions regarding land claims and native self-government. In fact, they agreed to leave that matter to the courts for a decision so that land claims and self-government discussions could proceed more quickly.

If native leaders made this agreement with the previous government and were satisfied with it, why is the present minister dragging Bill C-31 into discussions with native leaders and bands?

**Hon. Ron Irwin (Minister of Indian Affairs and Northern Development):** Mr. Speaker, it is a different government.

We started with the premise that the inherent right of self-government exists. We look at communities, watersheds and cultural aspects. We do not say that an aboriginal person on a reserve is any different from an aboriginal person off that reserve during negotiations.

It is very sensitive. I know there is strong feeling within the bands across Canada. Part of the problem is on the return. No one knew this was coming on the return. Everybody estimated it would be about 10 per cent of those people reinstated wanting to return to the reserve. In fact, it is closer to 40 or 50 per cent and it provides tremendous pressures on the chiefs.

Notwithstanding all that, dealing with the people who legitimately belong to bands is part of the ongoing discussions. That is the policy of this government.

**Mr. David Chatters (Athabasca):** Mr. Speaker, I am not sure if that answered my question or not. Native Canadians arrive at agreements with governments and rely on governments, no matter what party is in office, to honour those agreements.

My supplementary is this. The minister has yet to clearly deny or confirm that he told members of bands in my riding that Reformers hate Indians. Will he rise in this House today and

### Oral Questions

give an unequivocal yes or no. Did he so label Reformers as haters of Indians, yes or no?

**The Speaker:** The hon. Minister of Indian Affairs, if he wishes to answer the question.

**Hon. Ron Irwin (Minister of Indian Affairs and Northern Development):** Mr. Speaker, I think it is very important. The Reform Party of Canada has asked me several times if I at a private meeting said that the Reform Party of Canada hates Indians. As I said yesterday in this House, I do not recall making such a statement and others do not recall me making such a statement.

(1450)

However, if I did or even if the Reform Party thinks I did, and I think that is important, let me state categorically to all members of this House and to all Canadians that I do not think the Reform Party of Canada hates Indians.

Notwithstanding partisanship, Mr. Speaker, the House of Commons must continue to function. All of us in this House must work together to improve the quality of life for all the First Nations of Canada.

\* \* \*

[Translation]

### SOCIAL HOUSING

**Mrs. Monique Guay (Laurentides):** Mr. Speaker, my question is for the Minister of Finance.

When the Liberals were in opposition, not only did they condemn the cuts to social housing made by the Conservative government, they also pledged, if elected, to restore funding in this area.

Can the minister explain to us why the budget contains no measures to restore funding for co-operative and non-profit housing? Why is he renegeing on commitments he made during the last election campaign?

[English]

**Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency):** Mr. Speaker, I want to thank and congratulate the hon. member for keeping this issue before the House. If the hon. member has anything besides congratulations for the Minister of Finance, I think she should look at the budget and see what the Minister of Finance did.

The minister is providing \$2 billion under direct financing for the purpose of social housing. \$100 million is reaffirmed for the purpose of RRAP which is social housing, and savings which accrue to approximately \$120 million over four years are for the purpose of social housing which has yet to be defined depending upon consultations with the various stakeholders.

*Oral Questions*

I say to the hon. member and her party that they should congratulate the Minister of Finance for his commitment to social housing.

[Translation]

**Mrs. Monique Guay (Laurentides):** Mr. Speaker, during the election campaign, the Minister of Finance made the following promise to groups and I quote: "There is no question that a Liberal government would see to it that funding was restored to these areas". What happened to this nice promise?

[English]

**Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency):** Mr. Speaker, I refer the hon. member to table 7 of the budget plan which clearly spells out the commitment of the Government of Canada as it relates to social housing.

The hon. member and her party may wish to disagree as to whether the RRAP is social housing or not. We on this side of the House believe it to be social housing because it helps provide low income Canadians with necessary assistance to make improvements to their homes.

That is social housing. That is a live commitment by the Minister of Finance.

\* \* \*

### JUSTICE

**Mr. Allan Kerpan (Moose Jaw—Lake Centre):** Mr. Speaker, my question is for the Minister of Justice.

Three weeks ago the decisions on the Martensville child abuse case were released. There is an uproar in Saskatchewan from all those involved in this case. The people of my province are demanding an official inquiry.

Will the minister press the Saskatchewan authorities to initiate an inquiry in this case?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada):** Mr. Speaker, I should first thank the hon. member for his consideration in giving me advance notice of the question.

At least part of that case is still before the courts. Anything I say ought not to be taken as a comment on the case but I am happy to speak to the subject generally.

As the hon. member implicitly recognized in his question, the issue whether there ought to be an inquiry is a provincial matter. I have no doubt about commitment of Attorney General Robert Mitchell of Saskatchewan to the integrity of the administration of justice in his province.

I have every confidence that he will confront the decision whether to order an inquiry in accordance with appropriate factors but it really is a matter for the attorney general of that province to deal with.

**Mr. Allan Kerpan (Moose Jaw—Lake Centre):** Mr. Speaker, my supplementary question is for the Minister of Justice. The ugly reality of child abuse in our society demands a response from us as leaders.

What plans does the government have to help Canadians work toward preventing this type of horrible crime against innocent children?

(1455)

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada):** Again, Mr. Speaker, without referring to the Martensville case itself, would you permit me to express to the hon. member the confidence that I have in the effectiveness and the responsiveness of the criminal justice system to deal with these hateful crimes of child sexual abuse.

The fact is they do present extraordinary challenges in terms of the police investigations, the prosecutions, and for the judges and juries who must decide them.

There have been changes in the criminal law in recent years, including bills that have made it easier for victims of alleged crimes to testify, to have attendance with parents or friends in the courtroom, and to use screens so they need not confront the alleged attacker. May I remind the hon. member as well of the steps we outlined in our platform document that we intend to take to deal with this issue, including the creation of a national register of child abusers.

I am confident in the present system. This government has plans to improve it further so that we can deal with this very difficult and hateful crime in an effective way.

\* \* \*

### GOVERNMENT EXPENDITURES

**Mrs. Georgette Sheridan (Saskatoon—Humboldt):** Mr. Speaker, my question is for the President of the Treasury Board.

There is a perception among many Canadians that government departments seek to avoid future budgetary reductions by recklessly draining their budgets at fiscal year end. Will the minister tell this House how he will implement the red book commitment to exercise unwavering discipline in controlling federal spending?

**Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure):** Mr. Speaker, there is indeed that perception on the part of Canadians about rushing to spend the money before the year runs out. Of course, under the Financial Administration Act it does lapse. Perhaps from time to time it means that managers will spend prematurely or money will be expended prior to when it needs to be.

To combat that we have in this current fiscal year put in place the opportunity to carry over a percentage of the budget so that spending can be done at more appropriate times beyond the year end. I am pleased to inform the hon. member and other members of this House that as of now we have made the decision to increase that amount to 5 per cent of operating budgets. That should severely curtail at least the perception and of course the

*Oral Questions*

reality of that past practice so we can ensure the effective and efficient use of taxpayers' dollars [English]

\* \* \*

[Translation]

**GOVERNMENT EXPENDITURES**

**Mr. Gaston Leroux (Richmond—Wolfe):** Mr. Speaker, my question is for the Minister of Finance, but first of all, on behalf of all members of the Bloc Québécois, I would like to express our solidarity with the people of Saguenay—Lac—Saint—Jean and our disappointment with the comments made by the Prime Minister earlier in this question period.

In his budget, the Minister of Finance announces a slight reduction in government expenditures of only \$400 million and postpones until 1995 the real decisions on streamlining the government's administrative machinery. Thousands of statements condemn him in this regard.

Why did the Minister of Finance not act this year to implement without delay the repeated recommendations made year after year by the Auditor General to streamline government and reduce waste estimated at several billion dollars?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, regarding not only the cuts but also our plan to streamline government and to really make it much more efficient, in co-operation with the President of the Treasury Board and the Minister responsible for Public Service Renewal, we have outlined in our budget the most substantial government reform process since World War II.

**Mr. Gaston Leroux (Richmond—Wolfe):** Mr. Speaker, does the minister not agree that, by acting without delay on the government cuts recommended by the Auditor General year after year, he would show a real political will to end the waste of public funds instead of going after the unemployed, the poor and the aged?

(1500)

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, as we already stated in this House, we accept the great majority of the Auditor General's suggestions and we intend—we said so in the budget—to implement them this year. That is our intention.

**FISHERIES**

**Mr. John Cummins (Delta):** Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

The enabling authority for the aboriginal fishing strategy will expire this spring. As I understand it cabinet must review the program and then rule on whether to continue or terminate it.

Will the minister tell us when we can expect such a decision, whether the decision will be made in splendid isolation, or will input be sought from those affected by the program?

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

The member will know I had the great privilege and honour to be in the province of British Columbia within the last two weeks. I met with many groups while in British Columbia. With each and every group I talked to, including during an address to the Pacific Trollers Association, we had a discussion of the aboriginal fisheries strategy.

Certainly consultation is not being done, to quote the member, "in splendid isolation". May I say that I would welcome input from the member either on the floor of the House, in committee, or privately on this important subject.

The government will be seized of the matter within the next number of weeks. We will conduct the review as is appropriate. We will be glad to report our findings to the country as a whole through the auspices of the House of Commons in the appropriate way and time.

\* \* \*

**PUBLIC SERVICE**

**Mr. Nelson Riis (Kamloops):** Mr. Speaker, the minister responsible for public works indicated that the government had demonstrated a sensitivity for seniors with the continuation of the RRAP. I agree. The Minister of Finance indicated some sensitivity to low income Canadians with special responsibilities by having a benefit differential with the UI changes.

My question is for the Minister of Finance. When the decision was made to freeze salaries of the public service across the board, and recognizing the tremendous variation from very low paid jobs to very high, why did he not show the same sensitivity to those people who work for the government? Why did he not recognize that to freeze those wages for everybody is quite different in terms of impact for somebody making \$20,000 a year and somebody making \$120,000 a year?



*Business of the House*

**Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure):** Mr. Speaker, prior to the budget being brought in I consulted with employee representatives, the various union leaders, with respect to the fact that in order to get the deficit down we were going to have to make some of the cuts on the wage bill. We looked at various options. I told them that we were looking for up to a billion dollars. I got their input on this matter.

First and foremost union representatives said that they wanted to preserve jobs. That is what we took. We found that the best way to make those cuts was to extend the wage freeze and to try to preserve jobs.

We looked at a lot of other options: everything from wage rollbacks to the kinds of measures that the hon. member's leader in Ontario had taken, but those Rae days, those kinds of measures were very unpopular with the union. We did what we believed was best to preserve the jobs for our employees.

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**POINTS OF ORDER**

## WITHDRAWAL OF COMMENT

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, I rise on a point of order to say that during my response to the member for Calgary Southwest I used the word schizophrenia. I would like to withdraw that remark. It was inappropriate to use it in that context.

## COMMENTS DURING QUESTION PERIOD

**Mr. Ray Speaker (Lethbridge):** Mr. Speaker, my point of order is with regard to citation 495 of Beauchesne's under the documents cited section.

(1505)

Today the Minister of Finance cited a number of documents in his responses to questions. I was wondering if we could have the minister table those documents in respect to citation 495.

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, I would be delighted to accede to the request. I would not only like to table these documents but I have a pile more I would like to table as well.

\* \* \*

*[Translation]***BUSINESS OF THE HOUSE**

**Mr. Michel Gauthier (Roberval):** Mr. Speaker, as is customary at this time, I would like the Government House Leader to

tell us what the business of the House will be for tomorrow and next week.

*[English]*

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada):** Mr. Speaker, I am pleased to provide the weekly business statement.

Today the House will continue with the budget debate. Tomorrow the House will proceed to second reading of Bill C-14, respecting the borrowing authority. We will continue this debate when we come back on Monday, March 7 and if it is completed before the end of the day, we will return to consideration of Bill C-7 and Bill C-5.

Tuesday, March 8 shall be an allotted day and there will be a vote on the budget subamendment at the end of the day.

On Wednesday, March 9 we will continue with the budget debate. On Thursday, March 10 we will conclude the budget debate with the votes, if any, at the end of the day on Thursday.

On Friday, March 11 we will commence the report stage of Bill C-3 respecting federal-provincial fiscal arrangements. Of course we will consult further about any other business that day.

Finally my parliamentary secretary has some motions to move on consent which I understand he will do as soon as I complete these remarks.

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** Mr. Speaker, I think you would find unanimous consent for the following. I move:

That, pursuant to its order of reference of February 8, 1994, concerning the modernization and restructuring of Canada's social security system, the House authorize the required personnel of the human resources development committee to travel from place to place for the purpose of preparing and holding video teleconferences of committee sittings during the week of March 6, to 12, 1994 in the following cities: Vancouver, Edmonton, Windsor, Quebec and Sydney, Nova Scotia.

I should state that I am informed the total approximate cost of the travel contemplated by this motion and authorized by this motion is \$11,000.

**The Speaker:** Is there unanimous consent?

**Some hon. members:** Agreed.

(Motion agreed to.)

**Mr. Milliken:** Mr. Speaker, I have another brief motion and I believe again there is unanimous consent. I move:

That, if a recorded division is demanded on Monday, March 7, 1994 at the conclusion of the debate on second reading of Bill C-14, an act respecting borrowing authority, such division shall be deferred until Tuesday, March 8, 1994 at 6.30 p.m.

**The Speaker:** Members have heard the terms of the motion. Is there unanimous agreement?

**Some hon. members:** Agreed.

*Tributes*

(Motion agreed to.)

**The Speaker:** Today during statements by members I recognized the member for Red Deer but the member for Vegreville made a statement. The record will be corrected to show that it was the member for Vegreville who took the floor.

\* \* \*

(1510)

#### THE LATE DOUGLAS CHARLES NEIL

**Mr. Allan Kerpan (Moose Jaw—Lake Centre):** Mr. Speaker, I consider it an honour to rise in the House today to pay tribute to a veteran honourable member and a friend of this place.

Hon. Douglas Charles Neil passed from this world on Monday, February 21. Mr. Neil served his community and country well. Along with community service Mr. Neil, like so many others, was part of the overseas forces during World War II. As a member of Parliament, Doug had nothing but the highest respect from his colleagues as well as from his constituents. He truly was an honourable member.

He served as member for Moose Jaw from 1972 until 1984. This was the southern and urban part of the current riding of Moose Jaw—Lake Centre, the electoral district which I am now privileged to represent.

Although I did not know Doug personally I have heard many in my riding refer to him and the service he gave to them, to his country and to the House. These references of which I speak were without exception favourable and commendatory.

Just today I was reading through press accounts of Doug's passing. I am struck by the deep sense of loss many of his personal friends are expressing at this time. Even stronger than that sentiment is the gratitude and respect these friends hold for Mr. Neil. Truly his life of service impacted his fellow citizens in a profound way.

I join all those who sorrow at this time of Mr. Neil's death. On behalf of members on this side of the House I express my sincere condolences to his wife, Charlotte, and to his family. I also join in the recognition that Doug Neil has had and will have a lasting influence for good. May his memory be blessed.

**Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food):** Mr. Speaker, it was my privilege to know the late Doug Neil and to serve with him for a term in the House in the 1970s.

Doug was first elected as the member for Moose Jaw in 1972 and he served as a member of Parliament until 1984. From 1974 until 1979 it was my honour to represent the Saskatchewan

constituency of Assiniboia which at that time was right next to the constituency of Moose Jaw.

Doug and I shared a common interest in issues such as agriculture, transportation and rural affairs. We had many encounters on these issues and others in the House, in the Standing Committee on Agriculture, in the Standing Committee on Transport and on many public platforms, especially in western Canada. We obviously had our policy disagreements, but I believe we also shared a mutual respect for each other and a profound commitment to the well-being of those we were elected to serve.

Prior to his career as a member of Parliament, Doug Neil distinguished himself as an RCAF navigator, a barrister and solicitor, a Moose Jaw city councillor and an active contributor to his community through such vehicles as the Moose Jaw Wild Animal Regional Park, the Royal Canadian Legion, the United Services Institute and the Moose Jaw Kinsmen and K-40 organizations.

Doug Neil was well known and well respected in Moose Jaw. He was a proud citizen of Saskatchewan and Canada. He was a successful and effective member of Parliament and a dedicated servant to his community. He will be missed.

I wish to join with the hon. member for Moose Jaw—Lake Centre to express on behalf of the Government of Canada our sincere condolences to Mr. Neil's family.

[Translation]

**Mr. Gaston Leroux (Richmond—Wolfe):** Mr. Speaker, although I did not know Douglas Charles Neil personally, I would like at this time, on behalf of all my Bloc Québécois colleagues, to extend my deepest sympathies to the family and friends of the former member for Moose Jaw, Saskatchewan who served in this House from 1972 to 1984.

(1515)

[English]

**Mr. John Solomon (Regina—Lumsden):** Mr. Speaker, it is my honour this afternoon to join with my colleagues of this assembly to extend deepest sympathies on behalf of the New Democratic Party caucus to the family of the late Doug Neil, the former member for Moose Jaw in Saskatchewan.

We are very saddened to learn about Mr. Neil's death. We do acknowledge that he and his family committed a great deal of time and energy, to serving Saskatchewan, to serving Canada and to serving the farming community in western Canada.

Along with my deskmate, the member for Saint John, a Conservative Party member, and on behalf of the NDP members, I offer my deepest sympathies to the family.

*The Budget***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; the amendment; and the amendment to the amendment.

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, after listening to the response to the budget proposal of Tuesday and examining very carefully the comments of members of the opposition, outside commentators and others, I am struck by one very sad and disappointing realization.

People still have not come to grips with the fact that there is a jobs crisis in this country just as there is a jobs crisis right around the world. They have not really come to terms with the reality but we are going to have to look at a fundamental change in employment strategy for this country and begin to make the changes to make it work.

*[Translation]*

The Bloc Quebecois, out of sheer partisanship, is claiming that the budget is an attack on the unemployed. However, what it neglects to say is that the budget is an attack on unemployment. The Bloc prefers to see people remain on unemployment insurance rather than have a chance at getting a job.

*[English]*

The difference is that we want people to go back to work while they want to protect the status quo. They want to protect the old way and not look to create new opportunities.

The Reform Party has elevated the reduction of the deficit to an end in itself, not what it will do, not what impact it might have, but an end in itself to the point even that the member for Medicine Hat rises in this House and says that we should have a complete cancellation of government programs for training at a time when every single whip would know that the best investment we can make is in the people of this country.

The outside commentators who have commented on the budget have said that the government in reducing UI benefits, is doing what the Conservatives said they were going to do. What they ignore is how the changes we made are designed to put people back to work.

It is about time in this Chamber, in this city and across this country that we begin to examine seriously how to create work, how to find work for Canadians, how we distribute work and how we prepare people for work. That is the overriding, ever compelling responsibility of this government and it should be the responsibility of all members of this Chamber.

The shortage of jobs is world-wide. We know that. It is not simply happening in Canada. In two weeks time, there will be a major job summit of the G-7 countries at which we are going to come together to examine this shrinkage of employment, the shredding of jobs.

The OECD has said that the number one employment problem in European countries is the lack of job creation. We are finding increasingly that all the old standards, all the old formulas no longer work. One pushes the levers of productivity, competition and growth and it does not end up in jobs. It is like pushing a wet string.

Therefore we have to put our minds to the serious question of how we begin to find jobs. That means that we have to take a look at what is happening in the employment market of this country. For example, 10 years ago part-time work was about 10 per cent of all jobs created. It is now close to 20 per cent.

(1520)

In the 1990s all new jobs will require a minimum of post-secondary education. Between 1990 and 1993 jobs held by university graduates increased by 17 per cent, those held by high school graduates increased .5 per cent, and the jobs held by those who did not graduate from high school decreased by 17 per cent.

That is an enormous revolution in the world of work. We have members in this House unable, unwilling and not ready to begin facing that new reality, talking about defending the old ways of doing things. The world of work is changing and it is about time members opposite began to change with it.

I have just come from a meeting of a group of labour leaders, business leaders and academics, a special group I have established to look at this question of work, the distribution of work, and who are prepared to join a common cause to look at this issue. The conclusion at the first meeting is clear. The traditional strategies of productivity and economic growth are not working any more. The time for political posturing is over.

I would say to members who have spent a great deal of time in this House, Reform members, Bloc members, our own members, we must make Parliament relevant again. The best way to make Parliament relevant is to start talking about relevant things such as how we get people back to work.

That is what the budget of Tuesday did. It began to set the stage, the foundation, the framework by which we can begin to create a new employment strategy for Canadians. That is what Canadians want. That is why they elected us in October.

All the other smoke-screens and masquerades and charades that we have heard will not mask the fundamental fact that the deep, abiding, overwhelming commitment of all members of this government is to get Canadians back to work. We invite members opposite to help us in that task. Just take a look, let us

*The Budget*

clear away all the attempts to short-circuit and create smoke-screens.

Let me give some clear indication of our commitment to job creation. The leader of the Reform Party wanted to know what we are going to do about it.

The infrastructure program has been part of the budget, 65,000 direct jobs and perhaps close to 130,000 indirect jobs as a result. The youth service program has 17,000 as a first estimate. By an interim program to help get young people from school into the workplace we are talking about 60,000. On the reduction of the UI premiums alone, from a statutory requirement to be raised to \$3.30 by 1995 will be brought down to \$3.00 which in itself will create 40,000 jobs.

On a rough total, my mathematics are pretty simple, that adds up to over 180,000 to 200,000 jobs forecast by direct initiatives of this government alone.

We believe that will set the climate in which the private sector can respond. It will begin to set the engine rolling, it will begin to put a catalyst in the system so once again people will no longer have the insecurity of not knowing where the jobs are. They will know they have a government that cares where their jobs are and that is going to do something about it.

When we hear all these cherry-picking criticisms, let us not forget the central task that we have to begin to mould our programs, our initiatives and our policies around that central fundamental issue of how to get people working again.

Let me talk for a minute about the unemployment insurance changes. Members opposite have made a great deal of effort to try to distort the actual meaning of what took place. How can they distort the fact that in every single consultation that the Minister of Finance and, in every single meeting right across this country, we heard small business say to us that if we reduce the premiums, if we begin to reduce the burden of the payroll tax, if we begin to show for the first time that we are prepared to give small business a chance, it will go out and create work for Canadians?

That is exactly what we have done. We have started a contract with the small business community across this country to say: We are beginning to do our part, now do yours. That is the message in the budget.

(1525)

To give one example, if there is a small enterprise of 100 employees, the net effect of the changes announced by the Minister of Finance would be a net saving to that employer of \$30,000. There is one new job all by itself. What is wrong with that and why do members opposite oppose creating another new job in a small business?

I want answers from them because they have not given them so far. All they are asking is how do we keep people on unemployment insurance. They do not ask how we put people back in the work place. That is the question they should be asking themselves.

Certainly we have made a very clear linkage between one's work history and the amount of benefits provided. Some ask why. I would like to cite a couple of examples. It is time we began to break that sense that UI itself has become part of the wage scale of so many Canadians.

I have a copy of a letter written to the Minister of Finance from someone living in a small town in British Columbia. The letter says: "The people in this town do the necessary work and then refuse any further work until next year. They feel that the only time they need to work is to build up their UI claims and that they do not feel the need to do further work". The sad part about this is that they say their children are beginning to do the same.

We are building a culture in which we are saying that the only requirement is to get a bare minimum of 10 weeks and then one can be on pokey for the next 42 weeks. There is no relationship between work and benefit. We believe that unemployment insurance is crucial. It is a vital program. It is an essential program but it shall not be used to provide a replacement for work. It should be simply—

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

**Mr. Axworthy (Winnipeg South Centre):** That is what the members opposite want us to do. They want to perpetuate a system that is killing jobs in this country and destroying the incentive to work.

I think it is disgraceful at this time when there are so many unemployed Canadians that we have an opposition that says keep them that way, do not try to put them back to work.

[*Translation*]

Mr. Speaker, that is the position of the Bloc Quebecois. It prefers unemployment to jobs.

[*English*]

The fact of the matter is we have also said that we will begin to change our system to respond to need, that we recognize there are large numbers of people in that system who need special assistance.

Again we changed the UI program to ensure that those who have the greatest need will receive the greatest benefits and we have raised the benefits.

Some journalists yesterday asked me how we are different from the Tories. When we changed UI conditions we brought down benefits as a result to change work. When we changed benefits we made sure those most in need had the highest level of benefits.

*The Budget*

We also have made fundamental changes to the voluntary quit portion to change the onus of responsibility from the employee to the employer to make sure there is a built-in fairness in the system. That is how we are different. We care about the workers.

The hon. member laughs. That is the hon. member who will stand in her place and say do something about social housing to create jobs but at the same time supports the party which has no interest in creating jobs by bringing down UI premiums, by changing the world of UI so that people have a chance.

That is the problem. I do not think that party is really interested in getting Canadians back to work. Its real agenda is to provide delay, distortion, to show that federalism does not work so its own self-prophecy of separatism will be the agenda, not putting people back to work. That is the real, true agenda of the Bloc Quebecois.

We fully recognize that those changes in themselves are not enough. They are just the beginning. That is why we have put in place within the budget a fundamental restructuring of those programs at the federal level. It can provide a new framework for employment in this country, our training programs, our employment programs, our educational programs, our assistance programs, and unemployment insurance, and to begin to provide the integration of those programs so they begin to reinforce one another, they begin to provide a synergy of assistance and are not simply used as a way of propping up old ways of doing things.

We recognize that action is required. We recognize that Canadians have voted for us, not for more studies, not for lengthy and delayed consultations. They want action. They want this government and this Parliament to show that it is ready to work to put Canadians back to work. That is the message we had and that is the message in the budget. That is why we believe that it is going to be absolutely crucial in the days and weeks ahead that we begin to build upon this framework.

(1530)

A week or so ago we met with the provincial governments which have offered their full co-operation in a major program of reform. They are not hanging back, obscuring and obfuscating like members opposite have done during this budget debate. They are prepared to get in there and work.

What is more important is that in joint co-operation with the provinces we have come to an agreement that over the next year or two we will initiate a number of new programs targeted at the most chronically unemployed Canadians, those who have been on welfare for a long period of time, those who have exhausted benefits and those who have various employment handicaps.

The Minister of Finance has dedicated \$800 million over the next two years to give this country a brand new lease on innovation. We are challenging the provinces, ourselves, employers, business groups and labour unions to become part of the new thinking and approach to the world of employment. We are prepared to use scarce resources to make sure that those hardest hit, those most in need, those with the longest record of unemployment will be given that assistance.

I can report to members of the House today that already we have applications and proposals from every single province in this country. That is the kind of spirit of co-operation we need. That is the kind of working together that Canadians expect. That is the kind of esprit that Canadians voted for, that we have a notion as to how we can bring Canadians together to reason together and find ways of working together. That is the kind of invitation we keep putting out to members of the opposition to respond to.

Of course they do not want to co-operate. We know why they do not. We know what their agenda is. We hear it every day in the House. Co-operation is not part of their make-up. Working together as Canadians is not part of their make-up. Trying to make this country economically strong and firm again is not part of their make-up. They have a very different, destructive, negative agenda but we will not let them succeed. We will not let them have their way because we want to put Canadians back to work.

We believe that the budget is the first step in giving Canadians a sense of a new direction, a sense that they recognize that there is now a plan in place, that we are moving toward a new employment strategy, that we will begin to work within the programs of our own level of government, work with provinces and work with the private sector to give that sense that we can begin to reorganize, restructure and reform the system of employment in this country.

I do not pretend it is going to be easy. I do not say it is something that is going to happen overnight. I recognize the difficulties of it. However, I also recognize that if we do nothing about it, if we simply hang on to the old shibboleth, if we simply echo the old arguments, if we simply hang on to the status quo then nothing will be done. We will not be able to have a better trained population. We will not be able to say to our young people that we are going to give them a chance to have a first time job with real employment, not to go on UI as their first source of income. We will not be able to say to older workers that we are prepared to help them get back to work.

My colleague, the Minister of Fisheries and Oceans, and I are presently working with other ministers on a program in the Atlantic in order to say to the 35,000 to 40,000 people in the fishing industry who have seen their livelihood disappear that we are prepared to give them a five year commitment of

*The Budget*

long-term stability, to change their training, to change their careers and to put them back to work on eco tourism, aquaculture, restoring the resources, conserving the reop of the natural riches of the Atlantic provinces so they will no longer have to say, when they get up in the morning: "I have nothing to do. I am waiting for the fish to come back".

We are going to help them to go back to work and to put the fish back. They have been harvesting for 20 years. Now we think we can help them plan for the next 10. That is what we want to do. That is the new way of thinking about things. We are again working in co-operation with the provinces, the unions and the industry to make it happen.

I think that this is the great crusade for this Parliament. This is the great mission that we have before us. How do we once again give Canadians a sense of the dignity of work, the opportunity to have a livelihood based upon their labours and their creative talents, something that is the entitlement and the right of every Canadian?

(1535)

It will not be perfect and we will not fill every hole. We are now putting in place a youth service corps for community employment, an intern program for workplace training, and major changes to student aid and education so we can provide serious incentives to get back to school and get back to work. We are basically providing a guarantee to all our young people from 18 to 21 that if they want to improve themselves, if they want to go to work, if they want to change their skills, the federal government is there to help. Those are the kinds of things we are working on.

Mr. Speaker, you have been very kind in allowing me to speak this full period of time. I hope that what we have been able to convey to members of this House and to Canadians listening that the need for a new employment strategy is paramount. The foundations were laid in the budget of our finance minister, but we have a lot of work to do yet.

We have enormous work to do in this Parliament in coming together to put forward ideas, to provide a forum for Canadians to come together and present their solutions. We have an enormous amount of work to do in working in our own communities to change the attitudes of business and labour and community groups to begin seeing that employment is the major priority. We have a lot of work to do ourselves, to begin to understand that we can no longer separate or rely on the old habits and old ways of thinking.

If we do it right, if we are able to mobilize ourselves into this new world of work, to face the new realities that we all have to experience, then I believe that at the end of this Parliament we will be able to say to Canadians we have done well by helping them to get back to work.

That is our purpose and our mission.

[*Translation*]

**Mr. Benoît Tremblay (Rosemont):** Mr. Speaker, when one has a little parliamentary experience and hears a minister make, in reply to the budget speech or as a follow-up to the budget speech, the kind of partisan remarks the Minister for Human Resources Development just made, you can be sure that he is hiding something.

He spent half of his speech blaming the opposition. Yet, he is the one who ran an entire election campaign on job creation. The truth is plain and simple and, if it was easy to speak the truth, then the minister could speak it calmly. Canadians would understand.

Why does the minister have to make such a fuss, raise his voice and make accusations? The reason is simple. I cannot say that he is lying, of course, but I can say that he is not telling the whole truth. The truth of the matter is quite simple. They are making \$5.5 billion worth of cuts on the backs of the unemployed, cutting \$2.5 billion in social assistance and there is no telling what is going to happen two years from now to post-secondary education, I mean federal transfer payments to the provinces in that area, but one thing is sure, we can expect cuts. We do not have the individual amounts for social assistance and post-secondary education, but the combined amount is in the budget.

The minister talks about job creation. He did so during the entire campaign. Yet, in January, the government decided to collect an extra \$800 million in UI premiums. And now, it is telling us that in 1995 it is going to reduce the premium rate and roll it back to its previous level. That will happen next year.

The loss of 40,000 jobs has just been announced, and we will have more jobs in 1995. Of course, this is making the unemployment situation worse, so benefits have to be cut. Everyone can see that you are cutting benefits. Everyone can see that you are getting ready to cut social assistance. That is clear from your budget.

It apparently contains measures for businesses. As we said before, Mr. Speaker, the Auditor General of Canada clearly demonstrated that Canadian corporations were hiding millions of dollars in international tax havens. Yet, there is only one tiny little measure with regard to banks and insurance companies in this budget, and it will not be implemented before November 1995.

In the *Globe and Mail* this morning banks were reported as saying: "We did not get an answer yet. We are waiting. It is only for 1995, anyway". Basically, what they mean is that things can change between now and then. Cuts on the other hand take effect immediately.

I would ask the minister to calmly tell us the truth on this. He does not need to shout if he wants to get his message across to the Canadian people. Neither does he need to accuse the opposition. If he has positive steps to introduce, we are prepared to listen.

*The Budget*

**The Deputy Speaker:** Order! I recognize the hon. Minister of Human Resources Development.

(1540)

[English]

**Mr. Axworthy (Winnipeg South Centre):** Mr. Speaker, in response to the hon. member who said that there were all these cuts taking place in the budget and so on, I would remind him that there is a need in any budget to balance the objectives. One of the most important is to make sure that the fiscal stability of the country is held in a position which is respected by international finance.

I would like to cite a very important authority on this matter. I quote from a page of *Hansard* of May 4, 1989.

We never see any recognition of the fact that we have throughout the country a responsibility for public finances and that those finances must be absolutely sound if we are to maintain social programs.

In other words, says the speaker, our responsibility is not just to Canadians living today who are having trouble but also to future generations. He goes on to talk about the need to handle the debt and deficit problems. The authority I cite is the—

[Translation]

The authority I just quoted is the hon. leader of the Bloc Quebecois, when he was a member of the Conservative government. He has changed his position since he left the Mulroney government to become leader of the Bloc Quebecois.

[English]

**The Deputy Speaker:** Many members would like to speak. Is the minister finished?

**Mr. Axworthy (Winnipeg South Centre):** Mr. Speaker, I understand. I would just like to simply have the amount of time that the hon. member took in posing the question. I think he missed it. I do not think he was in the House. I just want to point out to him that under the direct job creation measures proposed in the budget, not just the general economic climate ones, we are talking about 180,000 new jobs being created as a result. That seems to me to be a pretty good start.

**Mr. Jack Frazer (Saanich—Gulf Islands):** Mr. Speaker, I was interested in the minister's comments about selective attention. Basically I think what he was saying was tunnel vision. He was referring to his aim to achieve jobs for Canadians. He referred to the Reform aim or our concentration on the deficit as the be all and end all.

However, in answer to the questions posed to the Minister of Finance less than an hour ago, after finally admitting that his eventual goal should be the achievement of a balanced budget, he volunteered the information, "and that would allow us to

reduce taxes". By reducing taxes you enable business to expand and to generate jobs. These are long-term jobs.

If I may quote the hon. minister, he has invested \$6 billion, \$2 billion from the federal government, \$2 billion from the provincial government and \$2 billion from the municipal government, all from the same taxpayer and this is going to create 60,000 jobs, I think he said, with various off-shuttles. But these are short-term jobs and they are bought with borrowed money.

I think the answer to the problem of Canada is to get our fiscal situation right and to generate long term jobs so that we own our future rather than owing it to somebody else.

**Mr. Axworthy (Winnipeg South Centre):** Mr. Speaker, there may be no argument about the question of getting the fiscal situation in order and bringing down the deficit. It is a question of how you want to do it. The Reform Party says the only way to do it is to cut all kinds of expenditures which would throw tens of thousands of Canadians out of work. That is what they are talking about. They are saying we did not go far enough. We have members here who are saying that we went too far.

They are saying that the kind of Draconian measures proposed by the Reform Party would have the unemployment rate in this country going up to 13 per cent, 14 per cent, 15 per cent. We are saying that the only way to ultimately bring down the deficit is to get Canadians back to work, get them back creating revenue for their families. Get them off unemployment insurance. Get them back paying taxes. The responsibility of the government is to provide the stimulus to do that, to create a climate in which government can give a signal, a message to the private sector that the hard days are over and that they should get back and create work.

In my speech I asked: What is one of the important signals? By reducing unemployment insurance premiums from a projected statutory rate of \$3.30, it brings it down to \$3 which for every company of 100 employees puts \$30,000 back in the pocket of the employer; it puts \$80 to \$100 back in the pocket of the employee. That employee can go out and buy a kitchen table or his kid's shoes. That is how we are going to create deficit reduction, not by the cut and slash program—

(1545)

[Translation]

**Mr. Osvaldo Nunez (Bourassa):** Mr. Speaker, I listened with attention to the very aggressive speech by the Minister of Human Resources Development. He launched several attacks on the Bloc Quebecois. He occasionally uses progressive terms to outline conservative, sometimes right-wing policies.

Instead of tackling unemployment, the budget goes after the unemployed themselves. The Bloc Quebecois worries about the most disadvantaged in our society: unemployed workers and welfare recipients. I come from the union movement, Mr. Speaker, and we are not alone in our fight against the minister's budget and his cuts to unemployment insurance. I had feedback from three Quebec unions, namely the FTQ, the CEQ and the CNTU. I also heard from the Canadian Labour Congress. Over two million Canadians are very concerned about the gov-

*The Budget*

ernment's budget. The president of the FTQ, Clément Godbout, said, "To effectively tackle the debt and deficit problem, we must put people back to work by creating jobs. However, this concern does not appear in the budget". For the FTQ, this is incomprehensible. Not only does the government not do anything to create jobs, but it is hitting the unemployed very hard by taking \$6 billion over the next three years from the unemployment insurance fund.

**The Deputy Speaker:** Order, please. The hon. member must conclude his comments and ask his question as soon as possible.

**Mr. Nunez:** What does the Minister of Human Resources Development think of the unions' unanimous opposition to this government's budget, to its cuts to unemployment insurance and social programs?

**Mr. Axworthy (Winnipeg South Centre):** Mr. Speaker, what the unions said, as reported to us by the hon. member, is false, is not true. Indeed, the budget we brought down will create 180,000 jobs. I hope that the hon. member will send to union members in his riding messages of hope and not the ones being sent by the Bloc Québécois which say there is no hope for the unemployed. We are sending a positive message of hope. I hope he will relay it.

[English]

**Mr. Randy White (Fraser Valley West):** Mr. Speaker, I cannot help but be astounded how a minister of a government can stand up and continuously say that spending more government money will create more jobs. Ultimately that money is going to turn into a higher deficit, more debt. When is that going to get paid off?

My question though is on the infrastructure program. I was told very recently by a mayor of a municipality that the infrastructure program was basically going to accommodate their program to build sewers and roads. All it is doing quite frankly is costing them one-third of the cost instead of the whole full cost—

**The Deputy Speaker:** The Minister of Human Resources Development.

**Mr. White (Fraser Valley West):** What happens—

**The Deputy Speaker:** Order. The hon. member's question is clear enough.

**Mr. Axworthy (Winnipeg South Centre):** I am astounded equally by how members of the Reform Party do not have the economic sense to understand that when we put capital invest-

ment in new transportation, in new infrastructure, in improving productivity, we create new wealth for the country.

Do they have no understanding of how important it is to improve the productivity of the country and to help people get back to work?

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

**Mr. White (Fraser Valley West):** You don't know what economic sense is.

**The Deputy Speaker:** Order. Time has thankfully expired on the questions and answers.

(1550)

**Mr. Jim Silye (Calgary Centre):** Mr. Speaker, I rise to address the budgetary policy of the government as presented by the Minister of Finance.

As a new member of Parliament and a member of the Standing Committee on Finance I listened intently to the minister's speech in the hope that this budget was going to be different. After cutting through the finance minister's wonderful rhetoric, the budget is nothing more than a continuation of the Trudeau philosophy that we can grow out of our economic problems.

That concept was the solution for a different problem at a different time. In fact, the only things that grow out of this budget are overall spending, up by \$3.3 billion, and the number of task forces, committees and hearings to determine and sell next year's budget. These new studies are up to about 15 new committees with three or four task forces.

I have said this before in the House and I will say it again. Total government revenues are projected at \$123.9 billion. Total expenditures are slightly less than this. It is the interest on the debt that creates the deficit of \$41 billion. Interest expenses on the federal debt now total 33 cents of every tax dollar. I submit that it is the debt and the interest expense to service the debt that puts in jeopardy the viability and flexibility of our existing programs.

The Minister of Finance has taken great pride in the unprecedented degree of consultation that his party sought in the preparation of the budget. What good is consultation when a government will not implement policies that people want and are demanding?

I fail to see the finance minister's so-called game plan that he claims to have presented in a budget that is full of wait-until-next-year promises. Spending increases are this year and all the big spending cuts are left for future years.

As a former professional football player I know the value and the purpose of a game plan. A game plan is about attacking a known obstacle or problem which in this case is the rising costs associated with servicing the debt.



*The Budget*

Based on the government's game plan I can tell members that they are attacking the wrong problem because they have ignored the debt. It will not work in the field of economics. However through his great political skills and wondrous humour skills, the Minister of Finance will certainly know how to talk to the reporters after the game. Will he blame the players, the game plan or himself when this plan fails?

The finance minister has promised to "put an end to real drift" by guaranteeing meaningful jobs, training and retraining. How does he plan to do this when he tells the people who pay our salaries to wait another year for government to fulfil its policies? It appears that he has learned nothing while he was eight years in opposition and has applied, I am sad to say, very little of his own business acumen.

I hope that the finance minister and the Prime Minister truly enjoy themselves as they travel across the country selling another year's worth of hope and weak promises on the rock solid financial foundation of living on borrowed money and over spending while those to whom they speak must live within their means.

I submit that the budget, like those before it, has missed the mark. The Minister of Finance has truly wasted some golden opportunities to reduce spending and here are a few of them.

The budget could have included the elimination of business subsidies and regional development programs; savings to the government, \$3 billion to \$4 billion. The budget could have outlined at the minimum a 25 per cent reduction of subsidies to crown corporations; savings to the government, \$1.25 billion. In this area our party would have gone further and outlined the value of some privatization, with the application of the proceeds from the sale to the national debt, another savings to government of \$3 billion to \$4 billion.

This budget could also have addressed old age security payments going to seniors whose household income is in excess of the national average of \$54,000 per year. That is \$54,000 and not \$35,000 as the finance minister seems to say on television. They are not truly needy. Savings to the government, \$2 billion to \$3 billion.

(1555)

If the government or the finance minister had done nothing, in other words no new budget, with his own figures and estimates it shows us that the federal deficit would have gone down, dropped to \$41.2 billion from this artificially inflated \$45 billion, in the coming fiscal year, and unemployment would have remained at around 11 per cent. By doing nothing that is what we would achieve. What the finance minister did was shuffle the financial deck of cards and confuse everyone with a new hand to evaluate.

The finance minister has deferred the tough decisions and at the end of the day has ended up with virtually the same results.

Why did he bother? He has created a whole lot of pain with no net gain for those who have been asked to sacrifice. At the end of the day, in my opinion, if you are asked to contribute and sacrifice, there should be a reward, and there is none in the budget for those people.

In my estimation, Canadians have been dealt a rotten hand while the finance minister on the other side of the table has finessed four aces in the financial deck of cards. When will he play the ace of toughness and cut overall spending by the government? When will he play the ace of reality and stop hiding behind taxpayer funded task forces and committees to debate the obvious? When will he make the real choice; do what has to be done, reduce overall spending.

When will he play the ace of change and show something for his party's eight years of opposition, spent criticizing Tory budgets, and work toward helping Canadians see the benefit in attacking the debt instead of adding to it, more so than the previous Tory government did in their last year?

Finally, when will the Minister of Finance play the ace of all aces, the ace of tax reform, and eliminate the incredibly high, complicated and bureaucratic taxation system that all Canadians want simplified and lowered? Canada needs a simple, visible or flat tax that is the same rate for individuals and businesses alike; a tax with no exemptions or loopholes in the range of 15 to 20 per cent, which addresses the problem of equality, equity, neutrality and efficiency; a tax that increases disposable income for all Canadians and businesses and reduces the current bureaucratic, suffocating nightmare.

These are the key factors for an effective system of taxation. The Liberal budget addresses none of them. When the finance minister has the courage to play this card, the ace of tax reform, his government will have begun to address the real problems in the country.

This budget is not about change, but rather a nibbling at the edges leaving only high debt, high taxes and high unemployment, the exact opposite of what is intended.

The Liberal Party always challenges us for alternatives. Here in my speech I have provided over \$9 billion in cuts this year for the Minister of Finance to use which are not in his budget. I challenge him to take the initiative, take the credit, start reducing the debt and do what is best for the country.

I say to the Minister of Finance: Stop talking a good game. Make some real decisions. Get into the game. Get your uniform dirty and complete the grand slam to lower debts.

**Mrs. Karen Kraft Sloan (York—Simcoe):** Mr. Speaker, I would suggest that the Minister of Finance is not some kind of card shark who is gambling with the lives of Canadians. The Minister of Finance is someone who cares about the lives of

*The Budget*

Canadians, is concerned about job creation and has taken a balanced view.

When we have one million Canadians unemployed it costs the economy \$25 billion, and I would suggest to the hon. member on the other side that perhaps the deficit is only the symptom not the root of the problem.

**Mr. Silye:** Mr. Speaker, I have long abandoned the deficit because when you say deficit the opposition tackles that. So let us present the real problem: the debt; the fact that the government is now adding another \$41 billion to the debt. It is going to be \$550 billion at the end of this coming fiscal year. It is the debt that is causing the problem and the interest on it. They make an emotional plea about jobs. Currently the unemployment rate is at 11.2 per cent. At the end of this year, with the finance minister's projections and the Minister of Human Resources Development with these 168,000 jobs offered, at the end of all this the unemployment rate goes from 11.2 per cent to 11.1 per cent. This is one-tenth of 1 per cent. Is that what this government calls giving jobs to Canadians?

(1600)

All you do is talk and promise, promise, promise but you do not deliver the goods. Here was your opportunity to lower the deficit to a point at which you could leave money in the hands of private enterprise so it could create long-term, meaningful jobs and it is equity capital.

In the previous speech I heard the Minister of Human Resources Development say that capital creates jobs. There is no question that capital creates jobs but not borrowed money and not governments—equity capital not debt capital, private enterprise not public enterprise.

**The Deputy Speaker:** I would invite the hon. member for Calgary Centre to put his remarks through the Chair. The reason is quite simple. It is designed to promote harmony between the members by doing it that way. That is the theory.

**Mr. Andrew Telegdi (Waterloo):** Mr. Speaker, let me express my harmony through you to the member for Calgary Centre.

Actually I have found the member for Calgary Centre to be rather reasonable on some issues. What I am concerned about is the amount of response we have coming back and forth between the government and the Reform Party. It is the same kind of debate that took place during the election campaign when we all were on the hustings. We were all debating the issue.

There is a fundamental question. We laid out a plan and our plan is the red book. The Reform Party laid out a plan which was the slash and burn book. My question to the member for Calgary Centre is will he not concede that we stayed true to what we said we were going to do in the red book?

**Mr. Silye:** Mr. Speaker, in response to the hon. member and with respect, I just cite the figures of the finance minister which show that the Liberals were elected on a promise to create jobs. The number of jobs they are going to create after 12 months is one-tenth of 1 per cent. If the member figures it out himself he will see that is not very much of a growth.

If they keep that up in year two, year three and year four, pretty soon the rest of the member's mates will be back over on this side of the House and we will be all over there full. Once eastern Canada gets to see what we are talking about, the advantages of living within our means, it will understand that we have the right medicine and we have identified the right problem and not the pie in the sky that the Liberals keep talking about.

**Mr. Dale Johnston (Wetaskiwin):** Mr. Speaker, the Prime Minister bought the Minister of Finance a new pair of work boots for the budget the other day and it is a good thing because he has certainly got his work cut out for him.

Like all new work boots, or at least like any that I have had, it will only be a matter of time now before he gets a certain amount of organic material on them.

This was the minister's first budget and we can only hope that within the next three budgets he will get better at reducing the deficit. This budget will put Canadians another \$39.7 billion in debt, bringing the total debt in two years to \$550 billion. If we add the projected deficit of \$39.7 billion to this and the \$32.7 billion for the forecast for next year, one will find that we are adding another \$72.4 billion to our already burgeoning debt.

Since we are living on borrowed money, as has already been pointed out by my hon. colleague from Calgary, and borrowed money is subject to interest of at least 7 per cent, if we are lucky, we are adding another \$5 billion in interest to that debt.

To switch off of the negative for second, I do wish to commend the minister for showing at least some restraint and changing some government operations which will produce some savings.

(1605)

Unfortunately, it seems to me that all of this will be negated by the cost of the 18 new programs and 15 new studies announced in this budget.

When will this government admit that we have a spending problem? Spending is the key, not revenue. The government revenues for 1993-94 totalled \$127 billion. The Prime Minister said in this House not too long ago we cannot run government as if it were a business.

Even if we grant him that supposition, perhaps the government could be run like a household. Certainly, when we can no longer pay our bills in our household we have to take drastic measures; namely, do without some of the things that we can do

*The Budget*

without in order to reduce our expenditures to fit our income. That certainly seems to make sense to me.

The whole issue of spending \$70 billion a year on a social safety net and a further \$40 billion on interest to service our debt simply has to stop. Past governments have certainly made the military their whipping boy at budget time. What do you know, this government seems to have taken right up where the other bunch left off.

We on this side of the House were quite pleased. We applauded and supported the government in its promise to undertake a military defence review. Instead it accelerated the process and we as members of Parliament did not have any opportunity for input. It completely prejudiced the outcome of the study by going ahead and closing bases and reducing others.

Perhaps if we had had a better equipped military we could have exercised sovereignty over the Atlantic fishery and we would not have to pay support to the whole east coast fishing industry. The cod stocks maybe would not be quite as low as they are now, and certainly they are depleted. Members opposite refer to our cod stocks as extinct. Now we have added all these otherwise self-sufficient business people to the ranks of the full time unemployed.

The January unemployment rate was 11.4 per cent in Canada. Stats Canada reports that there were 1,592,000 unemployed people in Canada last month and that does not take into account all those people who have dropped out of the system.

This budget simply nibbled at the edges in my opinion. The unemployment insurance program is a good example of that.

Reducing the generosity of the program is, however, a step in the right direction. After all, we are all aware that generous UI programs do have the effect of increasing the number of people drawing unemployment insurance.

The cumulative deficit of the unemployment insurance account amounts to \$6 billion. It is a fallacy to believe that this is solely a worker-employer funded program. It is the government, the taxpayer of Canada, paying for the shortfall.

The unemployment insurance program changes announced in the budget begin to target social benefits to lower income Canadians, as the minister has said, to target those most in need. This as well is a positive step.

The Canadian unemployment insurance plan has become an inefficient income supplement plan rather than social insurance. We need to the "un" out of unemployment insurance. It should be employment insurance with extra emphasis on insurance. We buy life insurance, not death insurance.

The Reform Party policy is to make employment insurance a sensible, sustainable program of social insurance which provides compensation for temporary loss of employment. We

believe the program should be funded by employers and employees who determine the level of premiums and benefits. This, I am sure, would go a long way in reducing the underground economy and ultimately relieving the tax burden.

To quote the hon. Minister of Finance, the underground economy is not simply about smuggling, it is about hundreds of thousands of otherwise honest people who have withdrawn their consent to be governed.

It appears that they are withdrawing their consent to be overtaxed as well.

**An hon. member:** Good point.

**Mr. Johnston:** The underground economy's strength is directly proportionate to the high levels of taxation. Taxpayers need a break. The beleaguered Canadian taxpayer deserves a break.

(1610)

Canadians do not want to cheat. They are prepared to pay their fair share of taxes. Does this budget provide a fair level of taxation?

Over the last 10 years successive governments have increased the tax burden of the average middle class Canadian. The Fraser Institute reports that even though before tax earnings have increased for the average family, the percentage of after tax income has decreased. It has to be an increase in the taxation.

At the same time the same governments allowed this debt to escalate to \$500 billion, half a trillion dollars. Is it any wonder that the underground economy is flourishing? Does this budget give the taxpayer a break? I do not think so.

We in the Reform Party will do everything we can to ensure that the minister gets an opportunity to wear out his new work boots. We will continue to work in this House and in committees to convince the minister and his government colleagues that they must reform their red ink book philosophy before the minister brings in another budget.

**Mr. John Harvard (Winnipeg St. James):** Mr. Speaker, I have one question to put to my hon. friend, the hon. member for Wetaskiwin.

The hon. member went on a bit about the UI program. As opposition members are wont to do, the member focused on what he thinks are some of the more negative aspects of what we have done or not done with UI.

One thing that he did not point out is the reduction in premium rates that will come about from \$3.07 to \$3.00. According to the government, and I have no reason to disbelieve the calculation put forward by the hon. Minister of Human Resources Development, that premium reduction alone could translate into as many as 40,000 jobs. That reduction does put an additional \$300

*The Budget*

million into the hands of business. Most of that is small and medium size business.

I would like to know from the hon. member for Wetaskiwin how he feels about that particular reduction and whether he would support putting that kind of money into the hands of business which might use it to increase jobs.

**Mr. Johnston:** Mr. Speaker, the member raises an excellent question, one that I am sure we could debate on all day.

The first thing that springs to my mind is that whenever government gives something, it first had to take something away.

I am going to try to answer this question to the very best of my ability. I am not going to dance around it. If government had not been involved in unemployment insurance in the first place, if it was an agreement between the employer and the employee, probably the rate would have been down around \$1.50. There would never have been a need for it to be raised in the first place so that it can be lowered at budget time.

I think that should probably suffice the hon. member.

**Mr. Jerry Pickard (Essex—Kent):** Mr. Speaker, I would also like to ask a question of the member and congratulate him on his presentation.

I have a bit of a problem with the position he took with regard to the military. I think it is very clear that as the budget came down, the finance minister and the minister of defence had a mandate to reduce expenditures and costs. Certainly there is a review of the military and that is extremely important as well.

However, if they were not to take steps and measures within this budget of a \$1.9 billion reduction we would have a deficit, in addition to what there is at present, of \$1.9 billion more.

Is the hon. member suggesting that those cuts not be taken and the deficit be increased?

(1615)

**Mr. Johnston:** Mr. Speaker, I am suggesting that there is a need for military in Canada today. Let us define what it is. We need a certain amount of military to exercise our sovereignty over Canada. We also need a certain amount of military to exercise our sovereignty over our 200-mile offshore limit. We also need a certain amount of military for search and rescue operations.

Let us define what it is before—and I use some terms I have heard from the other side of the House—we hack, slash and burn our military.

**Mr. John Bryden (Hamilton—Wentworth):** Mr. Speaker, I have a very quick question for my hon. colleague.

He mentioned in passing in his speech that he found the \$70 billion figure for the social safety net unacceptable. Could I ask him what he thinks is an acceptable figure? In other words by how much would he cut the \$70 billion and what programs would he cut thereby?

**Mr. Johnston:** Mr. Speaker, I do not know that it is so much a matter of cutting out certain programs. It is safe to say that we could find a level somewhat less than \$70 billion.

If we were able to lower our debt we would lower our interest payments and there would be at least a portion of the \$40 billion that could be used to put into social programs. That would be my recommendation.

**Mr. Tony Ianno (Trinity—Spadina):** Mr. Speaker, I rise today to present my maiden speech to Parliament with honour, pride and a great sense of responsibility. I would first like to congratulate you on your election as Speaker. I believe your sense of fairness and calmness will help us in these uncertain times as we face the unique challenges of the nation.

I am honoured and humbled by the confidence placed in me by the people of Trinity—Spadina who have given me the opportunity to serve them in the House. In this capacity I hope to echo both their deepest concerns and their greatest hopes.

Trinity—Spadina is located in the heart of downtown Toronto by Lake Ontario. It is one of the most economically and culturally diverse ridings in Canada. It is an exciting place to live and a great place to raise a family. It is home to the University of Toronto and the world champion Toronto Blue Jays. Great theatres and some of the best restaurants in Canada are located in places like Portugal Village, Little Italy, Chinatown, the Annex on Queen Street and the waterfront.

I had the good fortune to be raised in Trinity—Spadina and have experienced many of its great attributes. My parents like many Canadians immigrated to this country because of the opportunities it provided. They instilled in me the belief that with hard work any dream can be achieved. They also instilled in me that sharing with and compassion for others must be integral parts of that dream.

I believe the government was elected to give Canadians their pride, dignity and hope. The way to achieve this is by charting a new economic course. As an entrepreneur this experience allows me to speak with some insight on the issues facing our economy. Too often in Trinity—Spadina I see small business people striving to keep their enterprises alive. I see single mothers struggling to raise their children. I see university graduates trying to find jobs that do not exist and working people who cannot make ends meet. I see a staggering number of people who

*The Budget*

depend on the Daily Bread Food Bank, an appalling number of whom are children.

For us to move ahead as a nation we must ensure those without a voice, those who have fallen through the cracks, are not left behind. We must give Canadians the tools to realize their potential and their dreams and thereby fulfil Canada's. That is this government's goal.

The budget is the first step in achieving that goal by laying the basis for tomorrow's prosperity. In order to achieve this we must harness the initiative and creative talents of all Canadians.

(1620)

The key to the success of Canada's economy is our small and medium sized businesses. There are over 900,000 of them across the country. If we as a government as we have started to do in the budget establish the proper framework for our small and medium sized businesses so that each of these businesses can hire just one person, many of our economic problems would be solved and the government would have a net gain of \$18 billion from direct employment alone.

What small businesses need to achieve this is access to capital. The banks' rigid lending formulas and the arbitrary cancelling of lines of credit are cracking the backbone of our economy. Every time we allow a small business to close we not only lose jobs; we kill a dream. It is time Canadian banks recognize their responsibilities as partners in the development and growth of Canada's economy. Canadians through the Bank Act have given the banks special privileges. Canadians expect them to do more. We will work to achieve it.

The first step, as mentioned in the budget, was to establish a task force that would develop a code of conduct for small business lending. Small businesses also need access to the emerging new global economy to survive and grow. The opening of foreign markets to Canadian business will provide unprecedented opportunities for growth. Canada's cultural diversity, coupled with its entrepreneurial spirit, gives our country a unique advantage in this highly competitive world.

This government is going to play its role. Our international network of embassies and trade officers will provide a pro-active, ongoing link to these exciting new export markets. The economic engines of the future are the emerging technologies of today. We must participate fully in the technological revolution and be at its leading edge.

Through increased funding for the National Research Council and the technology partnership program, government will bring together our research institutions and the private sector to capitalize on the innovations of Canadians in such fields as environment, health care, biotechnology and telecommunications. In some of these fields we are already world leaders.

By the year 2000 environmental technology sales alone will be worth approximately \$580 billion a year. We have great opportunities. The government's task is to ensure that Canadians have the capacity to meet these new challenges.

Let me give an example from my own riding. At Central Technical High School a partnership has already been forged between the school and the Canadian Tire Corporation. In the past Canadian Tire could not find graduates trained in computer based auto repair. To help remedy this situation they provided the school with \$200,000 of equipment to modernize the auto mechanics teaching facility. Because of this, graduating students will now enter the workforce with the most up to date skills and Canadian Tire will not have to look abroad to fill the jobs.

We must keep up with technological change, not only in our educational facilities but also in the workforce and the workplace. We must use new technologies to reinvigorate our existing industries. As an example, Spadina Avenue has historically been synonymous with the fashion industry in Canada. Today, to remain competitive, this industry must embrace new approaches to design and manufacturing. By drawing on the creative talents of designers and by utilizing the most modern computer assisted systems we can put Toronto once again back on the leading edge of the global fashion industry.

It is only through this kind of creative leadership that we can accomplish these changes. The budget will help in the required transformation.

However economic growth is not just a matter of exporting abroad. It is drawing on the strengths we already have. In Trinity—Spadina we know first hand the benefits that can come from expanding tourism. Trinity—Spadina is home to many of Canada's most unique tourist attractions. From the art galleries and the museums to the theatres and the bistros, from the SkyDome to Ontario Place, from the CN Tower to Harbourfront Centre, millions of visitors come to my riding to enjoy music, art, theatre, history and sport. We must take advantage of this resource. Governments and business must work together to expand this industry by letting the world know of our treasures. These resources must be aggressively marketed. Tourism is a form of export. The difference is that foreign customers come here and leave their money behind.

(1625)

I draw the attention of members to a potential infrastructure project in my constituency which will provide much needed construction jobs and will advance the long-term goals I have described. I am referring to the establishment of the World Trade Centre at Exhibition Place or the expansion of the Toronto Convention Centre. Either of these facilities would provide Canada with a venue that would allow us to compete with convention centres around the world. By drawing these shows to Canada we could help small and medium sized businesses bring

*The Budget*

their Canadian products and technologies to the world marketplace.

Along with bolstering our export market such a facility would draw hundreds of thousands of visitors who would leave millions of dollars behind. The people of Trinity—Spadina want to be a part of a proud Canadian team competing in this international market. Canada has the tools and an intelligent educated workforce that can adapt to these new industries and technologies. We have the strength in our diversity and we have the desire and ability to succeed. We are not afraid of competition.

The budget set the foundation on which the future economic growth of Canada will be built. This government will be the catalyst to bring Canada's people, businesses and institutions together to harness our strengths and to achieve our common goals.

All Canadians must share in our growth. Everyone's dream is important. No one will be left behind.

[*Translation*]

**Mr. René Canuel (Matapédia—Matane):** Mr. Speaker, I listened attentively to the hon. member opposite. In addition to our ideological differences, I noticed something else. I noticed that there are huge differences between urban and rural constituencies. Where I live, there is no CN Tower. I live in a rural riding whose population depends on farming and forestry and where many are unemployed.

Is the hon. member not a little surprised that the budget cuts funds for forestry and maintains the status quo for agriculture? Are you not a little surprised by that?

[*English*]

**Mr. Ianno:** Mr. Speaker, I thank the member for the question. I am not surprised. What we are doing in the budget is setting the framework so that we can invest in agriculture and forestry, but maybe not in the same ways that have been used in the past.

We have to get creative. There is a lot available for us with new forestry technology and agricultural technology. Not only will we serve our own purposes here as my father-in-law on his own farm and my relatives deal with. There will be a future. Their children will have a chance to participate in innovative ways. Not only will we be able to use the technology in Canada but abroad to the benefit of export markets for cattle and everything else our farmers utilize, and in our forest industries when we take into account depletion around the world and our concern for the environment.

I am not surprised by the member's question, but I hope in the next four years when the economy comes along with us we will be at the leading edge of a lot of these new industries that our communities will be able to participate in fully and vibrantly, especially the young.

(1630)

**The Speaker:** I know the hon. member was referring to me when he said you.

**Mr. Jack Ramsay (Crowfoot):** Mr. Speaker, I want to thank the hon. member for not only his speech but the demure way in which he gave it. I appreciated that very much. His presence would be welcome in my office or in my presence at any time as a result of that.

I would like to ask the member a question having to do with the debt. We have been told by economists that we may be beyond the line of any return on the debt. What impact does the member feel the addition of \$100 billion to the federal debt over the next three years will have upon job creation and employment in Canada?

**Mr. Ianno:** Mr. Speaker, I appreciate the question from the hon. member.

We wish that we did not have any debt to deal with and could just deal strictly with investment. However, as a small business person I can tell the hon. member that when one is searching for growth, one has to pay a price and that price is in investment.

I believe that we need to retrain our work force in Canada. I indicated in my speech that we have to give training to the lower echelon of Canadians, those who do not currently participate in the situation. We have to give them the opportunity to have the tools so that we, as business people and entrepreneurs, can develop the niche markets and expand internationally to bring all of that money back to Canada for growth. We must help Canadians, those who are not as fortunate as some of us, to be able to participate in the process.

I therefore believe that there is an investment. I am not afraid of having a debt in order to invest in the future.

[*Translation*]

**The Deputy Speaker:** 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 Crowfoot—Indian Affairs; the hon. member for Regina—Qu'Appelle—Book Publishing Industry.

[*English*]

**Mr. Paul DeVillers (Simcoe North):** Mr. Speaker, I am pleased to speak in support of the budget tabled by the finance minister earlier this week. I am particularly comfortable in supporting this budget because it is the funding of the red book key programs that were the Liberal platform in the last election. They contain investments in people and job creation not necessarily through tax increases but rather through spending cuts.

Earlier today in this House I heard what in my opinion was hollow rhetoric coming from the backbenches of the independent members to the effect that this budget must have been ghost written by a former Tory minister.

*The Budget*

I would like to take the opportunity to outline some of the measures contained in the budget, some of the red book programs that are being implemented. For instance, the establishment of the national infrastructure program that is already in place, the restoration of full funding for the national literacy program, the establishment of the youth service corps, the establishment of the youth internship and apprenticeship programs, the insurance of access to capital for small businesses in replacement of GST, the reinstatement of the residential rehabilitation assistance program, the establishment of a prenatal nutrition program, the establishment of the aboriginal head-start program, the establishment of a centre of excellence for women's health, the restoration of the court challenges program, the restoration of the law reform commission, the establishment of the Canadian race relations foundation and the establishment of the national forum on health.

I suggest that it is indeed hollow rhetoric to suggest that this was written by a former Tory minister. What this budget contains in addition to the implementation of these red book programs is hope.

(1635)

*[Translation]*

If we want to give voters hope in our political institutions again, governments must keep their promises. Canadians have had enough of governments that say one thing and do the opposite. With the former government, this country got the habit of not respecting politicians because of broken promises. Just think of universal social programs, which were a sacred trust for the former government. We are keeping our word with this budget. We are doing exactly what we promised to do.

*[English]*

Past efforts by Tory governments in deficit reduction overlooked the expenditure side of the financial statements. Tory minister after Tory finance minister used to indicate that the forecasted deficits were not attained because there was not enough revenue. They were able to control the spending but there was not enough revenue. That is why I submit that what we have in this country is an income crisis, not a spending crisis.

Government like businesses must be prepared to promote and intervene in economic activity to create revenues. That is something that has been lacking in the last few years and it is something that is contained in this budget that is before the House.

This budget also was delivered following unprecedented consultation.

*[Translation]*

The pre-budget consultation process begun by the Minister of Finance gave many people an opportunity to express their views

on the policies which affect them deeply. The government has created an important precedent with these consultations. I hope that we can go beyond the four cities that were visited by the advisory committee for next year's budget. Through the debates in this House, I was able to share the concerns of my constituents in Simcoe North.

*[English]*

The measures contained in my prebudget debate speech that received favourable review in the budget include the need to prevent tax avoidance through offshore affiliates of Canadian companies, a review by the parliamentary committee of family trust rules, partial preservation of business expense deductions, no reduction in RRSP contribution limits and implementation of a permanent RRSP first time home buyers' plan.

In addition, this government will be undertaking a complete tax review in the very near future. As a matter of fact it is already before committee. That will include the replacement of the GST.

*[Translation]*

I already said in this House that Canadians have an unprecedented lack of confidence in our taxation policies. If we want Canadians to respect the law, they must feel that the law is fair and equitable.

If we want our economic recovery to succeed, people must feel good and contribute to the economy. I can say with full confidence that the measures in this budget will restore the confidence of Canadians. Canadians can now count on this government for greater fiscal fairness.

*[English]*

This budget has been well received by the international monetary markets. I am aware that the Canadian dollar was indeed up yesterday, the day after the budget was announced. The budget also received favourable comment from the Canadian Federation of Independent Business. It realizes that the UI premium reduction provided for in this budget was in fact a tax on business and jobs and that this measure will indeed help in job creation.

(1640)

*[Translation]*

This budget shows that this government is taking a radically different approach from the one the former government took. Some people want us to give up our search for a just society. As the finance minister said, this is not the time to move away from our values; on the contrary, it is the time to return to them.

The mere fact that the opposition parties claim on the one hand that we have not cut enough and on the other that we have cut too much is a perfect indication that this budget is balanced.

*The Budget**[English]*

The bottom line is that we are delivering on our election promises. This budget puts us on track to reduce the deficit to 3 per cent of GDP in three years. This was what our red book commitment contained.

Some opposition members have been saying that we did not cut deeply enough. This is the position of most of the Reform Party speakers I have heard.

Their election platform as I understood it was a zero deficit in three years. In my estimation that would create untold hardship on Canadians. We have already seen the hardship that the present measures in the military cuts have inflicted on Canadian lives. To attempt to reduce a deficit of this magnitude in three years I submit would be untenable.

The Liberal approach is much more balanced and realistic. The majority of Canadians supported the Liberal plan. Canadians know one cannot stop putting groceries on the table in order to pay off the mortgage on the house in three years.

I do not expect the opposition to agree with this budget since they campaigned against the Liberal plan. I do not believe that they or Canadians can truthfully say the Liberal government is not following our red book plan.

*[Translation]*

**Mr. Benoît Sauvageau (Terrebonne):** Mr. Speaker, I apologize to Mr. Collenette if we are bothering him, but we do have to speak up from time to time in the House.

First of all, I want to get back to something my hon. colleague from Simcoe North said. Throughout his presentation, he kept repeating that his government had delivered on its promises and had followed through on its red book plan, and so on. In their red book—as you can see, I have read it because I am familiar with the lies it contains—the Liberals promised to convert military bases into peacekeeping training and staging centres. A program is like a contract and when one fails to meet the terms of a contract, one must pay a penalty.

The Liberals did not promise to close military bases. They promised to convert them into peacekeeping training and staging centres. So, what did the government do? It closed some bases and consolidated others. As a result, jobs have been lost.

I would like to ask the hon. member, through you, Mr. Speaker, if the government gave any thought at all to the cost of redeploying thousands of military personnel who will have to be moved and reassigned? Did it give any thought at all to number of direct and indirect jobs that would be lost as a result of base closures? The government talks about job creation, but what I see are job losses.

In an editorial, Lise Bissonnette stated the following: “In five years, once the dust has settled, DND will not even have saved

\$1 billion. Not even \$1 billion after five years. The figure will be more like \$850 million. However, for the communities in which the designated bases are located, economic activity will grind to a halt. Everyone will feel the effects: the corner store, the movie theatre, the school and the restaurant. Activity will come to a standstill because direct and indirect jobs will be lost”. That is the first part of my question.

The second part has to do with the promises you made. Did you promise during the election campaign to tax the elderly? Did you promise during the election campaign to penalize the unemployed? Did you promise during the election campaign to extend the wage freeze in the public service? Did you promise during the election campaign to close military bases? These are my questions, Mr. Speaker.

**Mr. DeVillers:** Mr. Speaker, I do not think I have enough time to answer all of these questions.

*[English]*

I am sure the hon. member knows that the red book contained many promises. The present action taken in the budget with respect to the military closings was not an action taken lightly. It results obviously in some unemployment for people who are affected. The minister of defence has assured us that there will be early retirement packages available as well as relocation packages, et cetera, to try to deal with that. But the more significant issue is that the funds that are being saved by these cuts, which we are informed should have been made years ago and would have been easier to make at that time, are being reinvested into the programs, some of which I listed at the beginning of my speech, where there would be a better return for the job creation that is required than to continue to fund the military establishments that are no longer useful.

(1645)

**Mr. John Williams (St. Albert):** Mr. Speaker, I have a few points I would like to raise in response to the hon. member's speech in defence of the budget.

He took great pride in talking about the new programs that are being introduced in the budget. This was presented by the Minister of Finance as being a tough budget. Yet 18 new programs are being introduced. We have gone 125 years since Confederation without these programs. This was supposed to be a tough budget and here we have the government starting off and spending on programs in brand new areas.

I have another point, and it is the one to which I would really like the member to respond. He said we have an income crisis and not a spending crisis. The country is \$500 billion in debt. Canadians are groaning under the weight of taxes they can hardly afford to pay. I would like him to tell us why he thinks we have a revenue crisis rather than a spending crisis.



*The Budget*

**Mr. DeVillers:** Mr. Speaker, the definition of a deficit is the difference between incomes and expenditures. My position, and I believe my party's position, is that we can increase our revenues. Government obtains revenue from taxation. The problem is we do not have enough people paying taxes because of the unemployment rate.

The measures being implemented through the red book program and through the budget are designed to get more people employed so that we can broaden the tax base, have more people paying taxes, not people paying more taxes. That is the object of the budget.

[Translation]

**Mr. Michel Daviault (Ahuntsic):** Mr. Speaker, as a Montrealer from way back who represents Ahuntsic, a Montreal riding, I would like to talk about my city, the city of Montreal.

A number of years ago when I was still in elementary school, our teachers taught us, with barely disguised pride, that Montreal was Canada's metropolis. We were the residents of a city that was Canada's financial and banking centre. The port of Montreal was Canada's major port, handling goods from Ontario and the Prairie provinces and imports from Europe and Africa. Those were the good old days, but times have changed.

Montreal has now become this country's poverty capital. In the metropolitan area, 18.5 per cent of households live below the poverty line. And with the first Martin budget, Montreal has become the capital of despair. During the past ten years, poverty has been gaining ground, and not only undermining the moral of Montreal's residents but also their ability to face the major challenges it must overcome to be competitive on the market. Business arteries formerly crowded with shops, boutiques and markets, now show signs "for rent", "going out of business" or, tersely, "bankruptcy". I am not dramatizing at all. This is a fact of life in Montreal.

But what these shop windows tell us reflects only a fraction of the experience of Montreal residents. According to a study conducted by United Appeal to improve the way it targets funding to the neediest in the organization's territory, half the low-income residents surveyed in the United Appeal's territory live in the city of Montreal. Montreal Island has a poverty rate that is higher than the average rate for the greater United Appeal district, which also includes the suburbs. In Montreal, Montreal North, Verdun and Ville-Saint-Pierre, one resident out of three lives below the poverty line.

(1650)

I may add, for the benefit of the Minister of Finance, that his own city and his own riding has been struck by poverty as well, since one resident out of four in Ville LaSalle lives below the poverty line.

This is the same minister who gave us a budget that, ostensibly to give the economy a boost, takes the money out of the pockets of those who need it most. They do not need the money to put into family trusts and save on their income tax or to compensate for the fact that they can no longer deduct their business lunches. They need the money for food, clothing, shelter and health care.

Not so long ago, when he was meditating on the opposition benches before becoming Minister of Finance, this is the same person—although he seems to have forgotten this, as we saw in his first budget—the same person responsible for the economic development of greater Montreal, who wrote in *La Presse* on June 8, 1992, in referring to Montreal: "As the economic heartland and a major development force, the Montreal region must be given a boost very quickly, otherwise its economic decline will be that of Quebec as well".

Why did the minister not introduce the kind of measures he proposed last June, which included upgrading or rebuilding infrastructures and a program for home renovation assistance, which, as he said quite accurately, generated jobs and would be very beneficial in an area like Montreal, with one of the highest tenancy rates in the country? Since the only existing renovation program, the Residential Rehabilitation Assistance Program, is intended not for tenants but for owner-occupants, one wonders who had the most powerful lobby.

Why did the same member, who is now the minister, not talk about creating super economic incubators and implementing a policy for renewal of growth sectors in the manufacturing industry in partnership with Quebec and the city of Montreal?

These are all former proposals made by the minister. Was it all just a fantasy? What happened to the promise he made with other Liberal candidates last October, a promise that included investing \$250 million in research and development in Quebec, mostly in Montreal? What happened, since everyone agrees Quebec does not get its fair share of spending on research and development?

How could they promise such measures and many others it would take too long to mention, and not take concrete steps in the Budget, at a time when we are witnessing the pauperization of Montreal? And what are the consequences, in the near and not so near future, of a deteriorating financial situation in a city of 1.2 million with an unemployment rate that rose from 9.1 per cent in December 1989 to 13.8 per cent in December 1993, higher than the unemployment rate in St. John's, Newfoundland during the same period, or in Toronto, where the unemployment rate rose from 4.1 per cent in December 1989 to 11.5 per cent for the same period?

One of the more obvious signs of poverty is reflected in the housing situation, shelter being a very basic need and extremely important in a country like ours with its severe winters—

*The Budget*

something we can certainly see these days—like the winter we are going through, which may end some time this spring?

But seriously, the housing situation has been discussed many times in this House, and with good reason. It is a good way to assess the poverty level of a city or any other community. In the last census, we get a very good picture of the rental housing situation in Quebec and Canada. In Toronto, 62 per cent of all units requiring major repairs were occupied by tenants. In Montreal, the figure is about the same, that is, 59 per cent; it is 58 per cent for Ottawa–Hull and 54 per cent for Vancouver.

In Montreal, families in rental housing live in appalling conditions. One household out of three spends more than 30 per cent of its income on accommodation, and one household out of six spends more than 50 per cent. Nearly 20,000 people are considered homeless. According to the Montreal Municipal Housing Bureau, 10,000 households or about 20,000 people are on the waiting list. Most of the requests for low-cost housing come from seniors, single-parent families and people with disabilities, that is to say the most vulnerable segment of our society.

(1655)

Last Tuesday, merely two hours before the budget speech, when I inquired about the lack of social housing, the Minister of Public Works, who is responsible for the Canada Mortgage and Housing Corporation, asked me to be patient, that I would have an opportunity to review the decisions of the Minister of Finance once he had delivered his budget. The fact of the matter is that there is nothing for social housing in that budget.

In Montreal, 63,280 households pay in excess of 50 per cent of their income in rent. That is about one tenant household in five, or 19.1 per cent. Montreal is the Canadian city with the highest number of tenant households paying over 50 per cent of their income in rent, with 19.1 per cent, as compared to 14.5 per cent in Ottawa and 16 per cent in Toronto.

One third of all tenant households forced to devote in excess of 50 per cent of their income to housing, or 194,225 households, live in Quebec, as compared to 583,705 in Canada. With a much larger population, Ontario has about the same number of households in the same predicament: 194,920 households, in a much larger population. There are 77,120 such households in British Columbia.

To complete this list of sad statistics showing the poverty level in Montreal, we must take a brief look at Montréal–Nord, a city represented by Mr. Nunez, the hon. member for Bourassa, a neighbouring riding. The level of poverty in Montréal–Nord is such that experts warn that it could turn into a social tinderbox. In Montréal–Nord, a very cosmopolitan city, 10,500 households, nearly 42 per cent of all tenant households, spend more than 30 per cent of their income on housing, while 22 per cent

spend over 50 per cent. These figures reflect a completely absurd situation.

Again, it must be pointed out that, last October, the Minister of Finance, like the rest of the Liberal candidates, had promised to support co-ops and non-profit organizations involved in providing social housing.

At this point, I must quote statistics from the Co-operative Housing Federation of Canada. In 1992, there were 17,400 housing units in Quebec versus 35,000 in Ontario; 17,400 versus 35,000. These figures show once again that Quebec does not get its fair share. One out of two is certainly not a prorated share. This is no doubt another good example of the fairness of the federal system.

Why is it then that the Minister of Finance wrote a coalition of organizations involved in social housing and told them that it was up to the federal administration to ensure that over one million Canadian households have decent and affordable housing? I hope that our colleagues will ask questions about the RRAP program, so that we can cover that aspect as well.

How can a nation which calls itself civilized and boasts that it is the best in the world, as our friends have told us repeatedly, see the desperate situation some of its citizens, people just like you and me, are in because they are unable to find work or have lost their jobs and have us believe that taking \$5.5 billion away from the unemployed over the next three years will help put Canada back to work? It is surrealistic. By failing to tackle the deficit directly by reducing duplication and overlap, of which we still do not fully appreciate the magnitude, failing to even impose minimum tax on large corporations and getting cold feet when it should cut federal operating expenditures, the government made the conscious decision to get the money it needed out of the pockets of the most vulnerable members of our society.

With the qualifying period for unemployment insurance benefits increased from 10 to 12 weeks, chances are that all those whose work is seasonal in nature, like farmers, fishermen, gardeners, waiters and waitresses, and summer camp workers, or do contract work, which is the only way for many young professionals to earn a living, will be greatly penalized. Again, the hardest hit by the measures introduced by the Minister of Finance will be the people who already have an employment problem.

(1700)

Furthermore, beginning unemployment insurance reform before the vast consultation to identify the people's needs even begins will have a downright disastrous effect on the provinces' finances. These measures will put more people on welfare, at provincial expense; the provinces in turn will be forced to cut their programs as a result of the freeze on transfers to the provinces. Part of our deficit is being shifted to our neighbours,

*The Budget*

while their funds to meet the resulting new needs are cut. The situation is most alarming. It is quite a program.

Just think that during the election campaign, the Liberal Party spoke only of employment and equity, and this budget provides no remedy for unemployment and poverty; it only offers short-term jobs, which we hope will last at least 12 weeks so that these workers qualify for unemployment insurance. It is clearly insufficient for restoring the dignity of people without work.

The unemployed, especially jobless women, seniors and the poor will pay the price for the Liberal government's social spending cuts. The Minister of Human Resources Development, whom I would call Mr. Axe, tells us that the social program review could lead to more cuts. What an indecent turnaround in the Liberals' social positions from the time they were in opposition until now, when they are in power. Unemployment insurance cuts lead to more people on welfare, the present Deputy Prime Minister said in 1992. Unemployment insurance cuts lead to more people on welfare! She was in the opposition then. If you raise your eyebrows, you can check the news on the French network of the CBC yesterday; it ran that newsclip.

These new cuts still mean shifting the deficit to the provinces. Freezing transfer payments costs the provinces \$2 billion more. Montreal is seriously ill, but the Liberal government is still cutting a little more of the oxygen off from its disadvantaged population. We have to thank the Liberals for their generous program of collective impoverishment.

**Mr. Bill Graham (Rosedale):** Mr. Speaker, I want to thank the hon. member for his eloquent speech and for his description of a city that has fallen on hard times. Many of us who live elsewhere in Canada also find this situation very distressing. I was born in Montreal, but have lived many years in Toronto. I also taught at McGill University and at the University of Montreal. I do have a question for my colleague and I ask it of him humbly and with no malice. Will he not concede that the problems experienced by the big city of Montreal, which should be a prosperous city after all, are due to his own policies and threats of independence? In order for a city to be prosperous, it needs to attract investment. Investors are shying away from Montreal. Even Montrealers themselves refuse to invest their money because they fear the current policies. You are responsible for creating this situation, and we are having to pay for it. This budget attempts to correct the imbalance created by your own policies.

Montreal first lost its advantage over Toronto when Mr. Lévesque was elected. I remember, because I living in Montreal at the time. We can trace everything back to this time. That is when Montreal lost its edge over Toronto. People in this world

are free to do as they please. They are free to leave, free to travel, free to invest their money wherever they want.

I would like you to be honest and to ask yourselves whether your sovereigntist policies encourage investment in Quebec or whether in fact your policies are responsible to some extent for creating the problems which you have so sadly ascribed to us. I put this question to you very humbly, as all Canadians are very fond of Montreal.

(1705)

**The Deputy Speaker:** Please address your remarks to the chair.

**Mr. Daviault:** Mr. Speaker, through you, I thank the hon. member for his nice comments. Earlier I quoted unemployment figures from 1989 to 1993. As far as I know, there was no sovereigntist government in Quebec at that time.

I would like to talk about a study done by Professor William J. Coffey and Mario Polèse—it could be tabled if someone asks for a copy; this document is available at the Library by the way—on the city of Montreal; it is called *Le déclin de l'empire montréalais: regard sur l'économie d'une métropole en mutation*. The authors are not sovereigntists. Their analysis shows that Montreal's decline is mainly due to what they call the loss of the hinterland. The market gradually moved to Toronto. Our industries got older. The Lachine canal region, which was a cradle of industrial development in Canada, is sinking into obsolescence; major investments are needed to revitalize it.

I was involved in creating an association to promote economic development in Montreal. In the end, we must take ourselves in hand at the local level and this, in turn, will lead us to do the same at the national level. I am a Montrealer and a "Montrealist" and, in that sense, we cannot propose to use the means at our disposal while leaving important tools in the hands of the federal government, which does a very poor job of managing them.

During question period this afternoon, the minister, in a flight of partisan oratory, talked about the RRAP. The RRAP was supposed to be a social housing program. The first part of the program is aimed at homeowners and the second part, at handicapped people. The part of the program designed for handicapped people can be compared to social housing, obviously.

We know that Montreal has a problem, mostly because of single parent families and the large number of new residents, who often live in apartments. Toronto probably has the same problem to some extent. But these people are not eligible under that program.

This government, which was a great advocate of social housing when in opposition, throws us a few peanuts and tells us

*The Budget*

it is providing social housing; it is outrageous. When the minister adds that we should applaud the Minister of Finance, who is responsible for Montreal's economic development, that is the last straw.

So this study, that will be made available to you—again, it is called *Déclin de l'empire montréalais*—identifies the Quebec political option as a minor factor. It is a minor political factor at this stage. I would guess that William J. Coffey is not a sovereigntist.

It is important for Quebec's main city to give itself tools and to recognize that these tools must belong to the Quebec government. The federal government did not fulfil its mandate and I myself have lost hope.

(1710)

In 1988, I was among those who supported the Conservatives for the nice worth—

**An hon. member:** Chrétien nixed that one.

**Mr. Daviault:** The “beau risque”, as we say in French, did not work. Even Bourassa's five minimum conditions did not work. To start with, these five minimum conditions with a patriation of power, respect for our jurisdiction, even that did not work. The government tells us that as far as the Constitution is concerned, it is business as usual, the problem will disappear by itself. That is not true. The federal government is involved in all spheres of activity. There is not one department, except possibly defence, where it is not involved.

The economic development projects that it presents to us, the Youth Corps program which resembles Katimavik is a provincial program. It has no business being there. This is a cultural program, an educational program, it has no business being there.

As for occupational training, no subject brings such nearly unanimous agreement among Quebecers. Even the very federalist Conseil du patronat and its president, Ghislain Dufour, who is not a sovereigntist, agree. It is up to the SQDM, the Quebec labour development corporation, to act in this field. When we get to this point in other subjects, we can raise specific issues where the federal government does not even recognize programs that qualify for the SQDM, there is all that duplication. We are wasting our energy while we cut help for the unemployed. You said yourselves that by cutting unemployment insurance, you would put pressure on welfare. Now that you are in power, you say the opposite.

**Hon. Fernand Robichaud (Secretary of State (Parliamentary Affairs)):** Mr. Speaker, I find it very depressing to listen to the speeches of Bloc Quebecois members. They are painting a very gloomy picture of Quebec and making it out to be the most miserable place in the world. Truthfully, I would be most unhappy if I had to live there.

Would Bloc members not be better off singing the praises of Quebec expertise, and giving examples of the achievements of Quebec industries which are recognized around the world? Does the hon. member not think that if he spoke in a more positive tone, if he praised Quebec's merits, then businesses would consider relocating to the province, which would result in job creation and improve the lot of Quebecers? Does he not want the same thing as we want?

**Mr. Daviault:** I thank the hon. member for Beauséjour. Indeed, entrepreneurship in Quebec is alive and well. In my riding, attempts were under way for many years to set up an economic development corporation. Federal and provincial members of Parliament and municipal councillors persisted in telling us that this was impossible. But, we took matters into our own hands and established such a corporation, because we had the will to succeed.

There are many examples of similar successes at the provincial level. However, we also encounter obstacles and when I spoke about unemployment insurance in particular, I mentioned that we needed some oxygen. Until such time as all of these problems are resolved, and the Minister of Human Resources Development sits down with his provincial counterpart and settles the question of manpower training as best he can, until such time, we need some oxygen in Montreal to help the disadvantaged who are gasping for breath.

This afternoon, the minister quoted from a newspaper clipping. Undoubtedly, he overlooked an article on unemployment insurance which appeared on page C-1 of today's edition of *La Presse*. It quotes Mr. Claude Forget, a former provincial Liberal minister who once put forward a major proposal for unemployment insurance reform.

(1715)

Mr. Forget is reported as saying that the introduction of a different benefit level for persons with dependants will complicate matters and increase the costs of administering the legislation which is already highly complex.

With two different benefit levels, namely 55 per cent and 60 per cent, the system will be absolutely impossible to administer. This will create major problems and complicate the system. In addition, as reported on page C-3, the budget proposes vague fiscal measures. Even the experts are confused. Moreover, it is reported on the front page that Mr. Paul Martin was visibly disappointed with the frosty reception given to the government's financial plan and was prepared to accept part of the blame.

Perhaps the most interesting of all the articles appearing in *La Presse*—

**The Deputy Speaker:** Order, please. The hon. member's time has expired. We will now proceed to debate.

*The Budget*

[English]

**Mr. Culbert:** Mr. Speaker, I rise on a point of order. Concerning the previous speaker's presentation, one of the things I noted, and I believe I noted it correctly unless it lost something in its translation to me, was his reference to a very distinguished and honoured minister of this House, whom I believe, if I am not mistaken, he referred to as Mr. Axe. That was the translation I got. I do not think that was the intention of the hon. member but if it was I certainly suggest that this House take an action.

**The Deputy Speaker:** I take it that was a point of order. The test of a point of order is whether it is disruptive in the House. Although the member just raised the point of order, I did not take it as being a disruptive comment.

If I find otherwise I will come back to the House with respect to words that have been ruled to be unparliamentary. Having read Beauchesne several times, I am not sure that Mr. X is an unparliamentary word, but I will be happy to look at it and report back to the member.

**Mr. John Finlay (Oxford):** Mr. Speaker, I rise today as the elected member for the Oxford riding to make my maiden speech in this elegant and venerable chamber. When I visited this place as a high school student some 50 years ago, I little thought that I would have the opportunity to address my hon. colleagues as a member of Her Majesty's government. However, that day has arrived and it is an intensely moving experience for me.

I am proud to represent all the citizens of Oxford riding and Burford Township and I thank them for giving me the opportunity to serve them and Canada.

Oxford County and Burford Township, which make up the riding of Oxford, are situated in the agricultural heartland of southwestern Ontario. It is not as rugged as Alberta or B.C., or as expansive as Manitoba or Saskatchewan, nor does it have the rocky coasts and oceans of maritime Canada. It does have the pastoral beauty, character and history of many predominantly rural ridings in central Canada.

Agriculture is the backbone of our communities. We have tobacco farms in the southern part of Oxford around Tillsonburg, which is a progressive town, supporting factories, supplying parts to the automotive industry. Tillsonburg is also the headquarters of the Flue-Cured Tobacco Growers' Marketing Board.

About 25 kilometres north of Tillsonburg is the town of Ingersoll, the home of the huge, modern General Motors Suzuki automobile plant known as CAMI.

The county seat is in the city of Woodstock, population 30,000. It is the administrative centre of Oxford County and has

many factories serving the automotive and trucking industry, as well as several concrete fabricating plants, foundries and metal machining factories. The linings for the new Detroit River tunnel are being fabricated in Woodstock.

(1720)

Woodstock is proud to be called the dairy capital of Canada and its symbol for the last 50 years is a holstein cow, Springbank Snow Countess, owned and milked by Tom Dent, a former Speaker of the legislative assembly of Ontario between 1943 and 1955. A life size statue of Snow Countess stands proudly beside the highway just as one enters Woodstock from the east.

I could wax eloquent about the hundreds of well kept dairy farms throughout Oxford County and Burford Township. There are also cash crop farmers, pork producers and chicken farmers. In fact, Cold Springs Farms of Thamesford is one of Ontario's largest turkey producers and processors.

Burford Township boasts some high tech factories and an outstanding research farm. Just north of Woodstock is the Western Ontario Breeders Incorporated which collects, tests, stores and sells semen around the world for the artificial insemination of cattle.

Oxford, my hon. friends, was the birthplace of some interesting historical characters. Aimie Semple MacPherson, the California evangelist, was born and raised near Ingersoll. A woman with a less admirable but no less colourful life was Cassie Chadwick, the famous con artist who lived very high off the hog in Cleveland, Ohio by pretending to be the illegitimate daughter of the New York City millionaire Andrew Carnegie of library fame.

On the male side, "Colonel" Joe Boyle, the saviour of Romania, was a Woodstonian who made a fortune from hydraulic placer mining in the Klondike following the gold rush. He equipped his own machine gun battery of ex-mounties and miners and transported them to France in the first world war. He was sent to Romania and Russia to reorganize the railroads. He rescued the crown jewels and 20 million in currency for Queen Marie of Romania from the Kremlin during the Bolshevik revolution.

His bones were returned to Woodstock several years ago and reburied. The Reverend John Davies of old St. Paul's Anglican Church in Woodstock, who lived to be 101 and who had known Joe Boyle in the Klondike, presided at the reinternment.

I will just mention some other heroes. The Mighty Men of Zorra, the tug-o-war team which won the world title at the Chicago World's Fair in 1893, was commemorated last year on July 1 at the Annual Highland Games in Embro by an international tug-o-war contest. The anchorman on the 1893 team, Robert MacIntosh, had a chest expansion of 52 inches.

*The Budget*

Last year the unlimited class hydroplane, Miss Canada IV, was returned to Ingersoll to the Centennial Park Museum by Harold Wilson, its owner and driver. Miss Canada IV broke Sir Malcolm Campbell's world speedboat record in the 1930s.

I want to share with my hon. colleagues some of the things I believe about this country. I believe passionately in this country. I agree with the view expressed two weeks ago by one of the hon. members opposite who said there were three founding realities in Canada's past, the aboriginal people, the French and the English.

My hon. friend from the Bloc went on to point out very rightly that now more than one-third of Canadians, 12 million in fact, are neither aboriginal, English nor French, but come from many cultures and races.

I would like to remind all hon. members that 52 per cent of Canadians are women.

I am proud to espouse the Liberal philosophy and to be part of this Liberal government. Our members represent people from one end of this great country to the other, both ways, and bottom to top.

Just look at the diversity along these government benches and across the way in the rump corner. Nearly every one of the ethnic groups which make up this country is represented in this government. We have not yet achieved parity in representation for women. Yet, 37 Liberals out of the 52 women members in this House is a great improvement over the last government.

(1725)

I believe that Canadians want this government to succeed. They want to help Canadians get back to work. They want an equitable tax system in which everyone pays their fair share.

They want a revised safety net of social programs which is affordable, makes sense, and serves all those who need it but not those who do not. The people want us to govern firmly. They want peace, law and order. They approve of the Prime Minister's multifaceted and firm approach to the tobacco smuggling problem. They want a searching review of the Young Offenders Act and our parole system with respect to serial killers and violent sexual offenders.

This government committed itself in the throne speech to a more open process and more power to the backbenchers on both sides of this House. I would remind the hon. members opposite that provincial governments are just as guilty of overlap and unnecessary duplication of programs as the federal government ever was.

In this first budget presented by the hon. Minister of Finance we have fulfilled another promise from our famous red book.

This budget will stimulate small and medium size businesses to undertake new ventures and test new markets. It will reduce significantly government spending on inefficient and non-productive programs. It will force a thorough review of all our social security programs and our defence department's role to make sure that we can deliver the programs we need efficiently and effectively.

The budget does broaden the tax base and stops up loopholes in the tax system. It collects more taxes from large corporations and the rich. It will reduce the unemployment insurance premiums to help small business expand.

It lengthens the minimal work requirement and lowers the percentage benefit for all except those who have dependents and need.

There are many other provisions which reduce government spending.

In conclusion, I give a quotation from Sir Wilfrid Laurier which I would ask all hon. members to ponder, particularly those in Her Majesty's Loyal Opposition from Quebec.

In 1911 Sir Wilfrid said:

I am branded in Quebec as a traitor to the French and in Ontario as a traitor to the English. In Quebec, I am branded as a jingo and in Ontario as a separatist. In Quebec I am attacked as an imperialist and in Ontario as an anti-imperialist. I am neither. I am a Canadian. Canada has been the inspiration of my life. I have had before me as a pillar of fire by night and a pillar of cloud by day, a policy of true Canadianism, of moderation, of conciliation.

I honour the spirit of Sir Wilfred and I commend his balanced and zealous view of this great country to all honourable members.

**Mr. John Williams (St. Albert):** Mr. Speaker, I offer my congratulations to the hon. member for Oxford on his maiden speech in the House. We are delighted to hear about the many facets of his riding and I can see that he has much to talk about.

On the budget, about which he did not have too much to say, he seemed to emphasize the fact that he was proud of his government's attempts to broaden the tax base and close the loopholes and perhaps raise taxes and so on.

I was wondering if he would agree with the previous speaker with whom I took issue who said he thought that we did not have a spending crisis in this country but that we had a revenue crisis in this country.

The hon. member seems to think that we should be raising more taxes. Again, I ask him the same question I asked the previous speaker. Does he think that while Canadians are groaning under the massive weight of taxes in this country, and while we are \$500 billion in debt, we should not look at cutting spending and cutting that spending dramatically rather than trying to squeeze another dollar out of the Canadian taxpayer?

*The Budget*

(1730)

**Mr. Finlay:** Mr. Speaker, I appreciate the comments of my hon. colleague. I am glad that he found some of the comments about Oxford interesting.

With respect to the budget and his very appropriate question, we must not forget that this budget cuts \$5 in spending for every \$1 it takes in through taxes or other payments.

I agree that the Canadian people do not want any more taxes. I said that they wanted a tax system that is equitable and in which those that can pay their fair share. I do not think this budget goes as far in this regard as it can. I remind the hon. member that the matter of family trusts is being taken up by a committee and that there are other changes that the finance minister pointed out would be dealt with in future.

[*Translation*]

**Mr. Ghislain Lebel (Chambly):** Mr. Speaker, I speak out against what the hon. member opposite said about duplication being the provinces' fault. It has been more than 50 years since he attended high school and he needs a refresher course.

I wonder if the sharing of constitutional jurisdiction has any meaning for him. Originally, four provinces agreed to share certain powers, but never ever did they think that they would give up their own powers which belonged to them and which they needed for their own development within the Canadian Confederation. So there is something wrong with that.

If there is duplication, it is because the federal government has always been meddling. The provinces did not meddle in the national defence of Canada, the provinces did not meddle in foreign trade. It is downright wrong. We have been hearing that since this morning, so we should set the record straight.

As for job creation, 99 per cent of Canadian businesses have fewer than four employees. There are 1,114,000 self-employed people who work for their own business; that is not a lot. They play with figures to suggest that taxes for those people will be reduced from 28 to 12 per cent, when in reality their tax rate is 12 per cent. Those people have an awful time making ends meet.

Does the minister know that while he was telling us such nonsense, the national debt is costing us \$75,000 a minute, and for the four or five minutes he took to tell us such rubbish, we are some \$275,000 worse off than when he started to speak? He should be aware of that.

[*English*]

**Mr. Finlay:** Mr. Speaker, I think there were three or four questions there. There were a couple at the start. I might remind my hon. friend that while death and taxes may be sure, the other sure thing in this world is change.

When the Constitution was written we were not flying across the ocean in six hours. We were not flying from the capital to

Vancouver in four and a half hours. We were not picking up the telephone and calling our offices at home. There was no such thing as electronics, fibre optics and a lot of other things we now have. The Constitution did a good job in those days for what people knew.

I suggest to my hon. friend that he has to keep up with the times. We have the problem of airlines and telecommunications. These things need new approaches.

**Mr. Bernie Collins (Souris—Moose Mountain):** Mr. Speaker, I commend my colleague from Oxford for his maiden speech. It was very well done and certainly very timely in this Chamber.

As I rise this afternoon to place some comments before this House with regard to the budget of the finance minister, I think that it is a credit to the people of Canada that they elected the government they did that keeps its promises.

(1735)

Within four months every single item we proposed in the red book has been met or budgeted for. I can tell my constituents in Souris—Moose Mountain that there are no new taxes. For farmers and small business in my riding, it is good news. They were concerned over the \$500,000 capital gains provision, that it not be touched.

For many farmers their farms are their pension plans. The exemption is a legitimate means of financial security. This budget is an investment in the future of Canada. It is fair, it is pragmatic and it is progressively oriented.

I was very pleased that agriculture was given careful consideration in this budget. Again the citizens of Souris—Moose Mountain are greatly affected by the agricultural industry. Every livelihood in our riding is affected by it.

It therefore pleases me very much to see that many programs affecting the industry were kept in place. The people of Souris—Moose Mountain are responsible and they are compassionate people. They want to contribute their share to this country, to the reduction of the deficit and to the development of our economy. They are willing to shoulder their share of the burden. However, they want to know that the contribution they make is handled responsibly by this government.

That is what pleases me about this budget. It is a balanced responsible approach to problems of the future. We are reducing the deficit while stimulating jobs. We are supporting those in need while closing loopholes and eliminating waste. We are putting our own house in order, just what my constituents asked us to do.

In that same spirit of co-operation and contribution my constituents are saying to me with respect to agriculture that they will make their contribution but we should handle things responsibly, guard the industry from disaster and collapse.

*The Budget*

This budget is addressing those concerns. Although grants and contributions will see a 5 per cent across the board cut, essential agricultural insurance programs will not be affected. The gross revenue insurance plan, the net income stabilization account and crop insurance were exempted from these cuts. This is very good news for the people of my riding. They have been severely affected by circumstances far beyond their control in the field of agriculture. The exemption of these programs from the restraint measures is much needed and appreciated.

As well the finance minister has announced that there will be a study of the taxation of capital gains as it applies to small business and farmers. We have been given assurance by the minister that no changes will be made to the current exemption without the agreement of the farming community.

The grain farmers in my riding have one concern. That is with regard to cuts in the Western Grain Transportation Act. The report of the producer payment panel is still outstanding. The agriculture community would like to have a chance to agree on a new process before any cuts to this program are made.

With respect to the impact of the budget on growth and jobs, the budget provides funding for a number of programs mentioned in "Creating Opportunities" which will create jobs immediately and build the foundation for job creation in the future.

The infrastructure program is now being implemented and agreements have been signed with every province. Over the next three years the programs will create 50,000 to 65,000 new jobs. There are other initiatives in the budget that offer hope to young people. For example, the Canadian Youth Services program will put together a place where young Canadians get meaningful work experience and develop personal skills.

In addition, new youth internship programs will be developed with the province which will help to provide young people with alternative training.

It is important to note that there are no changes to the access to RRSPs for first time home buyers. That was a major concern to the people of my constituency and one that the budget delivers well on.

(1740)

With respect to social programs, I am very pleased that the government intends to overhaul Canada's outdated social security system within two years. It will build bridges to work and support independence and not dependence. The budget calls for an investment of \$800 million to test innovative new approaches to release Canadians from dependency and get them back to work.

As promised in the government's platform, the budget provided funding for the aboriginal head start program, a centre for excellence for women's health, the creation of the Canadian race

relations foundation, the reinstatement of the law reform commission and the court challenges program and a prenatal program for low income pregnant women.

As an alderman and a former mayor of the city of Estevan, I have always believed in fiscal responsibility and fiscal restraint. This budget addresses both. For every dollar raised in new revenues, the government will cut \$5 from government spending, resulting in a \$23 billion cut over three years. The cancellation of the EH-101 helicopter added another \$1.7 billion over three years.

In addition to focusing on fiscal restraint, we also have focused on budget loopholes. Through incentives we are going to bring together fairness to Canada's tax system.

The corporate income tax deduction for meals being reduced from 80 per cent to 50 per cent is a good direction to travel in. The \$100,000 capital gains exemption which primarily benefits high income Canadians is eliminated immediately, another right direction.

The Liberal government promised to create jobs and to this end the budget addresses economic renewal. We encourage innovation and technology development and the government is supporting the vital small business. Canada's investment program, venture capital, and Canada's technology network program are excellent moves.

For years governments have promised more than they can deliver and delivered more than they can afford. We are confronting a deficit head on. In three years we will reduce that deficit from \$45.7 billion to \$32.7 billion. As a government committed to cutting expenditures, we intend as an example cutting \$3 billion from government operations and putting on salary freezes.

Finally, with regard to UIC, the move from \$3.07 to \$3 will add \$300 million for new investment by small business.

I want to assure this House and all Canadians that we will be taking home the gold. Never has so much been done by such a finance minister as the present Minister of Finance. I am pleased to stand here and support the budget this evening.

**Mr. Randy White (Fraser Valley West):** Mr. Speaker, I congratulate the hon. member on his speech. I would like to once again try to put some logic into this infrastructure program.

The infrastructure program is supposed to have \$2 billion coming from the federal government, \$2 billion from provincial and \$2 billion from municipal. Municipalities will charge residential tax and the provincial probably an income surtax and so on.

I wonder if the hon. member could enlighten us as to how long these infrastructure jobs might last, how he sees the logic in spending \$6 billion for that duration of those jobs and how will it be recovered.



*The Budget*

**Mr. Collins:** Mr. Speaker, let me just highlight the process we have in the province of Saskatchewan with regard to infrastructure program. I look forward to the infrastructure program in Saskatchewan because I think it has all kinds of potential, certainly for the city I come from.

We are looking at putting a sewer and water program in place that will cost about \$4 million. Whether it will be selected as one of the projects to be approved by the province will be a provincial decision. What will it do for our area?

(1745)

I know very well that many people in southeast Saskatchewan, particularly in the riding I am from, are looking for jobs. They are looking for an opportunity to do some work and to develop some skills.

What will it do? It will give us people who will work on those jobs, in those places and as those improvements to our city come on stream we can hire those people as part of our infrastructure program within the city. Therefore, we also have the feature of being able to supplement and have these people right on the job in the city as a permanent possibility for the city of Estevan. I look forward to the infrastructure program. That is just in the south part.

Let us go to the north part of Saskatchewan. The infrastructure program, as we have it set for the native people, has tremendous possibilities. We have the possibility for head start education; the possibility for them to determine for themselves new inroads in the educational field. For job opportunities I think there is tremendous potential.

[Translation]

**Mr. René Canuel (Matapédia—Matane):** Mr. Speaker, how can the hon. member say that the budget is very good for farmers when, in the East, in just about every parish, there is a weekly auction, and he admitted that there was a 5 per cent budget cut. I am asking him to give me one benefit for Eastern farmers in this budget.

[English]

**Mr. Collins:** Mr. Speaker, there is a tremendous potential for everybody. We can sit here, put our heads in the sand and say nothing will be done. That is what some people would like to do. Some would say we have gone too far and others would say we have not gone far enough.

We have come to a point in time when we have to make an effort to make the best of what we have. The farmers in Quebec and Ontario will do just as well as the farmers in Saskatchewan. Maybe they will have to be a little more ingenious, but it is a fact there are going to be some cutbacks. They will provide that incentive.

The people in the dairy farming industry will become ingenious. They are going to be competing with the United States and I think they will do very well. Yes, they have had to take a bit

of the cut. However, I think of hon. members farther to the east where some bases are being closed and 2,000 jobs may be lost. The impact there is great. The impact was spread across the country. It is no different for Quebec than it is for Saskatchewan or any other province.

**Mr. Leon E. Benoit (Vegreville):** Mr. Speaker, I rise today on behalf of Canadians who were disappointed with the budget the government tabled in the House on Tuesday.

This disappointment is well-founded. Let us start by examining the words of the participants at pre-budget conferences, the words of government itself and the subsequent actions of the government in the 1994-95 budget.

One Calgarian participating in the pre-budget consultations stated: "Government cannot, in and of itself, create jobs. Government should get out of the way of private sector investment and employment". Many other Canadians share those views.

On page 7 of *Facing Choices Together*, one of the government's own booklets, the Minister of Finance acknowledged that the role of government should be:

—establishing a positive economic climate for the private sector, and particularly small business; reducing the burden of regulation and taxation; and strengthening education.

I thank the minister for acknowledging what Reformers have been saying for years.

It is unfortunate, however, that in the budget the actions of the government do not follow its words. Not only did the government back off in terms of action, but on page 8 of the same booklet the finance minister inferred that the people at these consultations are not to be trusted. To demonstrate this I will quote the minister:

—the government does not accept the view that there is no role for some immediate spending action.

The minister continues to ignore the views of the people by justifying a need for increased spending in programs like the infrastructure program. For the people to gain confidence in the integrity of a government there must be consistency between the words of the government and their actions. In this case there is not even consistency between the words of government on one page of their document and the words that follow on the next page.

(1750)

Canadians used their common sense and said cut spending. In fact the government has increased spending. It is time for the government to start listening to the people.

I will illustrate how the figures in this budget affect the people in the Vegreville constituency and indeed across the country. At the end of next year, Canada's federal government debt will be approximately \$550 billion. Approximately \$40 billion will be added to this debt in the next fiscal year. Using my own family as

*The Budget*

an example I will demonstrate the burden we are placing on the young people in Canada.

My wife, my five children, and myself owe about \$140,000 as our share of the national debt. This year's deficit adds approximately another \$1,700 to each person as their share of the debt. By the time my younger children reach their early twenties they will each owe a total of about \$40,000 as their share of Canada's national debt if it keeps growing at the same rate.

I believe it is morally wrong for government to continue this wild overspending. If it continues Canada will reach a crisis situation, maybe as New Zealand did, within the next couple of years. If this happens, painfully drastic spending measures will have to be implemented. Some of this pain can be avoided if the necessary government cuts are made now.

I plead with the Minister of Finance to make these spending cuts or similar cuts in a mini budget in the early fall. Canadians cannot afford to wait another year for sanity to come.

Reform MPs have consistently presented positive, constructive alternatives to government proposals. In keeping with this I would like to offer some specific advice to the government.

Reform's specific proposals include: unemployment insurance should be made into a self-funding insurance plan where the benefits, the premiums and the funding are determined by employers and employees. If implemented this will save taxpayers about \$3.5 billion per year. Eliminate business subsidies to the tune of about \$3.4 billion per year. Stop funding special interest groups rather than just reviewing the matter, saving \$500 million per year. Reduce foreign government aid by \$700 million instead of the \$400 million proposed in this budget. Decrease subsidies to crown corporations by 25 per cent saving approximately \$1.25 billion per year. Cut non-salary federal government overhead by 15 per cent, saving about \$1.8 billion per year. Target the Canada assistance plan to help poor Canadians for savings of about \$1.5 billion per year. Reduce old age security for households making over \$54,000 per year, saving \$3.5 billion per year.

Excluding the unemployment insurance reform, the total savings I have just outlined amount to over \$12 billion per year. The government should have made these, or similar, changes in this budget. They are the measures that were presented by Canadians at the pre-budget consultation meetings.

Will the minister and the government listen to Canadians this time? Will they present a new budget in the early fall putting their own words into action?

I will use the rest of my time to discuss agriculture in the budget. My greatest concern is that the government has made and will continue to make cuts in spending to agriculture before they have released farmers from the burden of over-regulation. For example, the government followed through on the 10 per cent cuts to the Crow benefit which were implemented by the former government in the 1993-94 budget. This eliminated funding of over \$60 million to farmers. My concern is that while the funding is being reduced, the problems which plague the grain transportation system and further processing of agricultural commodities have not been dealt with.

(1755)

Furthermore, the Crow benefit is still being paid to the railways. Grain cars are still controlled by at least three separate agencies and the Canadian Wheat Board restricts farmers from seeking out markets on their own and shipping to these markets.

Funding is being cut to farmers, but farmers' hands are tied so they cannot improve the situation for themselves. It is critical that over-regulation is eliminated before cuts are made.

At a conference I attended last weekend farmers made it very clear they do not want farm subsidies to continue indefinitely. They called for a massive reduction in government regulations to be followed by spending cuts. I hope the parliamentary secretary to the Minister of Agriculture, who also attended this conference, was listening carefully.

During the campaign, Reform presented a budget for agriculture for the next three years. This budget outlined our plan to target over \$2 billion in support to producers and save taxpayers between \$400 million and \$500 million per year. Reformers promised to present positive alternatives and we have certainly done this in the area of agriculture.

Once again I must emphasize that before cuts can be made, regulations that prevents farmers from achieving open access to free markets must be eliminated. Federal-provincial government overlap must be reduced, and high administrative costs in delivering the various programs that are in place must be substantially trimmed.

Some of the specific recommendations that Reformers support are: first, consolidate over a dozen unco-ordinated safety net programs into three; a trade distortion adjustment program, an income stabilization program and an improved crop insurance program.

Second, reform the transportation system so that products may be moved by any route, any mode, and in any state of processing.

Third, improve private sector participation in research, education and job training.

*The Budget*

Fourth, better target research funds to meet the goals that are set out by farmers and agribusiness.

Fifth, improve regulations relating to safety, fair competition, and dispute settlement so the marketplace can work better.

As well, we propose these changes to the Canadian Wheat Board: first, make the Wheat Board accountable to the people who pay the bills, that is western Canadian grain farmers. Second, allow the board to handle any crop, but permit farmers and grain companies the right to compete with the board. Third, continue Canada's loan guarantees as long as other countries offer them. Fourth, give farmers the right to choose between a pool price and a daily cash price.

I believe these changes to the Canadian Wheat Board will increase the price that farmers get from the marketplace. This increase in market revenue will reduce payments to safety net programs, a reduction that is not included in the Reform budget on agriculture.

In conclusion, the government made few changes in the area of agriculture in this budget, nor should they have without a comprehensive review of agriculture policy. However, studies similar to the one being conducted in the dairy, egg and poultry industries are virtually worthless because the scope of these studies is limited from the start. In this study, supply management is retained as a fundamental principle rather than allowing farmers and others affected to discuss this principle and decide if supply management is needed at all.

While a study of agriculture—

**The Deputy Speaker:** Order. I very much regret interrupting the hon. member. Is it his maiden speech? I do not think it is. Would the member indicate whether it is his maiden speech. It is not; then I am afraid his time is up. I am sure he will get a chance to make the point he was just going to finish with prior to all these questions that are waiting to be asked.

**Mr. Morris Bodnar (Saskatoon—Dundurn):** Mr. Speaker, the hon. member has touched on rail line transportation. In Alberta there has been some experimentation with privatization of abandoned rail lines, where they have been taken over by private entrepreneurs who have been successful in the operation of these lines.

(1800)

Could the hon. member tell us whether his party favours the privatization of rail lines in Canada?

**Mr. Benoit:** Mr. Speaker, on the question of the privatization of railroads and the question of the privatization of rolling stock, the answer is that we would certainly consider privatizing both.

There has to be a bit more study on the issue, but I believe there must be more competition allowed for the railways than

there is now. Privatizing rail lines or nationalizing rail lines and allowing competition is important. How it can be done is up for debate still.

**Mr. Ronald J. Duhamel (Parliamentary Secretary to Minister of Public Works and Government Services):** Mr. Speaker, I thank my colleague for his address. He made a number of potentially very useful suggestions with respect to cost cutting.

It would be very helpful if my hon. colleague could indicate to us what impact if implemented the list of suggestions would have on unemployment. In other words how many more unemployed Canadians would there be?

My second question is with respect to the self-funded unemployment insurance program. Does the member know whether or not that would increase or decrease the premiums, whether or not it would increase or decrease the payouts to unemployed Canadians?

**Mr. Benoit:** Mr. Speaker, I appreciate those questions. They are both excellent questions.

In terms of the last question first on whether unemployment insurance will increase or decrease premiums, we are saying that as a self-directed plan the decisions will be made by employers and employees on whether premiums are raised, benefits are reduced, or who in fact is eligible under the plan. It is up to the employers and employees to make the decisions on the plan, as they should, because they are the ones who are funding the plan and we say it should be strictly them funding the plan.

On the question respecting how much the cuts would affect unemployment, I believe the cuts we have laid out may affect unemployment over a very short term. I believe very strongly that as these cuts are made and as Canadians see that the government is finally dealing with its overspending problem, unemployment will be reduced within a year and a half to two years. Economics is not an exact science but that is my belief.

**Mr. John English (Parliamentary Secretary to President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs):** Mr. Speaker, I too welcome the suggestions made by the hon. member, but I recall that during the debate on the GATT we talked about subsidization of grain exports in many countries including Canada, United States and the European Community.

In the case of those countries we recalled that Canadian subsidization of grain exports amounted roughly to somewhere between 30 and 35 per cent; less than the Europeans and probably a little less than the Americans but considerably more than the Australians and the Argentinians. In the case of the Australians it is almost nil. In the case of the Argentinians it costs them to export because they subsidize their manufacturers.

*The Budget*

Having said that, what would the hon. member think would be an appropriate figure for our subsidization agreement?

**Mr. Benoit:** Mr. Speaker, the member is specifically asking about what level subsidies should be at in terms of grain exports. Talking about grain exports specifically, the level has to be reduced over time. My goal and the goal farmers have told me they would like achieved some time down the road—and I cannot say exactly whether it might be six years or ten years—would be as close to zero as possible.

**Mr. Bob Ringma (Nanaimo—Cowichan):** Mr. Speaker, I heard the Minister of Finance during the budget presentation say that he was looking for \$400 million to be cut from operating budgets of government departments in the next year and a further \$1.5 billion in the subsequent three years. I have a suggestion for where the minister could find that amount of money.

(1805)

His budget speech was very impressive. I was really caught up in it. He said: “The budget being tabled today follows an unprecedented process of consultation with Canadians. We have gained a great deal from listening to Canadians but one thing stands above all others: Canadians are fed up with government inertia. They seek determined fundamental change. Canadians know the kind of Canada they want”.

I was really impressed with those words. I was therefore a little surprised to find that the minister and the government had not been doing the consulting they pretended to do. They came up with nothing, for example, in the way of cuts to official languages. I hear from my constituents in Nanaimo—Cowichan that it is one place where cuts should surely be made.

I wonder too if the hon. Minister of Finance was consulting with his own colleagues. The hon. member for Ottawa—Vanier across the way said on January 27: “A serious study should be undertaken by an individual to determine whether the Official Languages Act is working as intended”. I agree with the hon. member. A serious study should be undertaken. My impression and that of my constituents is that it is not working and it is costing far too much.

Before I go further I would like to correct an impression of the Bloc Quebecois on what the Reform Party policy is on official languages.

[*Translation*]

The hon. member for Richmond—Wolfe said, “If they think that English should be the only official language of the federal government, they should say so clearly”. I would like to say clearly that we do not think that English should be the only official language. There must be two official languages, English

and French, everywhere. But it must here in Parliament, in the courts and in government offices.

[*English*]

The Reform Party’s official policy on bilingualism is that we support individual bilingualism. We support territorial bilingualism as far as the federal government is concerned, that is to say—and let us take Quebec as a specific example—services must be given in the French language throughout the province of Quebec because obviously the numbers warrant it. Within the city of Montreal it is evident that services in the English language should be given in the regions of Notre-Dame-de-Grâce, Saint-Luc, Beaconsfield, et cetera.

[*Translation*]

Services must be provided in the appropriate languages wherever there is a need.

[*English*]

Let us now move to another phase of why I am tackling official bilingualism. I underline again that we are in favour of bilingualism, personal bilingualism. Let us have more of it, but official bilingualism is divisive in the country and is wasteful. It is a terrible waste of money.

(1810)

How wasteful is it? I quote from Diane Francis in the *Financial Post*: “Translating technical documents involves the 500,000–page technical manuals for two new frigates currently under construction. A full translation of these manuals would cost \$100 million”.

In their defence National Defence and Supply and Services shot back that the real cost could reach \$43.5 million. Unfortunately the real cost of translating those manuals will likely never be known since it will be buried in the overall cost of the frigates. That is one of the big problems we have not only with government but with estimates and everything else. Costs are buried and it is very hard to find them.

Another problem I have with the official languages policy in the country is that it is a product of the Ottawa elite. The elite in Ottawa says and has said for a number of years that this is what we should be pushing, that it will be wonderful for the whole country and it will certainly help keep Quebec in. I do not believe that is true and I do not believe the people of Quebec believe it is true either; not official bilingualism as it is practised here.

Typical of the attitude embraced by the Ottawa elite is the official languages commissioner who was recently quoted as saying: “We must not be deterred by the opposition which there is in public opinion. They are great adversaries with whom we have to attend”. That was in spite of or perhaps because of a March 1992 Gallup poll which showed that 64 per cent of Canadians believe official bilingualism has been a failure.

*The Budget*

How expensive is it? I do not know. It is almost impossible to find the real cost, but let us look at one example. National Defence admits official languages program activities cost nearly \$48 million in fiscal 1992–93. Yet nowhere in the 1992–93 public accounts for National Defence is that figure recorded. It is buried somewhere.

In fact the person who prepared the report on official languages cost in National Defence to send to my office said in his covering letter: “The true costs of official languages activities for DND are higher than those given in the enclosed fax sheet. Unfortunately Treasury Board reporting guidelines do not permit us to report, among other things, salaries of military personnel attending continuous language training and the bilingualism bonus for civilian employees”. That is part of the problem of identifying costs.

Let me conclude by saying that the budget should be tackling the deficit. One way of attacking the deficit is to cut expenditures, especially in areas where it is creating division in the country. One such area is the Official Languages Act. I say to the government: “Please look at it and cut”.

(1815)

*[Translation]*

**Mr. Dan McTeague (Ontario):** Mr. Speaker, I must point out as a Franco-Ontarian that during the 1960s and 1970s, I had a chance to learn a second language. I learned another language, and I want to make this clear to the hon. member for Nanaimo—Cowichan, thanks to the institution of bilingualism. During my school years and when I was employed in the private sector—

*[English]*

I had an opportunity to work with several large firms in this country which acknowledge readily that official bilingualism is a lot easier when you put, for instance, English on one side of the Kellogg's box and French on the same side. It is far more efficient to try to communicate to the seven, eight or nine million people in this nation who do speak French and who are not confined to one single region of the country.

*[Translation]*

I am living testimony to a system that works, a system that helped me learn a second language. I hope the hon. member for Nanaimo—Cowichan will agree that having two official languages was one of the great things that happened to this country, and that it gives us, as Canadians, an edge in our business dealings.

**Mr. Ringma:** Mr. Speaker, I am delighted the hon. member learned to speak English and French. It is a good thing for this country, and I certainly agree with him. However, I maintain what I said in my speech, that a tremendous amount of money is being wasted in this country. You are an example of someone who learned both languages, and that is wonderful. However, I

can assure you that, although they agree with the principle of learning both official languages and other languages as well, most people in Western Canada feel that money is being wasted, and I repeat what I said in my speech in this respect.

**The Deputy Speaker:** I would ask hon. members, whether they speak English or French, to address the Chair.

*[English]*

**Mr. Ronald J. Duhamel (Parliamentary Secretary to Minister of Public Works and Government Services):** Mr. Speaker, if the hon. member wants to know about costs for the official languages policy of this country, there is no policy on official bilingualism. I would be delighted to share with him an article that I published on that very subject matter which outlines those costs. No one has ever challenged them.

With respect to the comments that he has made about costs, it is those kinds of things that are said that exaggerate the fears that are found throughout the nation. We do not know what they are but they are big.

What about this comment about the Ottawa elite?

*[Translation]*

What about the French language communities—like St. Boniface, St. Albert in Alberta and other francophone communities across Canada. Those are the elite, those are the people who are asking for services in French.

Does he realize we have unilingual senators and members of the House of Commons here, some unilingual French and others unilingual English, Canadian soldiers who speak only French or only English? Are these people not supposed to talk to each other? What does he really want? Does he want to scare Canadians? If there is any waste, let us identify it. Waste can be eliminated, but removing a policy that makes it possible to talk to each other is ridiculous.

**Mr. Ringma:** Mr. Speaker, as I said before, I have nothing against bilingualism and neither does the Reform Party, and when I say the elite, I am not referring to the people of Gravelbourg, Saskatchewan, or Grande-Prairie or St. Boniface. The elite are here in Ottawa, where they force the issue by saying: We will have this legislation enforced by inspectors who will monitor its implementation, and we can spend any amount of money on this. That is what I object to.

(1820)

*[English]*

**Mrs. Rose-Marie Ur (Lambton—Middlesex):** Mr. Speaker, I am pleased today to stand in the House to present my maiden speech.

I would like to take this opportunity to congratulate you, Mr. Speaker, on your appointment to the chair.

*The Budget*

I will begin in recognition of the International Year of the Family by thanking my own family for their encouragement and the support they have always given me.

I would also like to thank the most dedicated campaign team for all their hard work and the constituents of Lambton—Middlesex for the trust and confidence they have put in me by electing me as their representative in the 35th Parliament and may I also add as the first female representative for the riding since Confederation.

Prior to my being elected, I also had the privilege to work with the former member for Lambton—Middlesex, the Hon. Ralph Ferguson, who was the agriculture minister in the Turner government.

Hon. members may be interested to know that Lambton—Middlesex has a pivotal role in Canada's history. The historic Battle of the Longwoods took place in Middlesex country during the War of 1812. In fact the great Indian Chief Tecumseh was killed during the Battle of the Longwoods. No doubt were it not for the role of Tecumseh in repelling the Americans, we would probably be a part of the United States today.

On the Lambton side of the riding oil was discovered in the mid-1800s in Enniskillen Township, the first oil discovery in all of North America. In fact some of these oil wells have been producing for over 100 years and are still producing today.

Lambton—Middlesex is one of the largest ridings in south-western Ontario. It is predominantly rural in nature, containing 18 municipalities, several towns and villages, one urban centre, Strathroy, and four native reserves.

The single largest industry in Lambton—Middlesex is agriculture, producing fruits, vegetables, corn, soybeans, raising poultry, dairy, pork, and beef, just to name a few.

I am proud to say that a number of very prominent Canadian leaders in the field of agriculture reside in my riding.

I would also be remiss if I did not mention that Cuddy's turkey farms, one of the largest turkey breeding farms in North America, is located in Lambton—Middlesex. It exports turkey parts all over the world.

As co-chair of the ethanol task force and ad hoc committee exploring the viability of a Canadian ethanol industry, I am pleased to see that the Minister of Finance is willing to review the necessity for greater assurance of federal excise tax exemptions for ethanol. I would urge the minister to make this his next top priority.

We have a window of opportunity that we must not ignore. We must encourage the greater use of ethanol blended fuels. It is good for the environment. It is a renewable resource and will create huge new markets for corn and grain.

This budget sets in motion some of the most fundamental far-reaching reforms in government policy in decades in such crucial areas as social security and defence.

Canadians have told us they are fed up with government inertia. They want a government to have a game plan and stick to it. We have a game plan, our election platform, Creating Opportunity, the red book.

In this budget we are funding every key initiative in the red book. We are delivering on our commitment.

What pleases me the most is that this budget offers a balanced approach because of its three main goals: economic renewal, deficit reduction, and social reform. These are all foundations for our top priorities, jobs and growth.

By focusing on these three goals this budget directly answers the concerns and priorities expressed by Canadians during a first-ever series of consultation conferences. The budget takes action through funding for infrastructure programs, a commitment to rolling back unemployment insurance premiums to the 1993 levels, and through new strategies to promote small business, the engine that drives the new economy.

The recession has taken its toll, as it has all over Canada, on some of the small businesses in my riding. However, a number of enterprising factories producing footwear, auto parts, frozen foods, mobile homes, to name just a few, have bravely weathered the economic storm through their own diligence, creativity and hard work.

(1825)

I am especially gratified and relieved that the \$500,000 exemption for small business and farm property will remain.

I am also very pleased that the home buyers plan which allows first time home buyers to use RRSP funds as a down payment is now a permanent program. The use of RRSPs has grown by leaps and bounds in Canada as more and more Canadians make use of them as a retirement supplement.

In agriculture areas such as my riding of Lambton—Middlesex RRSPs are often the only means of ensuring retirement security. Small and medium sized businesses do not want handouts. What they require is an environment characterized by improved access to capital, the encouragement of innovative leading edge technology, a commitment to better management training, a reduction of the regulatory and paper burden and the adoption of an aggressive trading mentality to take advantage of new export markets.

I am delighted that this budget addresses all these areas. In fact this budget is a winner I believe for small business. The following programs are being initiated: the Canada investment

*The Budget*

fund to provide venture capital for companies, improving access to capital for small businesses by establishing a task force to work with Canada's banks to develop a code of conduct for small business lending, establishing a Canada business service centre in every province to provide one-stop shopping for government services, and rolling back the unemployment insurance rate to the level of 1993 for 1995 and 1996. This is going to save businesses \$300 million a year, money that can be invested in new jobs. Our small businesses need a break and this budget provides it.

If I had to use one word to describe the message contained in the 1994 budget, then I would use the word hope.

Canadians have also said they want changes in our social security system to ensure it is fair, compassionate and affordable, a reform that delivers incentives for work and creates jobs and opportunities.

That commitment to change has already been launched by the Minister of Human Resources Development. The budget highlights important steps in meeting this challenge. The link between the length of time a person works and the UI benefits is being recalculated.

Assistance is being enhanced for those with dependants to increase benefits to 60 per cent of their wages. Other individuals will receive 55 per cent of their original wages.

This government is committed to deficit reduction. Our program of net spending reduction over the next three years is the most significant of any budget in a decade. A major goal of this budget is to take concerted action to bring government finances under control, action that is essential in Canada's economic revitalization.

In planning this budget the finance minister has relied on cautious, prudent projections of economic growth for this year and next. These projections based on consensus of private sector forecasts are in stark contrast to the overly optimistic expectations of those presented in some previous budgets, expectations that resulted in deficit forecasts that were wrong by millions of dollars.

Obviously the Canadian people will not stand for any more of these rude surprises. The 1994 budget actions, coupled with moderate economic growth we are projecting, will reduce the deficit from \$45.7 billion in 1993-94 to \$39.7 billion in the coming fiscal year. A further drop to \$32.7 billion is expected in 1995-96. For every \$1 of revenue increase there are \$5 of spending cuts.

Finally, I think it is fair to say that the 1994 budget was developed following unprecedented public consultations that brought together a wide spectrum of Canadians to discuss the economic and fiscal challenges confronting the country. I salute

the finance minister in his pledge to continue to consult openly and widely with Canadians.

May I conclude, by saying that I am proud to be a part of this government, a government that has pledged to restore honesty, integrity and accountability to all its operations.

(1830)

If we continue to honour this pledge then we will have won back the public trust, enabling us to fight to rebuild Canada as a strong, independent sovereign nation, a nation that makes its own decisions, a nation that is caring and compassionate, a nation that will be united from the Atlantic to the Pacific.

**Mr. Myron Thompson (Wild Rose):** Mr. Speaker, my congratulations to the hon. member on her maiden speech.

I assume that she is a new member as I am. I know one feels after one gets that first speech done. It feels great. Thank goodness it is over.

Although the hon. member did not mention specifically about getting our own house in order I know she alluded to responsible spending and the accountability of politicians, the importance of it, being careful with the money, being very cautious in our spending so that we do not get carried away. I would like to know how the member feels on some issues and I will pick on three because the list is quite extensive.

There are a couple of things that are happening in this country that I find disturbing. One of them was mentioned by the Minister of Human Resources Development when he said that over a million children were living in poverty in this country. It is really a shame to hear that kind of news.

I have here on the top of my list that the Challenger jets cost us in excess of \$3 million a year, the little blue cars that the cabinet ministers drive around in cost us in the neighbourhood of \$1.3 million a year, the outrageous tax funded pensions for MPs are over \$2 million a year. We are coming up to about \$10 million.

Does the member agree with me that cutting that kind of fat out of the spending from the government and transferring those funds to help the poverty stricken children in this country would make a lot more sense?

**Mrs. Ur:** Mr. Speaker, I thank the hon. member for his kind remarks and for his questions also.

I too believe that one of our first priorities, one of the issues I ran on when I was campaigning last fall, is that we should certainly take a look at the funding and the way government spends its money.

As to the examples the hon. member has given me, pensions for instance, that question came up quite often when I was at all-candidates meetings. I certainly appreciate the member's question on that.

*The Budget*

I felt that with the Canada pension plan I always referred to pensions for members. Perhaps we could look at it in that fashion. I am sure it is going to be reviewed in the near future and work it on the same basic principle as Canada pensions.

I know several people came up to me after these meetings thinking that was a genuine way of looking at Canada pensions, making them more fair to the general public's pension plan.

I certainly agree that governments have to address spending but as to the Challenger jets and so on, there is security. The Prime Minister has said at different times that he would prefer to be one of the regular folks on economy class but he cannot travel in that fashion. When one is elected to that office, there are standards one has to live by. We have to certainly respect his security and the security of whomever is Prime Minister.

**Mr. Ken Epp (Elk Island):** Mr. Speaker, I too would congratulate the member for that first speech.

I am really hesitant to put her on the spot but I would like to at least give notice of a question. This is a really genuine and serious question.

She quoted from the budget speech that for every \$1 raised in new revenues, we will cut \$5 in government expenditures. That is a worthy goal. I may be putting a new member on the spot here but sometime I would like the answer to where is this being cut? How does it then occur that our government expenditures keep rising every year in the plan, the debt keeps going up and the deficit each year is also going up? How can we then have a ratio of five to one in cuts?

(1835)

**Mrs. Ur:** Mr. Speaker, I thank the hon. member for his question. It certainly is a good question and I do not pretend to be the finance minister here. I thought the finance minister had given time and time again during question period really good answers to this question. There have been several cuts made, whether they were the helicopter cuts, the defence cuts. We have heard those questions asked and answered during question period. Really, the issues are all outlined. All one has to do is read the budget papers that we have presented and the answers are there.

I thank the hon. member for his question.

[*Translation*]

**Mr. Robichaud:** Mr. Speaker, the next speaker will not have time to finish his speech. I wonder if there would be unanimous consent to allow him to finish his 10-minute speech before the question is put to a vote.

**The Deputy Speaker:** Does the House agree to give 10 minutes to the next speaker so that he can finish his speech.

**Some hon. members:** Agreed.

[*English*]

**Mr. Alex Shepherd (Durham):** Mr. Speaker, I would like to speak in favour of the budget as presented by the hon. Minister of Finance.

My hon. colleague has spoken of the five and one plan. Tonight I only want to deal with a two and one plan, that is, two expenditure cuts with one expenditure increase.

First, I would like to discuss the actions the hon. Minister of Finance has taken with regard to the federal civil service. I am sure that our civil service across this country is basically hard working and shares the commitment of the government toward a prosperous Canada. There are those who feel that the continued freeze of \$500 million in 1994-95 fiscal period and the further \$620 million in the 1995-96 fiscal period is a great hardship.

I would like to point out that this only represents a reduction in the federal civil service payroll of 2.2 per cent.

I know that many of us are all too well aware of reductions much more significant than this by national and international companies based in our own ridings. I would like to refer to a study done by the Canadian Federation of Independent Businesses which undertook an analysis of the 1991 Canada census data.

It discovered in all sectors of employment that the federal civil service had the highest paid workers in all classification for all sectors studied in all urban areas across this country. On average, the federal civil service is paid 13.9 per cent higher than similar classifications of the private sector.

What sort of a message does this send our workers and taxpayers?

I have been unable to find similar parallels in any other country in the world. At a time when we are negotiating international trade agreements such as NAFTA and GATT with the objective of making our private sectors more competitive, we discover that the federal government is overburdened by an inequitable wage system.

I note that the finance minister has attempted to deal with this very serious situation by proposing payroll freezes in the hopes of curtailing layoffs. Having said that, I acknowledge the planned layoffs which are to occur in the military, being well over 17,000 jobs.

Not only is the civil service pay structure out of step with the private sector, many of my constituents inform me of great difficulties in dealing with the personnel of the civil service who often do not return phone calls, often have work hours which are inconsistent with the concept of service. I know that there are many individual conscientious civil servants but it would appear



*The Budget*

that there is much that we have to do in improving service in the federal civil service.

(1840)

I would now like to address the second of my points dealing with the expenditure support of the budget. This is the area of social programs.

The Minister of Human Resources has often stated Canada's social programs were designed for another time and another place. There is a tremendous structural change sweeping our country. This change means that my generation, a generation that thought our career paths were set for life, now finds itself without jobs and uncertain of the future.

We have to reach out to these people and give them hope but also give them the tools to find alternate employment. It is not good enough to talk about retraining and train people for jobs that either do not exist or will not exist in the near future.

The government has to show leadership in planning the training needs of the future. This is why the federal government must retain its discretionary spending power in this area across this nation to set national training standards.

What does this say about our present social welfare system? It says that it is no longer sustainable. It says that we are creating social ghettos in which we subsidize people to do nothing, fostering a loss of self-respect and dignity. We must do better.

Our benefits under the unemployment insurance system in this country are in excess of 20 per cent of the average of the United States and indeed all G-7 countries. I have always believed that money restored energy. It is a human's way of taking work and converting it into a liquid commodity.

For instance, if I pay someone at the front door of this place \$25 he or she will use their car and expend natural resources and time to drive me to the train station. To take money and give it to people to have them simply subsist is an insult to human intelligence. We must use unemployment insurance and other forms of transfers to individuals to assist them to rise up and take control of their lives. I am talking about using these funds to send them to learn new skills so that everyone can benefit from the new challenges of an evolving economy.

I now want to talk about the final point in my support of the budget and that deals with the area of small and medium size businesses. Much talk has been made around this place on this issue and much discussion has been made about the relation of these businesses with the banking community.

I would like to draw the attention of the House to the fact that these institutions account for less than 6 per cent of all deposits in this country. As a consequence, castigating this sector, the

banking sector, is much like trying to fix a leaky row boat to cross the Great Lakes. It will not do the job even if we do fix it.

I note that the minister has elected to study pension funds and how they can be used to more effectively finance small and medium size businesses. Clearly, this is the right direction.

The minister has also pointed to a number of government initiatives in the budget. These include Canadian investment fund, business network strategies and the establishment of business service centres for one stop shopping for government services. One feature of these initiatives is the electronic highway.

The railway bounded this country in our history, then roads made it easier for people to communicate. Finally, the telephone first operated in Canada so that we could even more effectively deal with each other. Our diversity and the fact that we are spread fairly thin across this great nation turned us into the world's expert in the field of communication.

While we have squabbled about our internal problems, as my colleagues to the left of me continue to do, the real world is passing us by. We need to get on with the fourth stage of our nation building. The ability to link each individual in the country by means of an electronic highway, regardless of language or culture is our challenge.

(1845)

I am proud to note that the government has provided funding for this worthwhile project, recognizing that it, together with the initiatives for the small and medium sized business sector, will set the agenda for a new tomorrow for all Canadians.

[*Translation*]

**The Deputy Speaker:** I think the hon. members understand that we will not have five minutes for questions and answers because it is already very late. Is there unanimous consent?

**Some hon. members:** Agreed.

**The Deputy Speaker:** Pursuant to Standing Order 84(4), it is my duty to interrupt the proceedings and put forthwith all questions necessary to dispose of the amendment to the amendment now before the House.

The vote is on the amendment to the amendment. Is it the pleasure of the House to adopt the amendment to the amendment?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Deputy Speaker:** All those in favour will please say yea.

**Some hon. members:** Yea.

**The Deputy Speaker:** All those opposed will please say nay.

*Adjournment Debate*

**Some hon. members:** Nay.

**The Deputy Speaker:** In my opinion the nays have it.

*And more than five members having risen:*

**The Deputy Speaker:** Pursuant to order made Tuesday, February 22, 1994, a recorded division stands deferred until 6.30 p.m. Tuesday, March 8, 1994.

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## ADJOURNMENT PROCEEDINGS

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### INDIAN AFFAIRS

**Mr. Jack Ramsay (Crowfoot):** Mr. Speaker, on Tuesday of this week I rose in the House to ask the Minister of Indian Affairs and Northern Development a question of great importance to me, to my colleagues and particularly to the members of the Slave Lake bands.

The hon. member chose to blatantly ignore the question which showed disrespect to me and to the grand chiefs and chiefs who brought this issue to our attention.

I did not simply ask the question of my own accord. We had contacted members who were present at the meeting between the minister and the Slave Lake bands. I was told that they felt the minister's conduct at the meeting was insulting and shocking. They said his comments, as they pertained to the Reform Party, were indeed racist.

My colleague, the hon. member for Nanaimo—Cowichan, who was upset by the lack of response by the minister to my question, was prompted to pose the same one later in the question period.

The minister, when asked to provide a direct, clear answer, once again avoided the question. He said: "I am sure, Mr. Speaker, that the Reform Party does not hate Indians", but he did not deny or admit saying to a group of aboriginal people that the Reform Party hates Indians and they want to be seen as the defender of the white man. I believe the hon. member has a duty and responsibility as a minister of the crown to answer this question.

(1850)

I and other members of the Reform Party have established close ties with many First Nations people and leaders over the years. This kind of comment, if made by the minister, amounts to a racist and slanderous attack on members of the Reform Party by a minister of the crown and defames us in the eyes of the aboriginal people and all Canadians. Nothing short of an

honest and straightforward answer will suffice in a matter of this importance.

I was present in the House today when the question was posed in almost identical words to the minister for the third time. I also have the "blues" that indicate his answer. Again he does not clearly indicate whether he had made this statement. He only deals with a portion of the statement that has to do with the hate of the Reform Party for Indian people and does not cover the other part of the question, that we want to represent the white man, in effect against the Indian people.

Although it appeared to me that the minister had come a certain way in resolving this issue, it has not been resolved in my mind nor in the minds of my colleagues within the Reform Party.

We have also received a joint affidavit from people who were present at that meeting when this incident occurred. Eight of the leaders have signed a document and sworn before a notary public what actually happened at that meeting. I am prepared to table a copy of that here today.

I feel the minister should resolve this matter so that we can get on with our business and he can get on with the affairs of his ministry.

**Mr. Jack Iyerak Anawak (Parliamentary Secretary to Minister of Indian Affairs and Northern Development):**

[*Member spoke in Inuktitut*]

[*English*]

Mr. Speaker, as you know this question concerns an alleged comment by the Minister of Indian Affairs and Northern Development that Reform Party members hate Indians. As the member said, it was raised earlier in the House this week. At that time the minister answered the charge, clearly stating that he does not believe he said any such thing.

Again today the minister told members of the House categorically that he does not believe Reform members or any other members of the House for that matter hate Indians. I think it is quite understandable that he would not believe any such thing. The minister took the opportunity to encourage all members to look beyond their partisan interests so that we might all work together in building a new relationship with us, the aboriginal people of Canada.

Aboriginal people have told us that implementing the inherent right to aboriginal self-government should be the cornerstone of this new relationship. To that end the minister has had an opportunity to meet with many leaders across the country, discussing various issues, one of which is the inherent right to self-government.

The member would like the minister to respond to one particular community or meeting that he attended and at that point the minister answered clearly, again restated today that he does not believe any such thing. He said he has checked with

*Adjournment Debate*

other members who attended the same meeting and they do not remember such a statement being made.

(1855)

## BOOK PUBLISHING

**Mr. Simon de Jong (Regina—Qu'Appelle):** Mr. Speaker, on February 22 I asked the Minister of Canadian Heritage why his government did not follow the requirements of the Investment Canada Act and in fact allowed Paramount to obtain the book publishing company's Maxwell Macmillan and Ginn Publishing.

The act prevents a non-Canadian from acquiring a Canadian controlled book publishing business.

Ginn Publishing was 51 per cent owned by the government through CDIC. In the case of a non-Canadian wishing to sell an existing Canadian business like Maxwell Macmillan the act requires that the vendor must prove that the potential Canadian investors have had a full and thorough opportunity to purchase. In both cases the government simply ignored the act.

In the case of Ginn Publishing the government claims it was obliged to sell its 51 per cent share to Paramount because of a legal obligation.

Canadians would like to see that contract made public in order to determine what that obligation is, who incurred it, when and where. Even if that obligation is there this government has renegotiated commitments made by the past Tory government, i.e. Pearson airport and the helicopter deal.

The Minister of Industry also claimed there was not "a substantial indication of interest".

Let me quote from the *Toronto Star* of February 22:

One of Canada's top publishers, Canada Publishing Corporation, insists that its repeated expressions of interest in the company were constantly spurned.

The firm's chairman, Ron Besse, says that the government kept promising a prospectus on Ginn but never issued one.

After the Liberals assumed power, Besse sent his lawyers to Ottawa to again explore the possibility of purchasing Ginn. The next day, he received a call from Paramount asking what he wanted.

In other words, it is Paramount that is speaking on behalf of the minister and the government and not the department.

In the case of Maxwell Macmillan this is a direct acquisition and the act requires that Canadians have a full and fair opportunity to bid.

What effort was made to find Canadian buyers? Why was the acquisition of Maxwell Macmillan not reviewed by Investment Canada as part of the larger review that the act requires because Paramount in turn has been bought by Viacom?

The government could have had significant leverage in negotiating with Paramount but again it failed to do so.

This government could have acted to prevent the book publishing business of especially high school and university texts being dominated by American controlled companies. The fact the government did not has sent shock waves through the cultural community.

As Keith Kelly, national director of the Canadian Conference of the Arts stated, "What is stopping other transactions from acquiring other Canadian cultural industries?"

One wonders if the ministers involved in this decision really knew what they were doing. Were they misinformed by their advisers? If not, is this going to be the Liberal government's policy, the same as the previous Conservative policy.

I quote from the Liberal red book:

At a time when globalization and the information and communications revolution are erasing national borders, Canada needs more than ever to commit itself to cultural development. Instead, the Conservative regime has deliberately undermined our national cultural institutions.

The purchase by Paramount of Maxwell Macmillan and Ginn is an undermining of our national cultural institutions.

I ask this government, is this what it means when it talks about cultural development? Is this a harbinger of things to come?

**Mr. David Walker (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, this is my first opportunity to congratulate you in your new job. I wish you well. I remember working in caucus with you. I very much appreciate the contribution you made as a member of our caucus and I look forward to working with you in the House.

I am pleased to have the opportunity to speak to the questions raised by the hon. member for Regina Qu'Appelle. Also, I would like to elaborate on the information that was already distributed to all members so that the hon. member can better understand the series of events that led up to this transaction.

Further to a directive from the previous government CDIC acquired 51 per cent of Ginn from Paramount in 1989. In consideration of the book publishing policy then in effect known as the Baie Comeau policy, Paramount, then Gulf & Western Industries Inc., had acquired Ginn as part of a larger takeover of a U.S.-based parent. It was subsequently required to divest a controlling interest in Ginn to Canadians.

Following Paramount's unsuccessful efforts to find a Canadian buyer, the government through CDIC bought a 51 per cent interest in Ginn for \$10.3 million. At the same time CDIC was directed to sell its interest to Canadians as soon as practical.

In negotiating the forced divestiture of Paramount the previous government agreed that if its policy respecting indirect acquisitions in the Canadian book publishing industry changed while CDIC continued to hold its interest in Ginn, Paramount would have the right to repurchase the holdings by CDIC at the same price.

*Adjournment Debate*

Furthermore, while CDIC technically purchased the Ginn holding in 1989, there remained a number of legal and commercial issues to resolve with Paramount before the interest could be offered for sale to Canadians. CDIC succeeded in resolving some but not all those issues.

In the meantime CDIC received inquiries from Canadians interested in purchasing the Ginn holding and a list of potential purchasers was compiled. However, contrary to the statement made by the hon. member, no potential purchaser was turned away. In reality, CDIC was at no time in a position to market its interest in Ginn actively until the resolution of certain outstanding issues, one of which was a complicated distribution arrangement to be settled.

In January 1992, when the former government announced its new book publishing policy, Paramount's legal right to repurchase CDIC's holding in Ginn was triggered. From that time

forward CDIC's hands were tied as it was not able to consider a sale to a Canadian purchaser until Paramount declined to exercise its right to repurchase the 51 per cent interest in Ginn.

To have proceeded otherwise could have exposed CDIC and the government to possible legal action. Paramount decided to exercise its right to repurchase the Ginn holding for the original price paid by CDIC of \$10.3 million. The government was required to complete a transaction that was set in motion by its predecessors.

[*Translation*]

**The Deputy Speaker:** Pursuant to Standing Order 38(5), the motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 7 p.m.)

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# TABLE OF CONTENTS

Thursday, February 24, 1994

---

## House of Commons

The Speaker .....	1757
-------------------	------

## ROUTINE PROCEEDINGS

### Main Estimates, 1994–95

Mr. Eggleton .....	1757
--------------------	------

### Government Response to Petitions

Mr. Milliken .....	1757
--------------------	------

### Main Estimates, 1994–95

Mr. Eggleton .....	1757
Mr. Bélisle .....	1758
Mr. Speaker (Lethbridge) .....	1759

## Committees of the House

### Justice and Legal Affairs

Mr. Allmand .....	1760
-------------------	------

### Finance

Mr. Peterson .....	1760
--------------------	------

### Main Estimates, 1994–95

#### Reference to Standing Committees

Mr. Eggleton .....	1761
Motion moved and agreed to .....	1761

## Petitions

### Canada Post

Mr. Hill (Macleod) .....	1762
--------------------------	------

### **Chilliwack River**

Mr. Strahl .....	1762
------------------	------

### **Young Offenders Act**

Mr. Riis .....	1762
----------------	------

### **Questions on the Order Paper**

Mr. Milliken .....	1762
--------------------	------

## **GOVERNMENT ORDERS**

### **The Budget**

#### **Financial Statement of Minister of Finance**

Consideration resumed of budget motion, the amendment and the amendment to the amendment .....	1762
Mr. Frazer .....	1762
Mr. Richardson .....	1764
Mr. Grubel .....	1764
Mr. Scott (Fredericton—York—Sunbury) .....	1766
Mr. Bellemare .....	1766
Mr. Campbell .....	1767
Mr. Crête .....	1768
Mr. Hanger .....	1769
Mr. Serré .....	1769
Mr. Bernier (Gaspé) .....	1771
Mr. Bouchard .....	1771
Mr. Manley .....	1774
Mr. Williams .....	1778
Mr. Asselin .....	1778
Mr. Jordan .....	1779
Mr. Williams .....	1780
Mr. Graham .....	1781
Mr. White (Fraser Valley West) .....	1782
Mr. Bernier (Gaspé) .....	1783
Mr. Riis .....	1783
Ms. McLaughlin .....	1784

Mr. Mills (Broadview—Greenwood) .....	1785
Mr. Riis .....	1786
Mr. Jordan .....	1787
Mr. Cannis .....	1788
Mr. Crête .....	1788
Mrs. Bakopanos .....	1791
Mr. Crête .....	1791
Mr. Serré .....	1791
Mr. Mills (Broadview—Greenwood) .....	1792
Mr. Cauchon .....	1792
Mr. Bellemare .....	1792

## **STATEMENTS BY MEMBERS**

### **Electoral Boundaries**

Mr. Bélair .....	1792
------------------	------

### **Scouting**

Mr. Pomerleau .....	1793
---------------------	------

### **Tobacco Smuggling**

Mr. Forseth .....	1793
-------------------	------

### **Violence and Abuse**

Mr. Szabo .....	1793
-----------------	------

### **Age Tax Credit**

Mr. Cauchon .....	1793
-------------------	------

### **Estonia**

Mr. Dromisky .....	1794
--------------------	------

### **Winter Olympics**

Mr. Péloquin .....	1794
--------------------	------

### **Indian Affairs**

Mr. Williams .....	1794
--------------------	------

**Black Achievement Awards**

Mrs. Terrana ..... 1794

**Defence Policy**

Mr. Flis ..... 1794

**Saint–Hubert Weather Office**

Mrs. Venne ..... 1795

**Indian Affairs**

Mr. Benoit ..... 1795

**Veterans Affairs**

Mr. Harvard ..... 1795

**Child Poverty**

Ms. Torsney ..... 1795

**Employment**

Mr. Solomon ..... 1796

**ORAL QUESTION PERIOD****Collège militaire royal de Saint–Jean**

Mr. Bouchard ..... 1796

Mr. Chrétien (Saint–Maurice) ..... 1796

Mr. Bouchard ..... 1796

Mr. Chrétien (Saint–Maurice) ..... 1796

Mr. Bouchard ..... 1796

Mr. Chrétien (Saint–Maurice) ..... 1796

Mr. Gauthier (Roberval) ..... 1797

Mr. Chrétien (Saint–Maurice) ..... 1797

Mr. Gauthier (Roberval) ..... 1797

Mr. Chrétien (Saint–Maurice) ..... 1797

**Employment**

Mr. Manning ..... 1797



Mr. Axworthy (Winnipeg South Centre) .....	1797
Mr. Manning .....	1797
Mr. Axworthy (Winnipeg South Centre) .....	1797
Mr. Manning .....	1798
Mr. Axworthy (Winnipeg South Centre) .....	1798

**Budget**

Mr. Duceppe .....	1798
Mr. Martin (LaSalle—Émard) .....	1798
Mr. Duceppe .....	1798
Mr. Martin (LaSalle—Émard) .....	1798
Mr. White (Fraser Valley West) .....	1799
Mr. Martin (LaSalle—Émard) .....	1799
Mr. White (Fraser Valley West) .....	1799
Mr. Martin (LaSalle—Émard) .....	1799
Mr. Mercier .....	1799
Mr. Martin (LaSalle—Émard) .....	1799
Mr. Mercier .....	1799
Mr. Martin (LaSalle—Émard) .....	1799

**Governor General**

Mr. Thompson .....	1799
Mr. Chrétien (Saint-Maurice) .....	1800
Mr. Thompson .....	1800
Mr. Chrétien (Saint-Maurice) .....	1800

**Budget**

Mrs. Gagnon (Quebec) .....	1800
Mr. Martin (LaSalle—Émard) .....	1800
Mrs. Gagnon (Quebec) .....	1800
Mr. Axworthy (Winnipeg South Centre) .....	1800

**National Defence**

Mr. MacDonald .....	1800
Mr. Collenette .....	1800

**Indian Affairs**

Mr. Chatters .....	1801
--------------------	------

Mr. Irwin .....	1801
Mr. Chatters .....	1801
Mr. Irwin .....	1801

**Social Housing**

Mrs. Guay .....	1801
Mr. Dingwall .....	1801
Mrs. Guay .....	1802
Mr. Dingwall .....	1802

**Justice**

Mr. Kerpan .....	1802
Mr. Rock .....	1802
Mr. Kerpan .....	1802
Mr. Rock .....	1802

**Government Expenditures**

Mrs. Sheridan .....	1802
Mr. Eggleton .....	1802

**Government Expenditures**

Mr. Leroux (Richmond—Wolfe) .....	1803
Mr. Martin (LaSalle—Émard) .....	1803
Mr. Leroux (Richmond—Wolfe) .....	1803
Mr. Martin (LaSalle—Émard) .....	1803

**Fisheries**

Mr. Cummins .....	1803
Mr. Tobin .....	1803

**Public Service**

Mr. Riis .....	1803
Mr. Eggleton .....	1804

**Points of Order**

**Withdrawal of Comment**

Mr. Axworthy (Winnipeg South Centre) .....	1804
--------------------------------------------	------

### **Comments during Question Period**

Mr. Speaker (Lethbridge) .....	1804
Mr. Martin (LaSalle—Émard) .....	1804

### **Business of the House**

Mr. Gauthier (Roberval) .....	1804
Mr. Gray .....	1804
Mr. Milliken .....	1804
Motions .....	1804
(Motions agreed to.) .....	1805

### **The Late Douglas Charles Neil**

Mr. Kerpan .....	1805
Mr. Goodale .....	1805
Mr. Leroux (Richmond—Wolfe) .....	1805
Mr. Solomon .....	1805

## **GOVERNMENT ORDERS**

### **The Budget**

#### **Financial Statement of Minister of Finance**

Consideration resumed of the budget motion, the amendment and the amendment to the amendment. ....	1806
Mr. Axworthy (Winnipeg South Centre) .....	1806
Mr. Tremblay (Rosemont) .....	1809
Mr. Frazer .....	1810
Mr. Nunez .....	1810
Mr. White (Fraser Valley West) .....	1811
Mr. Silye .....	1811
Mrs. Kraft Sloan .....	1812
Mr. Telegdi .....	1813
Mr. Johnston .....	1813
Mr. Harvard .....	1814
Mr. Pickard .....	1815
Mr. Bryden .....	1815
Mr. Ianno .....	1815

Mr. Canuel .....	1817
Mr. Ramsay .....	1817
Mr. DeVillers .....	1817
Mr. Sauvageau .....	1819
Mr. Williams .....	1819
Mr. Daviault .....	1820
Mr. Graham .....	1822
Mr. Robichaud .....	1823
Mr. Finlay .....	1824
Mr. Williams .....	1825
Mr. Lebel .....	1826
Mr. Collins .....	1826
Mr. White (Fraser Valley West) .....	1827
Mr. Canuel .....	1828
Mr. Benoit .....	1828
Mr. Bodnar .....	1830
Mr. Duhamel .....	1830
Mr. English .....	1830
Mr. Ringma .....	1831
Mr. McTeague .....	1832
Mr. Duhamel .....	1832
Mrs. Ur .....	1832
Mr. Thompson .....	1834
Mr. Epp .....	1835
Mr. Shepherd .....	1835
Division on amendment to amendment deferred .....	1837

## **ADJOURNMENT PROCEEDINGS**

### **Indian Affairs**

Mr. Ramsay .....	1837
Mr. Anawak .....	1837

### **Book Publishing**

Mr. de Jong .....	1838
Mr. Walker .....	1838