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(HANSARD)

**Wednesday, March 9, 1994**

**Speaker: The Honourable Gilbert Parent**

# HOUSE OF COMMONS

Wednesday, March 9, 1994

The House met at 2 p.m.

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*Prayers*

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## STATEMENTS BY MEMBERS

[*English*]

### WALTER OSTANEK

**Mr. Walt Lastewka (St. Catharines):** Mr. Speaker, I rise in the House today to congratulate a great Canadian and a member of my St. Catharines constituency, Mr. Walter Ostanek.

Walter Ostanek, better known as the polka king, received a second Grammy Award in New York last week. Walter Ostanek and his band won best polka album for *Accordionally Yours*.

As the member of Parliament for St. Catharines, I am pleased and proud to congratulate Mr. Ostanek on his success at the Grammys. Those of us from St. Catharines have known of Mr. Ostanek's talent for many years. His dedication to the pursuit of excellence is exemplified by this most recent achievement in the international music industry.

Congratulations to Walter Ostanek and his band.

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[*Translation*]

### CONGREGATION OF NOTRE-DAME-DU-BON-CONSEIL

**Mr. Gilbert Fillion (Chicoutimi):** Mr. Speaker, a century of teaching will be the theme of the centenary celebrated this year by the Sisters of the Congregation of Notre-Dame-du-Bon-Conseil, the only religious community founded in Chicoutimi. Theirs is a history of dedication which deserves our attention.

The Congregation has helped educate residents of the Saguenay—Lac-Saint-Jean area, since 1894, without interruption. The sisters also extended their ministry to Charlevoix and the North Shore. Finally, they have also worked in various countries in Africa and in Chile.

I would therefore ask all members of this House to join the people of Chicoutimi in wishing the Sisters of Notre-Dame-du-Bon-Conseil a happy and prosperous centenary year.

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[*English*]

## DECORUM IN THE HOUSE

**Mr. Allan Kerpan (Moose Jaw—Lake Centre):** Mr. Speaker, I rise today to congratulate my colleagues in their efforts to maintain a true sense of decorum in this House.

I recently encountered many Canadians who were saddened and angry over remarks attributed to certain members in the House, one of whom alleged that some of us do not like Indians and then apologized. Television cameras recorded yet another member of the House calling other members racists.

My constituents have told me they are disappointed when members of the House malign each other. They are distressed that their House of Commons is in danger of being brought into disrepute by any member hurling abusive language about so freely.

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## THE BUDGET

**Mr. John Murphy (Annapolis Valley—Hants):** Mr. Speaker, the budget is a key element in a much larger process, one that began last fall when Canadians told us they wanted a government that treated jobs as a priority.

We have listened. We have made sure that the changes are sensitive to those with the greatest need. With the changes to the unemployment insurance, for example, low income Canadians with dependants will receive increased benefits to 60 per cent. Also, small businesses have been telling us that if we reduce UI premiums, if we just give them a chance, they will create work for Canadians.

Now we have delivered. This must be seen in tandem with other actions we have taken to create jobs such as the infrastructure program, targeting of \$800 million to innovative federal-provincial employment projects, a youth core, a youth internship project and our \$1.9 billion support package for Atlantic Canada.

It is clear that this government is keeping its promise to Canadians.

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#### DR. MARGARET ARKINSTALL

**Mrs. Karen Kraft Sloan (York—Simcoe):** Mr. Speaker, I would like to take this opportunity to pay tribute to a great woman, Dr. Margaret Arkinstall.

I had the pleasure of meeting her just over a year ago in my town of East Gwillimbury.

(1405)

Dr. Arkinstall obtained a degree in medicine from the University of Toronto and set up practice with her husband, Dr. Bill Arkinstall, in Hearst, Ontario in 1931. They travelled by horse and cutter to look after people in lumber camps and remote homesteads.

Dr. Arkinstall was not only a medical practitioner at a time when it was rare to see women in medicine, she also wrote books. In addition, Dr. Arkinstall volunteered her time to the United Church Women's Missionary Society. Since 1948, Dr. Arkinstall has lived in East Gwillimbury with her family and practised medicine in Newmarket.

Dr. Arkinstall was awarded the first East Gwillimbury Citizen of the Year Award for her extraordinary contribution to the community.

I want to celebrate the contribution Dr. Margaret Arkinstall has made to Canada, her community and the advancement of women. Dr. Margaret is truly a great Canadian.

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#### INTERNATIONAL WOMEN'S WEEK

**Mrs. Marlene Cowling (Dauphin—Swan River):** Mr. Speaker, this is International Women's Week. As the only farm woman on the government side of the House, I would like to pay tribute to all of the rural farm women of Canada.

All of those women have over the years made a tremendous contribution to the social, cultural and economic life of rural Canada.

I would like to particularly highlight the contributions of the Women's Institute movement. The Women's Institute is an educational organization for personal development and community action. This is the mission statement of the Women's Institute. It is for this reason that it exists today and has existed for 96 years.

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[Translation]

#### TRIBUTE TO ANDRÉ VIGER

**Mr. Maurice Bernier (Mégantic—Compton—Stanstead):** Mr. Speaker, today I am proud to pay tribute to one of my constituents in the Eastern Townships, Mr. André Viger, who is

well known nationally and internationally and was recently inducted into the Terry Fox Hall of Fame.

As a winner of many awards, including Olympic gold medals in the wheelchair runners category, Mr. Viger is living proof that one's determination, qualities and potential are in no way diminished by physical disabilities.

With his positive attitude, André Viger is very involved in a number of associations in Eastern Townships that help the disabled maximize their potential.

I would invite all members of this House to join me in extending our warmest congratulations to Mr. Viger. Speaking on behalf of all Quebecers and all Canadians, we are very proud of what he has achieved.

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[English]

#### THE ECONOMY

**Mr. Paul E. Forseth (New Westminster—Burnaby):** Mr. Speaker, unlike the talk from the government, some American governors are promising jobs, jobs, but with a difference. The results are in.

*Business Week* magazine says that states with low taxes clearly perform better than states with high taxes. Since 1985 job growth in low tax states has been 65 per cent higher than in high tax states.

There is a tradeoff however. Cutting taxes lowers the tax haul. The resultant faster growth still does not quite compensate for lost revenue and that is where the other necessary step comes in.

Politicians must also reinvent the delivery of services. That means privatization and deregulation to reduce the cost of social services. This is not ideology. It is the hard evidence of what works.

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#### ARCTIC WINTER GAMES

**Mr. Jack Iyerak Anawak (Nunatsiag):**

[Editor's Note: Member spoke in Inuktitut.]

The Arctic Winter Games, a week long celebration of northern peoples and cultures, were officially opened by the Governor General last Sunday at Slave Lake.

Held every two years, the games are an international event with teams participating from Greenland, Russia, Alaska, Northwest Territories, Yukon and northern Alberta.

These games are unique for emphasizing culture along with competition. The games logo of three interlocking rings symbolizes equally athletic competition, cultural exhibition and social interchange.

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In these games opposing teams help each other. Caring for others and sharing experience and knowledge are values strongly held by aboriginal peoples, northerners and all Canadians.

I want to wish the participants well and thank them for reminding us of the benefits of our rich cultural diversity and our common values.

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**JUDY LAMARSH**

**Mr. Gary Pillitteri (Niagara Falls):** Mr. Speaker, I rise in the House today on the occasion of International Women's Week to remember a formidable woman and a great politician who opened the doors for many Canadian women to enter politics.

(1410)

I am referring of course to the hon. Judy LaMarsh who entered this House of Commons as the member for Niagara Falls, the riding I now have the honour of representing.

Judy LaMarsh was responsible for some of the Pearson government's more innovative legislation. From 1963 to 1965, under her aegis as Minister of National Health and Welfare, the Canada pension plan was implemented and Canada's medicare system was designed. She also established the Royal Commission on the Status of Women in Canada.

When Judy LaMarsh entered politics, fewer than 10 women were sitting in the House of Commons. Now, while I speak, I can see around me many women colleagues. I know we owe a debt of gratitude to pioneers like Judy LaMarsh.

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**INTERNATIONAL WOMEN'S WEEK**

**Ms. Hedy Fry (Vancouver Centre):** Mr. Speaker, in honour of International Women's Week I would like to recognize two extraordinary women in my riding, women who overcame great odds to achieve success.

One is Barbara Binns, a black Jamaican born Canadian who has devoted the last 20 years of her life to improving the lives of women in developing countries and to combating racism in Canada.

She has achieved this by working through CUSO, Canada World Youth, CIDA and the United Nations. When in Vancouver she teaches an anti-racism course at Langara College.

She was recently chosen by OXFAM to be an observer in the upcoming elections in South Africa and was recognized last month by CIDA with an award for her work.

The second woman, Faye, will graduate this year with a B.A. in communications from Simon Fraser University. She is 53, a

mother of six children and suffered 17 years of violent, emotional and physical abuse at the hands of her husband. She left penniless and took charge of her children and her own life to achieve this remarkable success.

I salute the courage of these women.

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[Translation]

**MIL DAVIE SHIPYARDS**

**Mr. Antoine Dubé (Lévis):** Mr. Speaker, last week I took part in a truly exceptional event, namely the founding of a coalition of the main political parties in the federal riding of Lévis and the provincial ridings of Lévis and Chutes-de-la-Chaudière. The coalition, which was established to promote a business plan for MIL Davie shipyards, is composed, at the provincial level, of representatives of the Parti québécois and of the Quebec Liberal Party and, at the federal level, of representatives of the Bloc Québécois, of course, the Conservative Party, the New Democratic Party and even the Liberal Party of Canada.

The members of this coalition are calling on the federal government to move quickly in awarding the contract for the building of a ferry to provide service between the Magdalen Islands and the mainland to MIL Davie and to give priority consideration to the development of a prototype vessel, commonly referred to as a smart ship, so that this company can weather the transition period until such time as commercial shipbuilding picks up again.

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[English]

**CHILD CARE**

**Mr. Jim Silye (Calgary Centre):** Mr. Speaker, I rise today to express my concern with the discriminatory nature of the Income Tax Act, particularly the child care expense deduction.

Calgarians Jim and Laurie Boland were recently told in Federal Court that a parent who chooses to be at home with their child is not entitled to the same privileges as those who pay for child care.

The Income Tax Act admittedly denies the Bolands equal benefit under the law, but because stay at home parents are not a "discrete and insular minority" they are not protected by the Charter of Rights and Freedoms. This legal discrimination must stop.

Parents should be free to choose the form of child care which best suits their situation as opposed to having government reward one choice over another.

*S. O. 31*

In this, the International Year of the Family, it is my intention to introduce a private member's bill on the topic of equal child care assistance to all needy families, regardless of the type of child care they choose.

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[Translation]

**IRVING WHALE**

**Mr. Patrick Gagnon (Bonaventure—Îles-de-la-Madeleine):** Mr. Speaker, last week the Gagnon-Easter committee held two rounds of consultations on the *Irving Whale*, a barge which sank 24 years ago between Prince Edward Island and the Magdalen Islands. These were the first public hearings into the wreck of the *Irving Whale*. I would like to sincerely congratulate the 24 witnesses who appeared before the Gagnon-Easter committee, the associations, scientists, municipalities and individuals whom we heard from and who made their position known to us.

(1415)

I would also like to praise the professionalism and excellent co-operation I received from my colleague, Mr. Wayne Easter, the hon. member for Malpègue, Prince Edward Island. This democratic exercise allowed us to travel to our respective ridings and to listen to the public's concerns about this ecological time bomb.

I might also say that we accomplished more than the Minister of the Environment, now the Leader of the Opposition, ever did more than three years ago.

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[English]

**ROGERS COMMUNICATIONS**

**Mr. Simon de Jong (Regina—Qu'Appelle):** Mr. Speaker, with the takeover of Maclean Hunter by Rogers a monopoly has been created that will have a profound effect on Canada in the years to come. Never before in the history of Canadian cultural industries has a development of this magnitude occurred.

This one company will now not only control a string of newspapers, magazines and radio stations but it will virtually control cable. One individual through his company has become the private owner of the information highway in Canada, controlling who gets on and what we will see.

This is not a great day for the free flow of information and ideas, for competition and for the Canadian entertainment industry. This deal is a turning point in Canada's technological and cultural future.

It is simply not good enough for the government to hide behind the CRTC and the competition review panel. It must develop its own position.

I urge the government to establish a parliamentary committee so that there is an open process to determine what is in the nation's interest when it comes to the ownership of our information highway.

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[Translation]

**BY-ELECTION IN SHEFFORD RIDING**

**Mr. Martin Cauchon (Outremont):** Mr. Speaker, I would just like to say a few words about the recent victory of the Quebec Liberal Party in the by-election in the riding of Shefford. This victory was a major one because it was a victory for the Liberal Party over the Parti Québécois, which is in fact the boss of the Bloc Québécois, the Official Opposition Party. This by-election was important because it set the tone for the coming provincial elections in Quebec.

We were able to gauge the mood of the Quebec electorate. It is obvious that voters want to hear about the economy, but they also sent us a clear message that the development of Quebec is also tied to Quebec's membership in the Canadian Federation.

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[English]

**VIETNAM WAR MEMORIAL**

**Mr. Grant Hill (MacLeod):** Mr. Speaker, between 1958 and 1975 an estimated 40,000 Canadians joined the American armed forces, many of whom served in southeast Asia and the war in Vietnam.

In Washington, D.C. today the names of over 100 Canadians who were killed or missing in action are listed on the Vietnam war memorial. One of those listed is a close family member of mine, Paul Stuart Laverock.

On July 9, 1994 a Canadian coalition will be unveiling the Canadian Vietnam veterans national memorial dedicated to those Canadians who gave their lives and to those who are still missing in southeast Asia.

The plan is for this memorial to be located in Ottawa. However, to date no crown land has been volunteered for this small yet highly symbolic memorial.

On behalf of those Canadians killed and missing in Vietnam and thousands of Canadians who lost loved ones to the war in Vietnam, I call upon the government today to provide a suitable plot of crown land for this memorial.

*Oral Questions***ORAL QUESTION PERIOD***[English]***PUBLISHING INDUSTRY**

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

The sale of Ginn Publishing to Paramount Communications of New York is causing much concern in Canada's publishing world and cultural industry. We are about to see yet another instrument for the expression of cultural identity taken over by foreign interests. In addition, the whole operation has a clandestine air to it. It appears to have been conducted in secret on the strength of a verbal agreement of unknown origin.

Will the minister reveal the identity of the person responsible for this sell out of our interests to a foreign publisher?

*[Translation]*

**Hon. Michel Dupuy (Minister of Canadian Heritage):** Mr. Speaker, I think that those responsible are the officials who closed the deal with my full support as well as the support of my colleague, the Minister of Industry who is responsible for Investment Canada.

(1420)

I explained the situation a couple of days ago. This sale resulted from contractual commitments, which have been confirmed by the highest legal authorities in Canada. We simply fulfilled these commitments.

We have been able to negotiate with the American buyers a series of commitments which will foster the publication and distribution of books in Canada.

*[English]*

**Hon. Lucien Bouchard (Leader of the Opposition):** Mr. Speaker, the highest legal authorities in Canada are the courts, mainly the Supreme Court, yet this government did not dare bring the case to court.

How can the minister attach so much importance to a promise which was carefully excluded from the written agreements, particularly in light of the fact that the government of the time had publicly committed itself never to sell this company to anything other than Canadian publishing interests?

*[Translation]*

**Hon. Michel Dupuy (Minister of Canadian Heritage):** Mr. Speaker, to answer that question, I think I would have to go check the history of this issue. It is almost ancient history by now. Under the previous government, there was a policy that the leader of the opposition must be familiar with, the Baie Comeau policy, requesting from American concerns acquiring Canadian

book publishing companies that they make sure that these remain under Canadian control.

At the time, it was understood—and deals were made under this policy—that if a policy change occurred, then purchases made by the Canadian government under this policy would be cancelled, and the property sold back to the American owner. That is the Baie Comeau policy.

Later on, the Conservative government decided to change its policy and, therefore, fulfilled the commitments it had made. That government has now moved to the other side of this House, and we are delighted about that, but we have inherited contractual obligations that we have to fulfil.

*[English]*

**Hon. Lucien Bouchard (Leader of the Opposition):** Mr. Speaker, let us be clear. What the minister is speaking about is a legal obligation based on something that does not exist. There is no possibility for any Canadian, for any court, to look at the document or instrument from which arises this supposedly existing obligation.

The truth is that instead of fulfilling his duties and role as guardian of cultural heritage the minister has yielded to pressure from an American lobbyist. It does not bode well for the future.

How can the minister justify his refusal to cancel this agreement given the fact this government and this Prime Minister have already cancelled a duly completed contract concerning Pearson international airport? Why has his courage failed him in this case?

**Hon. John Manley (Minister of Industry):** Mr. Speaker, it is important to add some clarification to this issue since the Leader of the Opposition who we all know has great interest in Canadian culture seems to be implying that Canadian interests were somehow ignored in this.

I want to make it clear as the minister responsible for Investment Canada there were a number of implications to this complete transaction which should be well understood.

What was reviewed by Investment Canada was an indirect acquisition of an already foreign owned company, Maxwell Macmillan Canada, which was in receivership. Part of that transaction when approved by Investment Canada obtained from Prentice-Hall certain valuable undertakings with respect to the Canadian publishing industry, which I think are a net gain for Canada.

(1425)

In the context of those undertakings for example we have commitments to ensure a strong development program for new and upgraded Canadian material for educational programs. We have ensured that primary distributors for imported consumer book lines which were valued at approximately \$4 million in 1993 will be Canadian controlled publishers and agents. We

*Oral Questions*

have ensured support to the Canadian publishing industry infrastructure by maintaining an integrated warehousing system. There are other undertakings that were obtained in the context of this transaction.

Simultaneously, as the minister has said, CDIC did dispose of its interest in Ginn as part of a verbal commitment made by the previous government. That commitment was one which we found in our review was not going to be met by any potential Canadian purchaser.

In the context of obtaining very significant commitments as part of the acquisition we feel it was a net benefit to Canada.

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata):** My question is addressed to the Minister of Industry.

On February 14 Viacom, an American corporation, took control of the Paramount group in the United States. This transaction will have a major impact on the ownership of the Canadian cultural industry since Paramount is a major player in that sector in Canada. It controls among others, Prentice-Hall, Ginn Publishing, Maxwell Canada and has a major stake in the Famous Players cinemas.

Since the Viacom-Paramount transaction represents a major shift to foreign ownership of the Canadian cultural industry, will the minister ask Investment Canada to review this transaction as is his prerogative under the Investment Canada Act?

**Hon. John Manley (Minister of Industry):** Mr. Speaker, again I am delighted the Bloc Québécois is so interested in protecting Canadian cultural sovereignty. That is good news for Canada.

I might inform the member it is unnecessary for me to give the direction she is asking because the transaction as an indirect acquisition of these Canadian companies is reviewable by Investment Canada as a matter of law.

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata):** This government forgets one of our promises. We said that as long as we are within Canada we will take care of the interests of Canada as well as the interests of Quebec.

Will the minister unlike his colleague the Minister of Canadian Heritage, make a commitment to this Chamber to protect Canadian heritage by restoring Canadian control over Ginn Publishing when the Viacom-Paramount transaction is reviewed by Investment Canada?

**Hon. John Manley (Minister of Industry):** The commitment we make is quite clear, Mr. Speaker. We are committed to ensuring that any transaction reviewable by Investment Canada is of net benefit to Canada.

(1430)

**GOVERNMENT EXPENDITURES**

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, my question is for the Prime Minister.

Dr. Donald Savoie, an economist who has studied the politics of public spending in Canada over the past 20 years, has reached this conclusion: that major efforts at government cost cutting are almost never successful unless they are fully and vigorously backed by the leader of that government.

In light of that conclusion, would the Prime Minister care to retract or to modify his comments made in Alberta last week to the effect that there will be no further spending cuts in the next three years other than those announced in the 1994 budget?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I said in Edmonton that we want to make some cuts. When travelling in Canada today, we find that a lot of people think that we have put forward some very deep cuts and we have to handle that.

At the same time I said that we had a plan. The plan is clear, that over the period of three years we want to reduce the deficit to 3 per cent of GNP. I said that with the cuts that have been put forward in the budget and having 3 per cent growth the first year and 3.8 per cent the second year, we will achieve our goal. At the same time I have asked the minister of federal-provincial relations to look at all other aspects of government on top of that to see if we can do better.

That is why, for example, yesterday we made an agreement with the Auditor General to review the matter of government planes in a reasonable way.

I want to find as many cuts as possible but at the same time be responsible. If you go too deep with cuts, you create unemployment and more misery in Canada.

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, the fact remains that the deficit is in the vicinity of \$40 billion to \$45 billion. The government is carrying half a trillion dollars worth of debt. The weakness and the uncertainty in the Prime Minister's answer does not inspire confidence, particularly among investors and lenders.

Will the Prime Minister acknowledge that his failure to speak and act vigorously on the deficit and debt problem is now contributing to the weakness of the dollar and to the rise in interest rates?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I think that we have delivered exactly what we said we would. We did what was promised in the red book. We are on track. If anybody wants to look at that they will see that we are determined to provide a good government. We will achieve our goal.

*Oral Questions*

We know that at the same time there are a lot of people who need help from the government. We will not do what has been done in Alberta, put people on the unemployment list. It is very nice for the premier to cut there, but when he puts someone on the unemployment list, he transfers the problem from Edmonton to Ottawa. It is just shifting the problem from one jurisdiction to another.

We are doing what we can, but we cannot achieve our goals overnight. If we have 3 per cent of the deficit in relation to the GNP in three years, it will be what we said we want to do. It is achievable and I am very confident that we will achieve it.

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, I remind the Prime Minister that the net difference between what the federal government has taken from the province of Alberta over the last 25 years and what it has spent is in the vicinity of \$100 billion, so his implications are a little bit off.

I have a further supplementary. The government's budget projects spending cuts of almost \$4 billion by 1996-97 through the reform of social programs. Many Canadians do not believe the government will follow through on these social spending reductions during the same time period that it will be making a special effort to sell the benefits of federalism in Quebec.

Will the Prime Minister unequivocally tell the House that the federal government will follow through on these proposed spending reductions no matter what?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, it is very easy for the hon. leader of the Reform Party to realize what this government is up to. Look at what we have done so far.

Every cut that we put in writing in the red book has been made. Everything is in this book. During the campaign I said to look at page 111. By the end of the term it will have been fulfilled. If you look at the budget presented by the Minister of Finance, every one of these commitments have been met, not over a period of four years but over a period of four months.

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(1435)

*[Translation]***OLD AGE SECURITY**

**Mr. Maurice Dumas (Argenteuil—Papineau):** Mr. Speaker, yesterday, in a surprising declaration, the Minister of Human Resources Development clearly stated for the first time his desire for an in-depth reform of the old age security system. He even had the nerve and arrogance to confront Canadians with an odious choice: to either finance the pension system or provide training programs for young people.

Could the minister, remembering what he and his colleagues said when they were in opposition, stop stirring up people's emotions by giving Canadians an indecent choice between old age security and youth training programs?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, we in the government are very proud of the success achieved by seniors' programs initiated by Liberal governments over the last 30 or 40 years but, at the same time, we must face the new realities. Next year, the number of people eligible for old age security programs will double. As a result, we must review the system with Canadians to develop a stable and strong program for seniors in the future.

As mentioned in the budget speech, a review will be undertaken in consultation with all Canadians and with all senior citizens to look at ideas, issues and concerns and to develop a program for the future. My comments were meant to underline the need for serious dialogue.

**Mr. Maurice Dumas (Argenteuil—Papineau):** Mr. Speaker, I want to ask a supplementary question. By making alarming statements on the old age security system, is the minister preparing to hit seniors with a considerable cut in their old age security pensions?

*[English]*

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, contrary to what the hon. member is saying, the reason we think it is time to have an open, honest, full examination of these issues as announced in the budget is to ensure that there will be a stable, effective, fair, honest system for seniors in the future and to make sure that this country can pay for it. That means that we must examine pension plans, public service contributions, the entire range.

It is only the members opposite who want to hide their heads in the sand and stick with the status quo. We want to make sure there is a future that Canadians are prepared for.

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**NATIONAL DEBT**

**Mr. Jim Silye (Calgary Centre):** Mr. Speaker, my question is for the Minister of Finance. The minister's budgetary forecasts were based on two assumptions, that revenue would increase by 8 per cent and that interest rates would remain at their current low levels for the next three years. Less than three weeks after this budget was delivered we are already beginning to see signs that these assumptions were overly optimistic.

What alternative provisions does the finance minister have to meet his deficit reduction targets if interest rates continue to climb?



*Oral Questions*

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, the assumptions upon which the member based his question are incorrect. We did not assume an 8 per cent increase in revenues on a normal basis. As has been described there were a number of one shot or unique items which in fact depressed this year's revenues which will not be present. Our revenues are projected to be approximately 17 per cent of GDP which is of course the historical norm in this country.

As well, the interest rate assumptions in our budget are interest rates which at the present time are higher than those in existence or those which are projected.

(1440)

**Mr. Jim Silye (Calgary Centre):** Mr. Speaker, I might have to check some of those facts.

The minister has seen interest rates in the United States begin to climb. In fact he recently mused that interest rates in Canada could soon be lower than in the United States. If the minister believes that Canadian interest rates can remain stable in the face of increasing rates in the United States, would he be so kind as to tell us when he thinks the American interest rates will actually exceed those of Canada?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, in terms of the first question, I can understand the confusion over the numbers. The member opposite is not the first person to have that difficulty. It is a perfectly understandable problem.

In the second question the hon. member is asking me to muse again on the issue of interest rates. The Prime Minister pointed out to me that it was not really a very good idea for finance ministers to muse on interest rates. The only thing I can say to him is that I wish he had given me this advice before I did it last time.

**The Speaker:** I know the Minister of Finance is speaking to me but he is pointing the other way.

\* \* \*

[Translation]

#### COLLÈGE MILITAIRE ROYAL DE SAINT-JEAN

**Mr. Claude Bachand (Saint-Jean):** Mr. Speaker, my question is for the Minister of National Defence.

The government officially justifies closing the military college in Saint-Jean by invoking the need to save money. However, the total cost of teaching per student is much higher in Kingston than in Saint-Jean: over \$71,000 in Kingston compared to \$58,000 in Saint-Jean.

Since the minister is so sure that he made the right decision, can he tell us precisely how much will be saved by closing the military college in Saint-Jean, considering the costs of relocation and the need for new facilities in Kingston?

[English]

**Hon. David Michael Collenette (Minister of National Defence and Minister of Veterans Affairs):** Mr. Speaker, I told the member's colleague yesterday that there will be ample opportunity to answer all of these questions next Tuesday when I appear before the standing committee dealing with the estimates. I will have all the information available at that time.

Therefore, we do not have to take the time of question period to get into an argument with numbers. The member will have everything. Our case will be substantiated. If members want the report that was commissioned by the previous minister which was the subject of discussions a few weeks ago, I will make that available. They can read it over the weekend. I am sure on Wednesday they will not be asking any more questions on collège militaire Saint-Jean.

[Translation]

**Mr. Claude Bachand (Saint-Jean):** Mr. Speaker, can the minister at least be honest enough to admit that the decision, made at the very last minute—

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

**The Speaker:** Order, please. No member may impute motives to another member or a minister by using such expressions. The hon. member could perhaps rephrase his question.

**Mr. Bachand:** Would the minister be so kind as to admit that the decision, made at the last minute, to close the military college in Saint-Jean is purely political, to help the closing of bases elsewhere in Canada go down better?

[English]

**Hon. David Michael Collenette (Minister of National Defence and Minister of Veterans Affairs):** Mr. Speaker, this was not a decision that was made at the last minute. It was a decision that was part of the original proposal for the defence cuts. It is one that I opposed, the Prime Minister opposed and many people opposed. We would have liked to have done it another way rather than close this college. However, from the point of view of financial sense in meeting our red book commitments, it seemed to us that the best business case was to concentrate the college in Kingston.

We tried to avoid this but in the final analysis we felt that it was the only wise decision to make in saving the taxpayers money, not just the taxpayers of other provinces but the taxpayers of Quebec as well.

## MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACT

**Mr. Elwin Hermanson (Kindersley—Lloydminster):** Mr. Speaker, my question is for the Prime Minister who likes to compare members of Parliament with NHL hockey players.

Former players like Gordie Howe and Bernie “Boom Boom” Geoffrion, who are among the best players the league has ever seen, receive pensions less than half that received by the worst MPs, including many Tory and NDP members who were removed from the last Parliament.

(1445)

When will the Prime Minister stop high-sticking Canadian taxpayers and change the MP pension plan?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I think this member thinks that he is not worth the pay we are giving to him.

**Mr. Elwin Hermanson (Kindersley—Lloydminster):** Mr. Speaker, I cannot understand why the Prime Minister cannot distinguish between pensions and salaries.

However I have a supplementary question. The worst NHL players get fired, traded or sent to the minors. The worst MPs get a gold-plated pension plan with no threat of being recalled.

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

**The Speaker:** I am sure all hon. members would want to hear the question the member is trying to put. He does have the floor. The hon. member will put the question, please.

**Mr. Hermanson:** As I was saying, the worst NHL players get fired, traded or even sent to the minors. The worst MPs get a gold-plated pension plan with no threat of being recalled.

When will the government act to let Canadians demote ineffective members of their national team through a recall mechanism?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I hear what the hon. member is talking about. I would like him to explain it to some of his caucus colleagues who are receiving pensions from the Alberta government. One of them is sitting just behind him, but he is not there at the moment. We would like to have examples from themselves too.

We said we would look into the pension plan. There will be a committee to review it. At the same time I say to everybody that members of Parliament today earn \$64,000. I can understand the member knows that he will not be re-elected so he will never have a pension. I understand that. However perhaps those who have served in Parliament for a long time, with the type of salary

## Oral Questions

they have received and being 51 and going into the market, should have a pension.

As for the double dipping, we are willing to look into that if they get a job in government. If it is a question of having the pension too early in life, as it was in the case of one of the members of the Bloc Québécois who quit last year, we will review that.

At the same time I do not like the tone that leaves the impression members of Parliament elected in every riding who earn less than a school principal or manager of a hospital are overpaid and are not rendering a service to the public of Canada.

\* \* \*

[Translation]

## CRIMINAL CODE

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

Yesterday, the minister seemed quite hesitant and embarrassed when asked about the government's intentions regarding the practice of excision in Canada, excision being the sexual mutilation of girls. He deferred for one month his decision as to whether the Criminal Code should be amended.

Will the minister pledge today to quickly table the appropriate amendments to criminalize the practice of excision, instead of postponing his decision?

[English]

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada):** Mr. Speaker, I recall neither having been embarrassed nor flustered at the question yesterday. I felt I answered it in a direct and straightforward way.

What I emphasized in the response yesterday and what I wish to make clear today is that it is the advice of my own department and it is my own view that the present provisions of the Criminal Code are quite sufficient to render criminal any assault which involves the mutilation of female genitals.

I made it clear yesterday that there is no cultural pretence which can excuse that misconduct in this country. I also made it clear yesterday that we will not tolerate it and that we wish to make clear to anyone who comes to this country that it will not be tolerated.

(1450)

In order to demonstrate my open mind on the question and in deference to the questioner of yesterday, what I said was that I am prepared to consider whether an additional and specific provision should be added to the code by amendment to identify this specific form of assault and to outlaw it.

*Oral Questions*

I gave the hon. member my assurance that I would spend a month considering the question and would be happy to let her know at the end of that period.

[*Translation*]

**Mrs. Pauline Picard (Drummond):** Mr. Speaker, knowing that the Official Opposition is prepared to fully co-operate to speed up the passing of an act to ban the practice of excision, does the minister not agree that he could save time, energy and money by avoiding the setting up of a totally useless committee?

[*English*]

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada):** Mr. Speaker, in the period during which I will consider the question I want to examine first of all whether there have been investigations and prosecutions under the present section for the kind of misconduct referred to.

I want to consider whether it is worth the expense and time of the House to pass yet another section of the code when we already have sections in the code that prohibit the misconduct.

I want to consider whether we have laws on the books already which, if properly enforced, will achieve the objective the hon. member refers to without adding laws to the code that may not be necessary.

\* \* \*

**INDIAN AFFAIRS**

**Mr. Elijah Harper (Churchill):** Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development.

Earlier this year six young children died in a house fire in Lynn Lake, Manitoba. According to an annual report by the Manitoba College of Physicians and Surgeons aboriginal children in Manitoba are four times more likely to die than non-aboriginal children, and aboriginal children are 11 times more likely to die in house fires.

Could the minister tell the House what he is doing about the horrendous social conditions endangering and killing aboriginal children?

**Hon. Ron Irwin (Minister of Indian Affairs and Northern Development):** Mr. Speaker, that is a difficult question about one of the most serious problems we have in Canada.

It is so sad in a nation as rich as ours that we see day in and day out a loss of aboriginal children by fire. We see suicides. We saw them recently right across the country.

I have seen the houses; they are firetraps. I have seen the lack of economic opportunity. At the same time I have seen successful businesses, aboriginal doctors, aboriginal lawyers, aboriginal teachers and great aboriginal leaders. They are saying one

thing to us, that we should get rid of or dismantle the Department of Indian Affairs.

As a consequence I have asked aboriginal leaders or chiefs in Manitoba to do so in the province of Manitoba. It will be the lead province to dismantle Indian Affairs. Hopefully it will be the model for the rest of the country.

I know my hon. friend from Churchill will be in the lead because it is time to bring, in the words of the Prime Minister, dignity, honour, self-reliance, self-government to a people who are held, not necessarily embodied, certainly as supplicants under an archaic act. It is time to press on.

\* \* \*

**TELECOMMUNICATIONS**

**Mr. Bob Ringma (Nanaimo—Cowichan):** Mr. Speaker, my question is for the Minister of Human Resources Development.

An income security program's telecentre is to be established in May of this year in Bathurst, New Brunswick. In making the announcement the government was proud to jump on the high tech telecommunications bandwagon. However it specified that all 68 persons to be hired must be bilingual.

In the words of one federal employee in Bathurst, the bilingual employees there now speak either broken French or broken English.

[*Translation*]

Does the minister not agree that the centre would better serve the public in both languages by hiring unilingual French and English-speaking personnel and asking the public to press either one or two on their telephone to get better service in the language of their choice.

(1455)

[*English*]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, as the hon. member should know, the Auditor General made an assessment of the services we provide under the Canada pension plan and other areas which handle something like seven million to eight million calls a year.

The major concern members of Parliament in my caucus have received is that people like to have direct contact with somebody on the other end of the phone, especially those in rural areas who do not have the privilege, as does the hon. member, of having touchtone phones but still have dial phones. We are not all as capable or as privileged as the hon. member in having these modern techniques. Maybe it is one of the perks we should look into with the hon. member: rather than a pension freeze he will not get his touchtone phone.

*Oral Questions*

The fact of the matter is that—and this is important—we believe in service to Canadians. The best way to provide that service is to provide a major telephone bank that can take in surplus calls from across the country, make sure that people can be answered in either of Canada's official languages and get direct human services, direct responses, which is the reason we have established the phone bank.

Rather than relying upon the scurrilous opinions of some anonymous person about someone's language capabilities, the member should go to Bathurst himself to see how good they are.

**Mr. Bob Ringma (Nanaimo—Cowichan):** Mr. Speaker, would the minister not consider, partly for saving bilingual bonuses to the tune of \$54,000 a year for that centre alone, combining the propositions put forward on this side with the answers provided on that side to give service to individuals in the language of their choice and *viva voce* as well?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, the only proposition I have heard on this subject coming from that particular party is to eliminate official bilingualism in Canada, and we will not do that.

We believe it is one of the reasons Canadians understand this is a country where, whichever language one speaks, one has full rights and full access to the services of the federal government.

That is one reason New Brunswick, being the only official bilingual province in Canada at the present moment, is ideally suited for providing those kinds of services across Canada.

\* \* \*

[Translation]

#### UNEMPLOYMENT INSURANCE REFORM

**Mrs. Francine Lalonde (Mercier):** Mr. Speaker, my question is directed to the Minister of Finance. In his budget plan, the minister claims that his decision to roll back unemployment insurance premiums to \$3 in January 1995, which is next year, will create 40,000 jobs over a period of two years.

If the minister is right, why does he not create these jobs now by reversing the increase in unemployment insurance premiums introduced by the government in January?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, we raised unemployment insurance premiums in January with, as the minister himself said, a great deal of reluctance. The government faced an enormous deficit a month and a half or two months after it came to power. We admitted it did not make sense, but we were stuck with the deficit.

We still are. Until we introduce the structural reforms mentioned by the minister, which will provide the funding we need, we cannot reduce unemployment insurance premiums, and unfortunately, that will not be until next January.

**Mrs. Francine Lalonde (Mercier):** Does the minister not realize it is crazy to attack jobs by raising unemployment insurance premiums the way he did last December and taking the money he needs from the unemployed?

(1500)

[English]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, with all due deference I find the hon. member's question to be singularly confusing. One day members of the Bloc Quebecois tell us to reduce the premiums and complain about the measures we take to do it. Now they are saying to take them back to the year before which means we have to pay for the programs.

I want to say to the hon. member we had to introduce the increase in order to account for the cost of the programs of the previous government. We did not have time in the first six weeks of office to make those arrangements. The Minister of Finance has now done that in his budget.

This move has been broadly supported by all the small business organizations across Canada. The Canadian Federation of Independent Business has said that this measure will give them the mandate to go out and create work.

However, we cannot have it retrograde because these programs do not come into effect until July 1. Therefore we still have to pay for the programs until July 1. At that time we will bring in the new measures, acquire the surplus necessary, bring down the premiums, create jobs and make the hon. member very happy.

\* \* \*

#### NATIONAL DEFENCE

**Mr. Monte Solberg (Medicine Hat):** Mr. Speaker, a constituent of mine who works at CFB Suffield has complained that management at the base recently circulated a memo that called for temporary help to be hired simply to use up the remainder of the budget by the end of the fiscal year.

Will the Minister of National Defence investigate this very serious allegation and will he tell us whether or not this problem is occurring in other CFBs across the country?

**Hon. David Michael Collette (Minister of National Defence and Minister of Veterans Affairs):** Mr. Speaker, I am glad the member posed the question. It certainly is troublesome.

*Routine Proceedings*

I cannot believe it is true. I will investigate and get back to him at a later date.

**Mr. Monte Solberg (Medicine Hat):** Mr. Speaker, the same constituent complained that personnel at the base are retiring with a pension only to be immediately hired back as consultants or in civilian positions thereby enabling them to collect two cheques from the federal government often for doing the same job they just left.

Will the President of the Treasury Board investigate what is widely known to be a problem in the public service and produce for the House a rigid set of guidelines to minimize such blatant abuses?

**Hon. David Michael Collette (Minister of National Defence and Minister of Veterans Affairs):** Mr. Speaker, I have no knowledge of such practices. I am sure my colleague the President of the Treasury Board does not have any knowledge of those practices.

They are very serious allegations. The hon. member has not given us any details. These are just wild assertions and hearsay as one would say in court. If the hon. member has specifics, perhaps he could make them available to us.

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**UNEMPLOYMENT INSURANCE**

**Mrs. Elsie Wayne (Saint John):** Mr. Speaker, first I was so pleased to hear the Prime Minister's response to the question from the opposition with regard to the pensions. Now I know my private member's bill is going to go right through.

Last week when I was home in my riding I went to the legislative assembly in Fredericton. At that time Premier Frank McKenna, our Liberal premier, one whom we all respect, put a motion on the floor with regard to the UI reforms. According to Premier Frank McKenna these UI reforms will take \$200 million away from the province of New Brunswick.

Has the premier contacted the Prime Minister? Has he discussed this with him? If so what is he to do to make up for this \$200 million which will be taken from the province of New Brunswick?

(1505)

**Right Hon. Jean Chrétien (Prime Minister):** I talked with Premier McKenna about this and other problems. He knows as everyone else knows that we have to have some discipline in the expenditures by this government.

We have discussed ways and means of ensuring our program of job creation moves forward so that people will not have to rely on unemployment insurance but will have the dignity of having a job.

We are collaborating to develop new ways of making sure people have jobs rather than having to rely on unemployment insurance benefits.

**The Speaker:** As hon. colleagues can see we have gone a few minutes over the time limit. I would ask all hon. colleagues in question periods to follow if perhaps they could make the introduction of a question a little shorter and with all respect if they could perhaps see that the answers are a little more concise.

The reason I am mentioning this is to ensure that both sides have a chance to put questions and to have answers to the questions. It is a request I hope hon. members will consider and keep in mind in future question periods.

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**PRESENCE IN GALLERY**

**The Speaker:** May I also draw to the attention of hon. members the presence in the gallery of the Hon. Ross Bragg, Minister of Economic Development and Tourism for the Legislative Assembly of Nova Scotia.

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

\* \* \*

**POINTS OF ORDER**

## COMMENTS DURING QUESTION PERIOD

**Mr. Elwin Hermanson (Kindersley—Lloydminster):** Mr. Speaker, the hon. Prime Minister in answering a question made mention of the fact that a member was not present in the House. I wonder if he would retract and apologize for that statement.

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I want to talk of the truth because there is some hypocrisy on the other side about this. There are many people who are double dipping and getting pensions from the military, or who have received bilingual bonuses before, and so on. Now that they are in retirement they try to attack other members of Parliament who have no other income but from being members of Parliament.

I am not in the mood to retract anything about the work of members of Parliament.

**The Speaker:** The practice of this House, of course, is not to bring attention to the absence of any member. If the hon. member would let me review the statement then we could take this up perhaps tomorrow when we return to the House. I thank the hon. member for bringing it to my attention.

**ROUTINE PROCEEDINGS***[English]***CANARCTIC SHIPPING COMPANY LTD.**

**Mr. Joe Fontana (Parliamentary Secretary to Minister of Transport):** Mr. Speaker, as Parliamentary Secretary to the

*Routine Proceedings*

Minister of Transport, pursuant to Standing Order 32(2), I have the honour to table, in both official languages, the 1992 annual report of the Canarctic Shipping Company Ltd.

\* \* \*

**GOVERNMENT RESPONSE TO PETITIONS**

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

\* \* \*

(1510)

**COMMITTEES OF THE HOUSE**

## PROCEDURE AND HOUSE AFFAIRS

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** Mr. Speaker, I have the honour to present to the House the eighth report of the Standing Committee on Procedure and House Affairs regarding associate membership in committees.

I also have the honour to present the ninth report of the Standing Committee on Procedure and House Affairs which changes the name of the Standing Committee on Indian Affairs and Northern Development to the Standing Committee on Aboriginal Affairs and Northern Development.

I propose if the House gives its consent to move concurrence in these two reports on motions in a few moments. I would also ask the unanimous consent of the House to dispense with reading of the reports which is normal in these particular cases.

[Translation]

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** Mr. Speaker, I move that the eighth and ninth reports of the Standing Committee on Procedure and House Affairs, tabled in the House today be concurred in.

(Motion agreed to.)

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[English]

**PETITIONS**

## DIVORCE ACT

**Mrs. Daphne Jennings (Mission—Coquitlam):** Mr. Speaker, I have the honour and privilege to present, pursuant to Standing Order 36, petitions with regard to assuring access rights for grandparents to their grandchildren in the case of divorce or separation of the parents.

As the petition states, the relationship that exists between grandparents and grandchildren is a natural and fundamental one. The denial of access can constitute elder abuse and can have a serious and detrimental emotional impact on both the grandparents and the grandchildren.

Therefore the 3,120 people who have signed this petition request that Parliament amend the Divorce Act to allow the courts to grant grandparents access to grandchildren in the case of divorce, and further to amend the act to give a grandparent who is granted access to a child the right to make inquiries and to be given information as to the health, education and welfare of that child.

I support this petition.

## OFFICIAL LANGUAGES

**Mr. Chuck Strahl (Fraser Valley East):** Mr. Speaker, it is my duty to present a petition, duly certified by the clerk of petitions, from 151 concerned citizens of the constituency of Fraser Valley East.

The petitioners ask Parliament to enact legislation providing for a referendum to accept or reject two official languages.

## CRIMES OF VIOLENCE

**Mr. John Finlay (Oxford):** Mr. Speaker, I rise to present another petition. This petition has been signed by constituents of mine and of another member.

These petitioners are opposed to profiteering at the expense of the victims of violent crime. I too stand on the side of the victims.

These petitioners want tougher measures taken against those who perpetrate violent crimes against women, children and the disabled, in short, the weakest and most vulnerable in our society.

As this is International Women's Week it is imperative we as legislators stand in unison regardless of political affiliation against those elements in our society which condone violent crime by profiting from the sale of killer cards. Such inducements to violence must be controlled and eliminated.

\* \* \*

[Translation]

**QUESTIONS ON THE ORDER PAPER**

(Questions answered orally are indicated by an asterisk.)

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

**The Deputy Speaker:** Shall all questions stand?**Some hon. members:** Agreed.

*The Budget*

(1515)

[English]

**MOTIONS FOR PAPERS**

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons):** Mr. Speaker, I ask that the notice of motion for the production of papers be allowed to stand.

**The Deputy Speaker:** Shall the notice of motion stand?

**Some hon. members:** Agreed.

**GOVERNMENT ORDERS**

[Translation]

**THE BUDGET**

## FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed from March 8 consideration of the motion that this House approves in general the budgetary policy of the government, and of the amendment.

**Mr. Gilbert Fillion (Chicoutimi):** Mr. Speaker, I would like to advise the Chair that members of the Bloc Québécois who will now speak in the debate on the budget will each take ten minutes to express their views.

I think it is important to compare the government's intentions as expressed in the speech from the throne with what the government is actually doing in the budget. I would like to quote a short passage from the speech from the throne: "It will be the policy of the government to seek to clarify the federal government's responsibilities in relation to those of other orders of government, to eliminate overlap and duplication, and to find better ways to provide services so that they represent the best value for taxpayers' dollars and respond to the real needs of the people".

Could anyone tell me where in the budget we can find the government's response to these good intentions expressed in the speech from the throne?

Again, the budget brought down by the Liberal government is a centralist one, and the burden of reducing the deficit has been laid squarely on the shoulders of the taxpayers and the provinces.

That is not the kind of equity Canadians expected. This is one more instance of the government's inertia. Once again, we have ample proof that Quebec is stifled by federalism, which tends to neutralize any constructive and innovative policy that would be useful to Quebec society.

The Minister of Finance keeps repeating to anyone who is willing to listen that his budget followed an unprecedented series of consultations with Canadians, and a costly one at that. Yes, he consulted, but he picked and chose his consultants. Did he go to the middle class and the neediest in our society to hear their views and concerns? Did he go to the Lac-Saint-Jean area, to which the Prime Minister referred as a small community?

I represent the riding of Chicoutimi, where unemployment is particularly high. The unemployment rate for the metropolitan area of Chicoutimi—Jonquière, according to Statistics Canada, was 15.7 per cent for January 1994, not seasonally adjusted.

The average annual unemployment rate for 1992 was 13.9 per cent, while in 1993, the average rate was 16.1 per cent. These figures are unacceptable. In January 1994, the Chicoutimi—Jonquière metropolitan area had 9,000 unemployed workers out of a total labour force of 60,000. When we speak of 9,000 unemployed persons, we are really talking about thousands of other people who are affected, families, children and households in dire straits. Furthermore, the rate of 15.7 per cent does not include those who are no longer looking for work, those who have grown discouraged. This figure of 15.7 per cent does not include seasonal workers either. It is a conservative figure which masks a reality that is far bleaker.

(1520)

Did the Minister of Finance consult with the people on the streets? This budget contains all kinds of recipes to fight the unemployed, instead of unemployment. The maximum period during which a person can collect benefits will be reduced. The number of weeks of work required to qualify for UI is being increased from 10 to 12 weeks. The benefit rate has been reduced to 55 per cent, a drop of 3.5 per cent. The overall feeling of certain well-known economists is that more than 50 per cent of the projected drop in the federal deficit will be borne by unemployed Quebecers and Canadians. This is the government's recipe for fighting unemployment.

People's privacy will not be spared. Various factors, such as family status, common law relationships and economic circumstances, will be checked. One inquiry after another will be made before a person can qualify for the program. Moreover, the government has also called for a review of the country's social security programs, including unemployment insurance, the Canada Assistance Plan, the child tax credit program, employment and training programs, established programs financing in the education field and social development. What is the government planning for the future?

After raising some hope among the people by talking about job creation, this budget disillusioned workers; even worse, it attacks the poorest in our society. The Liberals' pseudo-strategy for employment is based mainly on consultations, studies and committee work.

*The Budget*

There is less and less food in Canadians' refrigerators. Let us not wait for the fridge to be empty; otherwise the people will rise up and we will have to bear the blame. On October 25, 1993, Canadians forcefully said that they want change. The government side seems to have already forgotten that because it is now following in the previous government's footsteps, it is repeating the same scenarios.

Furthermore, it is the first government since Confederation to forecast such a large deficit, \$39.7 billion, just under the psychological level of \$40 billion. No economist and no tax expert would have dared to make such a forecast.

Surely an infrastructure program where the costs are shared with the provinces and the municipalities will not solve all problems by itself. Cities and towns will have to go into debt to participate in the program.

To reduce the deficit to 3 per cent of GDP in 1996–97, it would have to be brought down to about \$25 billion. The government's budgetary objectives are hit or miss. The proposed measures do not announce what was promised, namely jobs. The budget presented by the Minister of Finance is deficient and misleading.

(1525)

In its speech from the throne, the government announced its intentions. Today, with its budget, the government is showing its colour, the same as the colour of its book. Canada is in the red and nothing is being done to fight the underground economy, black-market employment.

*[English]*

**Mr. John Bryden (Hamilton—Wentworth):** Mr. Speaker, I would like to thank the hon. member for his remarks which I enjoyed very much.

I have travelled in the area of Chicoutimi and Jonquière and it is a lovely part of the country.

I do have one question in the context of his remarks about federalism. I want to ask him whether he feels the unemployed people of Chicoutimi and Jonquière, of whom he spoke so graphically, would be better off, whether they would have better job prospects in the reduced economy of a separate Quebec.

*[Translation]*

**Mr. Fillion:** Mr. Speaker, I thank the hon. member for his question and I must answer in the affirmative, since a sovereign Quebec will eliminate overlapping and duplication, and the money saved will be used to create jobs and to invest in our province, so that young people can get appropriate training based on their needs.

Need-related training means training which will lead to secure and well-paid jobs. The savings made by eliminating this

overlapping alone would be enough to revitalize the economy of the region.

*[English]*

**Mr. Ian McClelland (Edmonton Southwest):** Mr. Speaker, I would like to address a question to the hon. member, one which has been perplexing me for some time.

In many parts of Canada it is perceived that Quebec has been a net beneficiary in terms of transfer payments from the federal treasury.

In the hon. member's opinion, if these transfers of moneys were to be suspended in an independent Quebec would the offset in duplication be more or less than the transfer payments being sent to the province at this time?

*[Translation]*

**Mr. Fillion:** Mr. Speaker, I will answer by saying that right now Quebec does not receive the same percentage of taxes that it pays to the federal government. Indeed, we account for 25 per cent of the Canadian population, but barely 21 per cent of the taxes we pay is returned to us. Right there you have an injustice which would be eliminated with a sovereign Quebec.

**Mr. Maurice Godin (Châteauguay):** Mr. Speaker, this budget is the failure of a newly-elected government, a government with a list of promises as long as your arm.

Sadly, we are faced with a double failure. First, this government has failed to start off its mandate by taking the drastic actions required to put our public finances in order. Second, it also failed to find ways to promote economic recovery. It has managed to take yet more from the have-nots of our society, while sparing the wealthy. It has even managed to cause controversy with unfortunate decisions like the closure of the Collège militaire royal de Saint-Jean.

However much the Minister of Finance tried to prove, with all kinds of figures and calculations, that efforts had been made to cut expenditures, few people believed him—not the media, and certainly not ordinary people—because the figures are there, implacable and merciless.

(1530)

Those figures tell us that the budget will again show a deficit of disposable revenue over uncontrolled expenditures. This government will keep feeding an accumulated deficit by nearly \$40 billion, an amount that the government is spending on top of what the people are able to pay. So, it should not boast about cuts and efforts to that effect. Its failure is visible, undeniable, because total spending continues to increase.

The level of indebtedness of this country is getting ridiculous. While this government will be adding some \$40 billion to the accumulated debt, it will spend about as much just to service the debt. In other words, we are getting dangerously close to the point where our annual deficit will be equal to the cost of



*The Budget*

servicing the public debt. Will we soon be forced to cut government spending just to cover debt charges? The Minister of Finance himself admitted that he will not be able to pay off Canada's public debt. What about the annual deficit? Could he pay it off? Not likely! If only the government could invest as much in job creation as it is paying just for debt maintenance.

Furthermore, the government could not resist picking up the bad habit of hitting on low-income people. We thought we had seen everything with the actions the former minister responsible for the Unemployment Insurance Program had recently announced. He had even tried to fool people by renaming his department, using the euphemism of Human Resources Development. Can you imagine? But people were not fooled; we know what they did with this kind of human resources development. In the last election, the Canadian people as a whole fired all those who did not understand the difference between tackling unemployment and attacking the unemployed.

The new government, far from distinguishing itself from the old Tory government, followed in their footsteps. Ordinary people have trouble understanding how the proposed changes to the unemployment insurance program are likely to improve the employment picture. I, too, have trouble understanding the increase in the number of weeks of work needed to qualify, when jobs are increasingly precarious and job security seems to have become an obsolete concept.

The cumulative deficit of some \$6 billion in the unemployment insurance account at the end of 1993 is not a result of the system as such but of the failure of governments to support employment and the economy. It is not the unemployment insurance program that creates unemployment. The Liberals are confusing the disease with the cure. This remedy is not curative but palliative. The Liberals are on the same wrong path as the Conservatives; they have the same policies, the same lobbyists, the same kind of election fund, the same friends, the same protectors.

Observers quickly noted how fast the government acted to introduce in its current budget measures hitting the middle class. Yet, despite all the proposed measures regarding capital gains and tax loopholes, the Minister of Finance merely announced public consultations and hearings. Not only is there no equity in this budget but there is no appearance of equity.

While cutting transfer payments to the provinces by \$2 billion over two years, it does not have the courage to close the real tax loopholes available to the rich. We in the Bloc Québécois are always identifying tax trusts or invoking the Auditor General's recommendations, for example. If cuts to operating expenditures for 1994-95 only amount to \$413 million, it is because the government did not take immediate action to eliminate waste and duplication.

It refuses to cut in the right places but does it in the wrong places. In his speech, the Minister of Finance called for renewal and accountability in social programs. To move in that direction, the government could have restored the non-profit housing program, for instance. That program provided needy households with housing of reasonable size and quality at affordable prices. It helped eligible sponsoring organizations to build, acquire, renovate and run subsidized rental housing projects. But the government did not restore the program, and thus missed a good opportunity to show its know-how.

(1535)

Short of a similar program, it seems that the Canada Mortgage and Housing Corporation, which was responsible for such applications under the National Housing Act, is now essentially a mortgage insurer and has given up its role of partner in social programs.

The office of the president and chief executive officer of the Société d'habitation du Québec told us that, in 1993, 782 new low-cost housing units had been built across the province, thanks to the financial involvement of the federal government. Thirty-five of these units are located at 41 Saint-Hubert Street, in Châteauguay, thanks to the initiative and efforts of all those involved within the community. Do you know how many new units are expected to be added in 1994, after this budget? None, Mr. Speaker. None at all! Maybe this is the government's message! Maybe this is the solution found by the government to free itself from its obligations towards the poor.

I say to the government that better management is not synonymous with reneging on commitments. The necessary streamlining of expenditures and operations did not take place. It is more than urgent that the government use common sense. The Liberals had their red book, but their budget does not show that they have the know-how. This is why the Bloc Québécois has every reason to be here in this House. It must make representations on behalf of all those who are forgotten and neglected by the government, and it must inform this same government of the opportunities which exist but that it refuses to recognize.

As the Official Opposition critic for Veterans Affairs, I was surprised to read that the secretary of state was satisfied because no programs were affected by any cuts, and that he was confident that no service would be adversely affected. These comments were reported in the February 24, 1994, issue of the *Charlottetown Guardian*. How can the minister make such claims when cuts affecting the department are somewhere around \$3.2 million? How can these cuts, which will impact on the 1994-95 department's operating expenditures, have no effect whatsoever? Is the department so badly managed that cuts of that magnitude will not be felt at all? I certainly intend to ensure that the statement made by the secretary of state is not merely exaggerated optimism.

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This budget clearly illustrates the failure of the Canadian federal regime. The wheel of the regime is turning with such inertia and is under the influence of such external force that it does not seem controllable. The result is that the Liberals have drafted a budget identical to the one which the Conservatives might have tabled, had they been re-elected. It is the exact same thing! If the elected government does not seem able to control the federal regime, how can Canadians have the impression that they can make a difference and change things in that regime?

We believe that the real solution lies in a major redefinition of the controls of public authority. Quebec's sovereignty is not an end in itself. It does not automatically mean the end of Canada or the will to come to that. Rather, Quebec's sovereignty represents the beginning of a new relationship in which solutions simply not possible in the present constitutional structure could be used to resolve common problems. Canada's structural crisis can only be solved if Quebec becomes a sovereign nation. This is the option I favour for the benefit of our future generations.

**Mr. Nic Leblanc (Longueuil):** Mr. Speaker, I want to thank the hon. member for Châteauguay for his excellent speech and for his great interest in Quebecers. When he speaks of Quebec sovereignty, he speaks of the greater welfare of Quebec, and indeed of the greater welfare of the rest of Canada.

In his budget speech, the Minister of Finance spoke of one-stop shopping for government services. I assume he meant federal government services. He forgets that for years now, Quebec has been demanding to have similar service centres which would also provide Quebec government services.

(1540)

I am interested in what the hon. member for Châteauguay has to say about the fact that once again, the Minister of Finance has forgotten that this kind of duplication is extremely costly. According to the Bélanger-Campeau Commission, duplication between Quebec and Ottawa costs between \$2 and \$3 billion per year. If the Minister of Finance had seriously wanted to cut spending, he should have realized that it is not a government services centre that is required, but a kind of one-stop centre that would also include services offered by the government of Quebec. I would like to get the hon. member's comments on this issue. I feel certain that he has some excellent suggestions to make.

**Mr. Godin:** Mr. Speaker, I agree with my hon. colleague from Longueuil. As far as I am concerned, a country's revenues and production capability are not merely a function of its size or the extent of its borders, but rather a function of the way in which that country is run.

I think that is the problem with Canada today. We have a government machine that could in all likelihood adequately serve 260 million people, the population of the United States, whereas we have a population of barely 26 or 27 million. And that is the crux of the problem. There is considerable duplication at the federal, provincial and municipal levels. If we cannot change or amend this system, then the only option for Quebec, the only way for it to achieve a healthy system of government, is to become sovereign.

**The Deputy Speaker:** Hon. members, I made a mistake. As a rule, after a speech, the Chair must recognize a member from another party first.

[*English*]

I should have recognized first the member for Edmonton Southwest. Please be brief, the time is just about up.

**Mr. Ian McClelland (Edmonton Southwest):** Mr. Speaker, I have a great respect for the hon. member for Châteauguay but I wish to draw a contradiction that I see in his presentation to the attention of the House and perhaps get his response.

His first words were that the closing of the military college at Saint-Jean is a desperate problem for the province of Quebec. Would the member not agree that if Quebec were to separate and be an independent country, Canada would no longer have any facilities in Quebec? Does not the closing of that one military college, which he takes great umbrage at, foreshadow the closing of many more federal installations in Quebec to the tremendous detriment of Quebec and Canada?

[*Translation*]

**Mr. Godin:** Mr. Speaker, I wish to thank my hon. colleague for his question. No, I do not believe that additional closures of federal installations in Quebec would be detrimental to Quebec. One has to understand that any federal investment in Quebec is tied to taxation. Whether we take our tax dollars and send them to Ottawa only to have them reinvested in the province, or whether we spend them ourselves, it is really all one and the same thing.

However, I would point out to him that there is quite a difference between receiving one million for research and development, and receiving one million for unemployment insurance. If we were the masters of our own destiny, we could take the one million and invest it in research and development, rather than spend it on unemployment insurance. Then, we would be able to put everyone to work.

[*English*]

**The Deputy Speaker:** The Chair is reminded that the time has expired. Next time I will be sure to recognize someone from another party.

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(1545)

**Hon. Brian Tobin (Minister of Fisheries and Oceans):** Mr. Speaker, I am pleased to rise in my place and participate in this debate. May I at the earliest opportunity on my feet with you in the chair express my congratulations to you on taking up these most important responsibilities.

In beginning my remarks I cannot help but say to my colleague opposite who in giving his remarks on this budget debate said "if we were masters of our own destinies" that we are as Canadians in a free and democratic society masters of our own destiny. Quebecers are masters of their own destiny. Every time Quebecers have been asked to chart a course, to fasten a sail and to be captains of their own ship they have decided that their fate and their course lies in parallel with Canada, not as a separate entity and not as a separate ship.

I am confident that Quebecers, if they are again given the opportunity to cast a judgment, will again choose to contribute to this great experiment on the northern half of the North American continent called Canada.

Canadians on October 25 gave a very clear mandate to a new government to attempt to come to grips with age old problems. I submit that never in modern times has a party laid so clearly before the people of Canada, fully a month in advance of an election, a detailed blueprint for the government's policy and plan of action. I am referring now to the Liberal red book.

Each of the major initiatives outlined in the red book were outlined weeks in advance of the election, something which heretofore has been considered to be a politically silly thing to do; to actually tell the people in detail, not days, not hours, not weeks but a month before an election, to lay it out and say: "Here is what we will do if charged with the responsibility to govern". That is something we did.

I am proud to say that I belong to a party that not only laid out its program but has scrupulously, item by item by item, sought to fulfil the contract, which is what it is, that we made with the people of Canada when they signed on the bottom line, marked their *x* and gave Liberal members of Parliament a majority and the opportunity and responsibility to govern.

In Atlantic Canada Canadians by an overwhelming majority expressed confidence in the platform of the Liberal Party. Atlantic Canadians did not express that confidence because they had some kind of simple belief that just by voting Liberal all of the social challenges that confront us would suddenly disappear or held some simple belief that just by voting for change that unemployment would disappear. No.

The people of Atlantic Canada marked an *x* for a party and for a program fully aware that the structural problems of Atlantic Canada could not be dismissed with the introduction of one

budget, could not be eliminated just by an expression of good will of a new government, but that our chronic levels of unemployment and our structural problems required real change, not slogans but substantive change.

One of the areas we committed ourselves to change and one of the areas where Atlantic Canadians lock arms with us in marching forward to accomplish that change is in the area of the fishery.

We said that we would make two substantive changes in fisheries policy, two sea changes in fisheries policy. On the one hand we said we would not walk away and turn our backs on those in crisis, those dislocated and those out of a job because of the closure of fisheries and because of the moratorium on Atlantic groundfish stocks. There are now a total of 14 moratoriums in place. There are 14 groundfish stocks in which there is no fishery for the first time in 500 years.

(1550)

We now have a situation for those people who live in rural Newfoundland on the tip of the great northern peninsula in a small rural isolated community where the average income is among the lowest in the country and where the capacity to take some wild game or jig a few cod is an important component of the food basket where I, as Minister of Fisheries and as a native Newfoundlander, have had to take away the right even to jig with a hook and line, the most basic biblical kind of tool, to go out and draw a few fish from the sea. I have had to take away that right in the name of conservation.

Incredibly, for the first time in 500 years that right was removed. There is not a protest. There is not a revolution. There certainly is not a celebration. However, there is acceptance. There is a bearing down, a gritting of teeth, a desire to pay the price that is required to rebuild those cod stocks even if that price is to take the fish and the protein out of the sea, right out of the cupboards, the freezers and off the tables of the very people who have relied on it for 500 years.

We said to the people of Atlantic Canada and to the people of my province of Newfoundland and Labrador that we will take the tough decisions. We have begun the process of taking them. We put in place in the budget \$1.9 billion to ensure that people can retrain where appropriate, that people can be sustained in the core fishery where appropriate as the rebuilding process goes on.

We have publicly identified the need to reduce capacity on the harvesting and processing side of the fishery by as much as 50 per cent. Imagine, standing up in a public place, in a land where people for generations have eked out a living on the edge of the north Atlantic, drawing the resource from the sea, and publicly saying: "Half of you cannot be sustained. Half of you cannot

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carry on. Half of you must move on to other industries and other jobs”.

If a decade ago someone had even whispered that thought there would have been riots. A decade ago if someone had stood in a public place and suggested that people would be separated from not just the means of making a living but the way of life that generations of forefathers had carved out, he would have been run out of town. However, today there is a steely determination to bear whatever cost has to be borne, to bear whatever pain has to be experienced, to rebuild these cod stocks.

I want to take this opportunity to say that all of those who sit in steel and glass and ivory towers, in the editorial boards of the nation from their vantage point 25 or 30 floors above the concrete below, to those who say that Atlantic Canada is finished, that the back of the economy has been broken, that the spirit of the people has been crushed or broken, those who say the solution is simple resettlement, should be moved to Toronto, Montreal or Calgary or Vancouver or to somewhere else where there is a job. I want to say to those who in their own mind when faced with such a challenge as that being faced by the people of Atlantic Canada who would fall down and give up that that is not the mood, that is not the spirit, that is not the disposition and that is not the character of Atlantic Canada.

The people of Atlantic Canada and of Newfoundland and Labrador do not feel desperation or hopelessness but are reaching down and uncovering a wellspring of courage and conviction to carry on. We are going to rebuild the industry. We are going to restore a new conservation ethic. We are going to stand up and ensure that the last fish out there is maintained to rebuild that important historical sector.

We will pay any price in the name of conservation. We will impose 14 groundfish moratoriums. We will impose a moratorium on the food fishery. We will take 35,000 people and have them park their boats and close their plants.

(1555)

We as a nation will pay the price to maintain, sustain and retrain them. We will demand no less of foreign nations that fish on the nose and tail of the Grand Banks. We will demand no less. We say to France, Portugal, Spain, Japan and Russia, with our palms outstretched in the realm of generosity, with our hands stretched out seeking understanding, that we can do no more than we have already done in the name of conservation and that they can do no less than to join us in respecting these important cod moratoriums.

We have said that we will not catch a pound of fish this year on the nose and tail of the Grand Banks, the breeding grounds of what once was the world's greatest protein resource. Not a pound. At a time when we have an agreement in Brussels through NAFO, when Canadians have agreed not to fish and

when our NAFO partners have agreed not to fish, we will not allow pirate vessels flying flags of convenience to come in and make a mockery out of the sacrifice that Canadians and indeed others around the world are prepared to undertake this year to rebuild those cod stocks.

Monday next I will be in New York. On behalf of Canada I will speak to the UN conference on high seas fishing. I will make it clear that we want to resolve this matter by agreement. I will equally make it clear that we will resolve it by unilateral action if necessary.

Two years ago when the government of the day came before Parliament seeking authority for an assistance program for Atlantic fishermen, the then minister stood in his place and pointed out that a northern cod stock had collapsed.

The minister said against a backdrop of a \$30 billion national deficit that he needed assistance for 17,000 displaced people. He said that assistance would be required for two years. I am back two years later. The deficit is not \$30 billion, it is \$46 billion. The number of people requiring assistance is not 17,000, it is now 35,000. The timeframe is not two years, it is now five years. The scope of the crisis has broadened dramatically.

As I said, we want to do all we can to rebuild the fishery by restructuring at home, by enforcing reasonable conservation measures inside and outside the 200-mile limit. We also know that we must rebuild the economy. We have to diversify the economy of Atlantic Canada.

Let me speak of my own province, Newfoundland and Labrador. I know it is not enough to ask my fellow Canadians to stand with us, to stay with us during this downturn in the fishery. I know we have to demonstrate that Newfoundlanders and Labradorians are prepared to go out and to compete, to develop their skills and to win in a global economy.

That is also a direction we are moving in. I want to share with some of my colleagues elsewhere in the country what is happening in Newfoundland, where the new opportunities lie and where the new leadership is coming from.

I submit to members that one of the areas in which we can be competitive, where 90 miles of water is not a disadvantage, is in the area of the new information and knowledge based industries, in high tech, in research and development. That is where the future lies and that is where the future is being carved out.

In the province today we are seeing the development of new companies in the engineering services field. Last year, RDS Engineering of Newfoundland won out over national and international competition for a \$6 million contract on Hibernia. A new company, Instrumar, has developed a clean wind detection system now being used all across the country, technology to develop the presence and thickness of ice, snow and other substances on aircraft wings. This company recently formed a

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strategic alliance with Allied Aerospace Canada to commercialize both nationally and internationally this new system.

(1600)

Ultima East Data Communications Ltd. has developed a range of hardware and software products for communications applications, including access to current satellite technology. Together with a sister company, Sea Link Ltd., Ultima East has been marketing automatic high frequency radio systems world-wide. Eighty per cent of the product of this company is being marketed not in Canada but internationally and the vast majority of its export product is going into Asia. All of the software development has occurred in Newfoundland and Labrador. That is the kind of future we have to carve out for ourselves.

Compusult Limited, a St. John's company, recently completed a \$1 million contract to develop a system for Environment Canada to receive and to store ice data. It is now in the process of commercializing that technology. EJE Trans-Lite, a Newfoundland company, was established in 1988 to design and market specialized safety lighting products for the marine and aviation industries. One of its products, a personal rescue light, has sold already in a short period of time more than 200,000 units and over 80 per cent of that product is being exported around the world.

Another company, Nautical Data International, recently formed a joint venture between two high technology companies, one based in Newfoundland and the other in Vancouver. Both these companies have put their resources together and are digitalizing the data from the department of hydrography in my department. It is a unique development. We have privatized the information available. We have digitalized that information and both the Vancouver and Newfoundland based firms working in tandem are marketing that product around the world and around North America. It is another new high tech development.

I mention these companies because I am not naive. I have been here 14 years. I understand that for many Canadians who have not had the opportunity to visit Newfoundland and Labrador and certain parts of Atlantic Canada, there is a perception that the economy is built entirely on the fishery, as some Canadians falsely perceive that the economy of Alberta is entirely built on red beef. Of course nothing could be further from the truth.

It is a modern, thriving economy showing great leadership in the high tech field, the petrochemical field, the engineering field, and so on. A new economy is evolving in Newfoundland. Some of it is spinning out from around the offshore oil and gas sector.

We understand on this side of the House that we have to create the environment to allow that new technology, that new leadership, that spirit of entrepreneurship to flourish. We have to give

people the circumstances and the conditions under which they can, as a people and as a province dependent too long upon a single resource, sprout their entrepreneurial wings and fly, successfully compete in a global economy. That initiative is under way today in Newfoundland and Labrador.

In the meantime we must never forget, Atlantic Canada must never forget, that Newfoundland and Labrador has a historical attachment to the ocean, a historical attachment to the sea and to the resources of the sea.

We must begin to understand that the desecration, the destruction of cod resources, northern cod all throughout the Atlantic, the destruction of offshore resources is the environmental equivalent of the destruction of the rain forest. When we take away that resource we take away not an opportunity for an income or a livelihood from people in the particular region but a resource that is part of the world's food basket, a rich source of protein for the planet.

We have to begin to understand that the crisis on the east coast is not a Newfoundland crisis. It is not an Atlantic crisis. It is not a regional issue. It is a question of sovereignty for a nation.

If we as a country cannot commit ourselves to rebuilding the great Atlantic resource, if we are not prepared to commit ourselves to take action to rebuild that resource, to flex our will, not only at home but beyond 200 miles, then we have to call into question how mature this nation is and how willing and how ready we are to stand up and call ourselves a mature and modern nation in 1994.

(1605)

**Mr. Chuck Strahl (Fraser Valley East):** Mr. Speaker, I wish to thank the minister for his speech which was very emphatic and informative.

I did notice a couple of things as you were progressing through your list of accomplishments in the ongoing change in Newfoundland. You specified how the economy is diversifying, the number of jobs being created, and so on.

Almost conspicuous by absence is the fact that the infrastructure programs that past governments have initiated, if I can call them that, the Hibernia project, and so on, are not playing a huge part in the rebuilding of Newfoundland.

It seems to me there is a lesson to be learned there, possibly that the businesses mentioned are small and medium sized businesses using the high tech future to grab hold of things and sprout wings, as the hon. minister mentioned, to grab hold of the new possibilities.

Hibernia is not really playing the big part that people hoped. I wonder if the minister would comment on future job creation projects. I realize the minister is supportive of his own infrastructure programs but it seems that billions of dollars have been

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wasted in large part on Hibernia. There is going to be another billion dollars thrown at the P.E.I. bridge.

Would the minister comment on whether that is the best use of taxpayers' money. Would it be better to lower taxes, thereby helping these small and medium sized businesses?

**The Deputy Speaker:** Before recognizing the minister, I wonder if members could say "the minister" or the "member" rather than "you".

**Mr. Tobin:** Mr. Speaker, I did not talk about the Hibernia project because I wanted to focus on what I think is an exciting new dimension. There are a bunch of young men and women, some in their twenties and thirties who are developing software, not importing technology or software, adding some value and sending it off. The resource is their own imagination.

Limitations are those they impose on themselves. They are taking tools of modern technology and using those tools to create new knowledge based industries and exporting them around the world.

I find it fascinating this kind of activity happens on an island province where traditionally we do not expect that kind of development.

I want to acknowledge that today. This kind of development is every bit as exciting when one young firm with a handful of young engineers and a couple of people prepared to write and develop new software develops a brand new industry based on knowledge and the extent of its own imagination.

I find it every bit as awesome to contemplate as Hibernia, which is in itself an incredible feat of engineering. It has contributed significantly to the economy of the province of Alberta.

I do not want to belittle Hibernia. It is an important project. Another government in another day committed the funds to that project. It can lead to a series of new offshore developments. Mr. Speaker, knowing your former interest and expertise in matters having to do with energy development in Canada, I do not want to diminish from the project at all.

I simply want to take this opportunity to acknowledge what is being done by young incubator companies. They are not waiting for your permission or mine or even our acknowledgement. They are out there competing and winning in the world market. I think that is exciting and ought to be acknowledged and encouraged.

[Translation]

**Mr. Nic Leblanc (Longueuil):** Mr. Speaker, I am always impressed by the eloquence and verve of the Minister of Fisheries and Oceans and of people from Newfoundland generally.

The minister referred to the Liberal Party's red book, and I must say there have been an impressive number of references to this document.

(1610)

I wish he would use the same eloquence and the same verve to explain why, in the red book, he did not tell Canadians that unemployment insurance premiums would be taxed by more than \$800 million. Why did he not say that companies would be paying \$1.7 billion in taxes over the next few years? Why did he not say that individuals would be paying \$1.8 billion in taxes over the next three years? Why did the red book not say there would be a deficit of \$40 billion for the current year? And that in 1996, the cumulative debt would be nearly \$600 billion? Why did he not say this?

I wish the minister would use the same eloquence and the same verve to explain that to Canadians. Why were Canadians totally misled by what was said in the red book, if we look at what the government is doing now?

[English]

**Mr. Tobin:** Mr. Speaker, we have a saying in Newfoundland. When someone is awfully bold we say they have more nerve than a toothache and a vicious one at that.

Here is the member asking me why we did not tell Canadians about the fiscal situation of Canada. The hon. member's leader made a notable contribution to the leaders' debate during the last election and the leader of the Reform Party will remember this. He kept asking the then Prime Minister what the deficit was and what the deficit would be. Up to that point we were all told the deficit this year would be about \$33 billion. It turned out after we came to office that the deficit was \$46 billion, \$13 billion higher than the government had admitted.

Having the member ask me why we did not know this is amusing, given that the member who just asked the question spent his first four or five years in this place sitting on the government benches, the Tory party benches.

Why the member would now ask me what he was doing jumping up and down voting yes every time the government he supported proposed a motion, I do not know. I do not know what he was doing and I do not know what questions he asked in his caucus.

What I do know is that he was a loyal follower, notable for his capacity to get up and bow yes whenever Mr. Mulroney asked his permission to spend more money. It takes a special kind of nerve, like an open, raw wound, for this member to stand here now and complain. This member ought to be put on the bow of a boat out at 200 miles because he bellows so loud and makes so little sense that he would scare away all foreign fishing vessels.

**Mr. Jack Ramsay (Crowfoot):** Mr. Speaker, I have a similar question. I have asked this question to two of the member's colleagues in the past and did not get an answer. I have often watched the hon. minister on television during the last four or

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five years and I am always impressed by his intelligence and his wit. Therefore, I would like him to concentrate that wit on this question and I hope to get an answer.

How will the addition of \$100 billion to the federal debt over the next three years affect the plan to rebuild the fishing industry on the east coast as well as a new tech industry that he speaks about emerging now in that area?

**Mr. Tobin:** Mr. Speaker, the member wants an answer and I am going to give him one.

What the member is suggesting, to reverse the situation, is that rather than add \$100 billion to the debt, he is now referring to approximately \$30 billion of deficit on average over the three years, a little more for \$100 billion after three years. The member is really suggesting that we should cut out an additional \$100 billion of expenditure. Is that not true? I see everybody but the leader of the Reform Party nodding yes. He is a bit more cautious.

By cutting out \$100 billion we would start, according to the hon. member—

**Mr. Ramsay:** Answer the question.

**Mr. Tobin:** I am answering the question. The member does not like the answer. We start by cutting the \$2 billion for fishermen and plant workers. That is what the member wants. Then we would cut all unemployment insurance payments in total so there would be no more unemployment insurance plan. Then we would begin to cut medicare and do away with medicare as a universally accessible plan and ensure that people would pay their own way. The member is nodding his head yes. When done with that we would then cut out all regional development funding so that those who lived in areas of highest unemployment would be left to their own resources. At the end of the day we would simply take the keys to Parliament and the notion of parliamentary responsible government and we would turn them over to Walmart.

(1615)

The Parliament of Canada is not McDonald's. It is not Walmart. It is up to government to use the tools and the resources of the nation to give direction and shape to the country. We do not give shape to the country by abandoning public policy to public accountants. We will not do it.

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, I rise to address the budgetary policy of the government as presented by the Minister of Finance on February 22. My principal reason for rising is to register a profound sense of disappointment and apprehension concerning the fiscal and the human aspects of the 1994 budget.

The blunt truth concerning the fiscal aspect of the budget is that it does not bring federal overspending, the federal deficit or the federal debt under control. Nor does it lay the foundations for doing so in the future. Projected spending for 1994–95 is \$164 billion or \$3 billion more than was spent in 1993–94. The federal deficit for 1994–95 is \$40 billion or 5.4 per cent of GDP. The government spending plans add another \$100 billion to the federal debt over the next three years, a debt which already stands at \$511 billion.

After all is said and done, the only improvements in the government's financial position are mere projected improvements for future years, projections which are no more believable than those of the previous government.

It is the implications of the budget for Canadians in human terms which turn my disappointment into apprehension and even alarm. Because the budget fails to come to grips with overspending it offers no hope whatsoever to millions of hard-pressed taxpayers for tax relief. In fact it assures them of nothing but future tax increases.

Because the budget adds another \$100 billion to the federal debt over three years it diverts another \$3 billion to \$6 billion of revenue per year into interest payments on that debt. Federal financial support for health care, education and pensions will thus continue to deteriorate. This is bad news for the recipients of those services.

Because the budget fails to come to grips with the deficit and the excessive taxation of Canadians, it sends a strong negative signal to private sector job creators. The net effect of the budget is to discourage private sector job creation. This is bad news for the 2.5 million unemployed and underemployed in the country.

In summary, the federal budget stripped of its rhetoric and politically inspired optimism is a failure of the first order, a failure whose heaviest impact will fall on taxpayers, recipients of social services, the unemployed and the underemployed.

Based on this assessment it is appropriate for us as members of Parliament to consider the following question. If the Government of Canada were a great publicly held company with 27 million shareholders and we were its directors; if we had just received a financial statement showing our 21st annual loss in a row, this time for \$40 billion; if our balance sheet showed we were carrying half a trillion dollars worth of debt; and if this Chamber were the great board room of that company and we met here today, many of us as new directors, with a legal responsibility to our shareholders to face up to fiscal realities, I ask how would we likely respond.

We know that some members would choose simply to deny the reality. They would say a \$40 billion deficit is not that bad; we

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can always borrow more; the lenders will never cut us off; it might happen to New Zealand but it will not happen to us. Others might try to escape the fiscal reality by flights of fancy. They would say: "Let us focus on next year; next year things will be better". Still others would be looking for someone to blame and be saying: "It is not our fault; it was the previous director's fault". Yet again some of us might simply look for an exit strategy: "Let's make sure we don't get hurt. Let's make sure our golden parachutes are in order. Let's take some subsidiary of the mother corporation, separate it out and go off on our own".

(1620)

There is another response that is possible under these circumstances. That response is to face up to the fiscal reality that the budget downplays and to develop a contingency plan for the day when its shortcomings become evident to all. Instead of going into denial or flights of fancy or blaming someone for trying to get out, we should say one to another: "Let us develop a contingency plan that really comes to grips with the overspending, the deficit and the debt, a contingency plan that protects the taxpayer, the workers, the unemployed and the users of social services from the injuries the budget will ultimately cause. Let me briefly outline the key elements of a contingency plan for Canadians to cope with the failures of the 1994-1995 budget".

First is a contingency plan for real deficit reduction. The budget presented by the minister last month proposes spending cuts for 1994-95 amounting to only \$2.2 billion or about 1.3 per cent of total spending, achieved mainly by cuts to defence spending and unemployment insurance. Those of us who believe federal spending must be reduced more quickly and in greater amounts must complete a more detailed and extensive list of spending cuts and keep it current as a contingency plan for real deficit reduction.

The Reform Party has a list of about \$20 billion in proposed spending cuts which could be updated and made part of this contingency plan. This list was tabled in the House during the rebudget debate.

To his credit the Minister of Finance has said that he and his officials would be willing to sit down with us to review the feasibility of this expanded list of spending cuts. We look forward to that opportunity.

Various provincial governments, in particular Alberta and New Brunswick, are further along the road to controlling overspending than the federal government. Their deficit reducing activities should be scrutinized for elements which could be incorporated into a federal contingency plan.

In any event a contingency plan for real deficit reduction must be developed and kept current for the day the government and

the House realize the federal deficit is much more serious than the 1994 budget acknowledges.

Second is a contingency plan for taxpayers. The budget presented by the minister last month provided for the federal government to extract \$9 billion more out of the pockets of taxpayers than in 1993-94 and \$600 million of that from tax adjustments contained in the budget itself.

The government was wise to heed the wishes of Canadians and back off proposals for reducing RRSP contribution levels and for instituting new taxes like a carbon tax. The fact remains that too many Canadians are responding to excessive taxation by going into the underground economy or taking their capital out of the country. Those of us who recognize the seriousness of this problem need to provide taxpayers with some other options. We need a contingency plan for taxpayers and here are four suggestions.

(1) We can make sure that every major taxpayer group in the country becomes aware that further tax increase are inevitable unless the government gets far more serious about cost cutting.

(2) We can invite taxpayers to communicate their concerns to the government, perhaps by sending a tough letter of protest with every tax return so that even the most obtuse member of the government will realize that further tax increases are not a politically viable option for solving the government's fiscal problem.

(3) We can solicit from taxpayers their proposals for government cost reduction and their ideas on what form tax relief must take in order to stimulate private sector job creation.

(4) We can show taxpayers a tax relief light at the end of the cost cutting tunnel. If Parliament would pledge itself to reducing the deficit to zero by the end of its term then and only then does genuine tax relief become a real possibility.

Third is a contingency plan for workers. In its election campaign and in its red book the government said that job creation was its highest priority. Yet the real job implications of the budget are bleak indeed. The most real and immediate job impact of the budget is the elimination of 16,000 jobs by the defence department; a reduction, not an increase in employment.

The finance minister predicts a reduction of only one-tenth of one per cent in the unemployment rate in 1994 as a result of his budgetary measures.

(1625)

The Minister of Industry and the Minister of Human Resources Development however are more optimistic. The Minister of Industry in his response to the budget spoke well and extensively on the new information based, export oriented economy emerging in the country. He assured us the government



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had the knowledge and the policies to enable workers and businesses to find a place in that new economy. The Minister of Human Resources Development in his response to the budget said rightly that there was a job crisis in the country and that the Chamber must seriously consider how jobs are created.

How is a self-sustaining job to be created in the 1990s? The government seems to feel that government is the primary engine of job creation, whereas Reformers believe that the best job creation process is as follows.

First there has to be a customer or a consumer somewhere with a demand for a good or a service and money to activate that demand. Then there must be an entrepreneur or a business that sees that demand and decides to fill it. The role of that business is to assemble the resources, the capital and the labour required to satisfy consumer demand. When that is successfully done employment opportunities, jobs, are created for workers qualified to fill them.

The essential role of the government in all this is not to initiate job creation but to support it. The employment aspects of a government's budget, therefore, should not be measured primarily by how many jobs government spending and programs create but by the signals that budget sends to private sector job creators, by how many more dollars it leaves in the pockets of consumers and investors, and by the support programs it provides to workers.

Measured by those standards the budget presented in the House is a failure. By not coming to grips with the deficit the only signal it sends to business and investors is a negative one: more tax increases ahead. This signal kills rather than stimulates private sector job creation.

A contingency plan is required for the unemployed and the underemployed whom this budget fails. A part of that plan will be the real deficit reduction measures discussed earlier, but the second part of that plan must include measures to assist workers to find and fill jobs in the new economy referred to by the Minister of Industry.

In this regard I suggest we submit the government's employment enhancing measures to a simple test. The minister of defence says that he is going to cut 16,000 jobs in the defence department. The Minister of Industry says that he knows there are new jobs waiting in the new economy, and the Minister of Human Resources Development says that he has the programs to equip people to find and fill those jobs.

Therefore let the minister of defence submit to the House the names of the 16,000 people whom he is laying off. Six months from now we will contact them to see how many are on UI, how many are on welfare, how many are in dead end jobs in the old economy and how many in fact are on their way to jobs in the new economy. If even 75 per cent of those 16,000 are on their way to jobs in the new economy, we will be the first to congratulate the government and to encourage it to further

refine and develop its employment initiatives. If more than 25 per cent of those 16,000 are on UI or social assistance or stuck in dead end jobs in the old economy, it will be clear to us and the whole country that the government does not have an answer to the job problem and never did.

In other words, if a government cannot guide 16,000 from the defence department to jobs in the new economy, who would believe that it has the policies and the programs to guide 1.6 million unemployed to that destination?

Finally the House must address the question of where the guidance and leadership will come from to correct the failures of the 1994 federal budget and to produce a contingency plan for Canadians. I am genuinely sad to say it is apparent this guidance and leadership will not be coming from our chief executive officer, the Prime Minister of Canada. This is regrettable because experience in this country and others has shown that major efforts at government cost cutting are almost never successful unless they are fully and vigorously backed by the leader of that government.

Unfortunately the present Prime Minister made it clear on his visit to Alberta last week that he could not be counted upon to provide that kind of leadership. He is quoted as telling an Edmonton radio audience there will not be a new round of tough spending cuts. There may be some changes in reference to the reform of social programs but there will be no spending cuts in the next three years other than those announced in last week's budget.

(1630)

Second, it is equally apparent that guidance and leadership in correcting the failures of the 1994 federal budget will not be coming from the Official Opposition. If you analyse the speeches made by the Bloc members in response to the budget you find they are totally negative with virtually no constructive alternatives to offer.

It is not enough simply to point out the weaknesses and deficiencies of the budget. Anyone can do that. What desperately needs to be done is to provide constructive alternatives, contingency plans to remedy those weaknesses and deficiencies, something the Official Opposition has failed to provide.

We also notice that underlying most of the budget speeches of the opposition is the assumption that you could balance the federal budget by simply cutting administrative fat. If Bloc members would spend even five minutes studying table 17 on page 56 of the budget plan, they would see that federal transfers in support of social programs in 1994-95 will amount to \$67 billion or 55 per cent of all program spending whereas the total spending on government operations is \$20 billion or 16 per cent of government spending.

In other words you can cut the fat, the tissue, the muscle and the bone out of government operations and you will still only reduce the deficit by half or, put another way, there is absolutely

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no way the federal deficit and debt can be brought under control without reforming social spending.

The responses of members of Parliament to the federal budgetary problems are totally negative or utterly unrealistic and cannot be counted on to develop viable contingency plans for this or for any other ship of state.

If we cannot count on the Prime Minister or the Official Opposition to remedy the failures of the 1994 budget or to produce contingency plans for coping with its negative impacts, whom can we count upon?

Reformers say that in this instance as in all others affecting affairs of state we can count first and foremost on the people themselves, the taxpayers, the workers, the unemployed, the underemployed, the recipients of social services, the people whose interests are most seriously injured by the failures of the 1994 budget and the absence of realistic contingency plans.

It is the intention of Reform members to register our disappointment and apprehension concerning the 1994 budget in debate and in committee, but it is our intention to do more. It is our intention to call for the development of a contingency plan for Canadians and we invite other MPs and concerned Canadians to contribute.

We envision a contingency plan that really comes to grips with the federal debt, deficit, and overspending by proposing the needed additional spending reductions that are missing from the budget. We envision a contingency plan that calls upon taxpayers to register their opposition to overtaxation and their desire to secure tax relief.

We envision a contingency plan that puts our social programs on a more secure financial footing and that directs public social spending to those that are most in need.

We envision a contingency plan that responds to the needs of the unemployed and underemployed by the stimulation of private sector job creation and by supporting workers in their journey from the old economy to the new.

We envision using our positions, offices, and resources as MPs to combine our ideas with those of the public into a contingency plan for Canadians to control federal spending, secure tax relief, stabilized social services and stimulate private sector job creation.

This is the Reform response to the 1994 federal budget and when the day comes six months, one year, or two years down the road and Canadians realize how badly the 1994 budget missed the mark there will be a constructive alternative to which they can turn.

(1635)

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec):** Mr. Speaker, first of all I am delighted to welcome

the leader of the Reform Party to the debate. As the Prime Minister, myself and other ministers went across the country we missed his presence in the debate over the last couple of weeks and we are delighted to see him back.

Let me simply make a couple of points because I know the time is very short. The leader of the Reform Party talks about the necessity for jobs and in the same breath he talks about the requirements for tremendous cuts. I am sure he would recognize that even the Alberta treasurer said that as a result of his cuts the growth in Alberta was going to be cut by almost a full percentage point. I am sure he would not recommend to us as a country that wants to create jobs that we begin on the kinds of cuts that are simply going to bring the economy to its knees which is indeed the result of the kinds of recommendations that he has made.

What we have done is follow what the OECD has done, which is a far more balanced approach, one which will lead to deficit reduction at the same time as job creation.

The member opposite talks about eliminating the deficit. He talks about doing it by the end of this mandate, which is indeed his party's program, but the fact is that the deficit is now \$13 billion higher than when he originally prepared that program. I would ask where would he make those cuts or what kind of growth would he get.

In his own projections he talked about growth of \$16.5 billion in revenues over three years. That is based on assumptions which are simply Alice in Wonderland. I look forward to sitting down to understand how this country which was not able to grow faster than 2.4 per cent last year is going to triple its growth over the course of the years to come.

I go on. He talks about cuts in OAS. He says he would do it at a level of \$54,000. An objective assessment of what the member opposite has said would in fact talk about having made those levels of cuts to people who are making lower than \$20,000 to \$25,000. He would cut subsidies to business by \$800 million. That is \$200 million more than in fact is given to business through the regional agencies and basic subsidies. His arithmetic is fundamentally wrong or his understanding of the public accounts is wrong.

He called for a 25 per cent reduction in subsidies to crown corporations. I simply ask him: What would he cut? VIA? Would he cut the CBC, eliminate it? Tell us. Do not simply give us these numbers in the air.

I go on. He says taxes. He says we should not have done on the tax side what we did. Does that mean he would keep the \$100,000 capital gains tax exemption of which the previous government, according to its own studies, said there was no proper evaluation? It was not able to make one iota, one scintilla of relationship between that capital gains tax exemption and job

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creation or benefit to the country. Would he keep that? We eliminated it and we are very proud that we did.

He talks about a carbon tax. He was the first person to raise the carbon tax. It is part of an ongoing study set up by the previous government which we are continuing, but he is the person who raised the carbon tax.

I must say to talk about a tax revolt in the House, a revolution against the tax of his own imagination, is somewhat specious to say the least.

Mr. Speaker, I know the time is precious, but let me simply summarize it by this. The essence of the position of the Reform Party is that what we should do at the present time is have a full review of the defence policy before any cuts are made, but that we should immediately embark upon a savage cut of all those government support programs which go to single mothers, single parents, senior citizens, widows, and children.

I simply do not understand. I do not understand a political party which says that the cold war is not over and therefore we should continue defence spending, going ahead as we have in the past, but on the other hand that we have won the war on poverty. That is simply unrealistic.

**The Deputy Speaker:** The leader of the Reform Party will have as long as the Minister of Finance just took, which is about four minutes.

**Mr. Manning:** We are going to exhaust the question period.

The words in the minister's remarks that I think are the ones I can agree with are when he said: "I do not understand".

What we have had in this exchange is perhaps one of the problems of debate in this Chamber. The minister made a number of statements about the Reform Party's approach to deficit reduction in which either he misunderstands our position or we have not communicated it clearly.

Even our growth projection figures, which are based on about 3.5 per cent and which we now acknowledge are a little bit high, are not that much higher than what the minister is using. We can defend our spending reductions. We would be prepared to do this. I think the more proper forum for this—and I think the minister has invited us to do this—would be on one of these nights, away from the media, away from where we are scoring political points, for the minister to bring his officials who can roll up their sleeves, we will bring ours, and we will hash over these numbers.

(1640)

I have enough faith that I think the government is seriously enough concerned about this that if we can score points in that debate and say: "Look, here is an area where something more

could be done", it will listen. If we are wrong on some of these projections, we will back off on those in our public presentation. I think that is the place where we are going to make a contribution or not.

There is a second point I would like to make. I think this is where there is a philosophical difference between ourselves and the government. It is a question of how jobs are created and what is the role of the government in that versus the private sector.

I have looked at the minister's budget. I notice that when the government talks about reducing unemployment insurance premiums by \$725 million to \$2 billion over three years, it says the effect of that will be to create about 40,000 jobs. In other words, by leaving money in the hands of businesses and taxpayers it is going to create about 20,000 jobs per billion dollars. Then the government comes along and says: "But we are going to have an infrastructure program and we are going to tax \$6 billion between the three levels of government out of those taxpayers, and we are going to reinvest that and we are going to create 65,000 jobs, in other words about 10,000 jobs per \$1 billion spent".

There is an inherent contradiction in those numbers. If you can create 20,000 jobs by leaving a billion dollars in the hands of taxpayers, why would you not leave the \$6 billion in the hands of those taxpayers and create that many more jobs? This is the philosophical difference between our approaches. I look forward to hashing it out.

What we are interested in, and I am sure other members are, is getting answers. We are not interested in just scoring political points on this. We want to get to what is the best way to create self-sustaining employment. If our way is better we hope you would acknowledge it; if your way is better we would be pleased to acknowledge that.

[Translation]

**Mr. Nic Leblanc (Longueuil):** Mr. Speaker, in 1984, when I ran for the Conservatives, we talked about three things: decentralization of government, spending cuts and national reconciliation. I would like to say to the leader of the Reform Party that, as of June 1990, none of that had happened.

National reconciliation had just fallen through. There were no cuts; they were spending more. As for the decentralization of power and of government management, they continued to centralize more in Ottawa, as the Liberals had done. I think that is the main reason for the deficit and the national debt and that is why I resigned.

I would like to know the position of the leader of the Reform Party on this. Does he think that a big decentralization, giving much more power to the provinces, would lead to better man-

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agement and more efficiency, so that expenditures would be lower and the economy would grow more?

[English]

**Mr. Manning:** I thank the member for his question.

I do not think there is a simple answer to the question of whether centralization or decentralization is better. We have got into a pattern where one generation of politicians seems to think that the answer is to centralize all the power in Ottawa—I think we had a lot of that under the Trudeau administration—and the next generation says “No, the answer is to flow all the power out to the provinces”. I do not think the answer really is either of those extremes.

It seems that what you have to do in a federation like ours is go through the entire set of power. In some cases you want to strengthen the federal power or the central power, in other cases you want to decentralize.

Our program, for example, calls for strengthening the federal commerce powers, the ability of the federal government to strike down interprovincial barriers to trade. That is a strengthening of the federal power.

On the other hand, we would like to leave the jurisdiction over linguistic and cultural distinctiveness more in the hands of the provinces and the non-governmental sectors. Therefore we decentralize certain aspects of power and centralize others. I think that is the balance we are seeking and not just a knee-jerk reaction one way or the other.

(1645)

**The Deputy Speaker:** There are five other hon. members standing who wish to make comments or ask questions. Since the time has expired is there unanimous consent of the House to proceed for another 10 minutes?

**Some hon. members:** Agreed.

**Mr. John Bryden (Hamilton—Wentworth):** Mr. Speaker, I am really delighted with this opportunity to actually put a question to the leader of the Reform Party. During the campaign I often spoke with candidates so this is a special pleasure.

During his speech he remarked that the government would be better off cutting social programs which had a lot more money, a lot more fat I think he said, than government operations.

Could he specify how he would cut these programs, by how much and which ones? Perhaps he could give me four or five specific examples.

**Mr. Manning:** Mr. Speaker, first of all I should correct the impression the member gave in his question. I appreciate the member's question.

I was trying to make the point particularly for Bloc members because I have studied their speeches, that there is no way any government is going to get the deficit or debt under control

without doing something about social spending. This was simply my point. The reason is that 55 per cent of program spending is in this area.

The Bloc often talks as if the deficit could be brought under control by cutting administrative fat from the government. My point was that the entire government operations sections could be cut from the budget and still we would be only halfway toward controlling the deficit. I am trying to make the point that it is of necessity and not particularly because we want it.

My second point is if social spending has to be reduced, the way to do it is to target spending to those who are most in need. In other words reduce the entitlements for people above a certain income level. This is where we could have a great dispute.

When we get together with Department of Finance officials, there are conflicting figures on how much social assistance, how much unemployment insurance, and how much OAS is going to families above the national household average. Some economists say it is up to \$20 billion and some say it is far less. We have to hash that out.

Our point is that spending should be targeted to those in the lower income areas. We say that in virtually every social spending envelope. Significant amounts of dollars can be saved by doing it.

**Mr. Jim Karygiannis (Scarborough—Agincourt):** Mr. Speaker, my roots are from the country where the word democracy and its practice were born.

I listened to the debate of the hon. leader of the third party. I also listened to him during the election debates and was very impressed to hear that his party was going to come here as a constructive group to present alternatives, different views and so on.

When I heard the words “let us get together with your officials and our officials in private” I was astonished. Is this what the Canadian people elected us for, to get behind closed curtains and discuss things? Is this what the Canadian people want? I am sure that is not the vision of members of the Reform Party. I am sure that is not the campaign style they had. When I heard “let us get together behind closed doors and have a private session” I was astonished.

Could the leader of the third party tell me why a debate between the minister's officials and other officials has not been in public? Is this not the forum where we must have these debates? Is this not the forum where we must argue? Is this not the forum in which the word democracy should originate? Is this not where we should discuss things rather than in private?

**Mr. Manning:** Mr. Speaker, I thank the member for his question. Again I think he is labouring under two misapprehensions.

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(1650)

First of all we were invited by the minister to have this meeting to try to thrash out our views. We welcomed that but we did not initiate it. This came from the hon. member's side not our side. His speech is well directed but it ought to be directed to his side of the House.

My second point is we have participated in public debate on the deficit and debt reduction for 18 months now. Personally I have given thousands of speeches on this subject, many of them in public meetings with open question periods. We welcome that and we welcome doing it in this House. I was making the point that as many members know, when one debates these issues so often the partisan aspects get into it and we get away from the real issues.

We know in question period if we raise some hot topic about the jets and the \$140,000 expenditure on that we can get a great hit on the evening news. We can get a great deal of attention by doing that. However if we raise some structural problem with the health care system which can probably save \$1.5 billion to \$2 billion that is not even newsworthy because it is complicated and it cannot be discussed in short exchanges.

I welcome all kinds of opportunities for public debate and discussion in this House. However I do think there would be some merit in accepting the minister's invitation to sit down around a table and get into the details of some of these issues. Then those discussions could be carried into the House as well.

**Hon. Lawrence MacAulay (Secretary of State (Veterans)):** Mr. Speaker, I am pleased to stand in my place today and speak in support of the budget brought down on February 22 by my hon. friend and colleague, the Minister of Finance.

We should congratulate the minister on his first budget since this government assumed office. He has steered a wise and careful course. He has set in motion a measure which will lead to major changes in the years to come.

As members are aware the Minister of Finance consulted widely with Canadians before he brought down his budget. It is clear that he was listening. I can tell because I have been listening to my constituents and to the people of Prince Edward Island.

They told me they want action to build the economy and create jobs. They want a social security system that is fair and compassionate, but they also know that Canada needs social security that is affordable. They told me that government has to get its finances in order.

This budget responds to those concerns. It sets the foundation for growth and jobs in the future. At the same time it balances the need for social reform and deficit reduction.

I know many veterans were concerned about the impact this budget might have on them. These men and women have served

our country well. They devoted the best years of their lives to Canada and they have personal memories of the devotion of comrades who made the final sacrifice for Canada and the values we hold dear.

I can tell members there is no group of Canadians more passionately concerned about Canada's future than our veterans. There is no group more outspoken about our need to preserve our quality of life. I know that veterans across Canada welcome the measures to reduce government spending.

We are going to launch a review of the government's operations so we can get things done more efficiently. We are going to look at all our programs and find out where we can reduce overlap and duplication.

In Veterans Affairs Canada we will be looking at our own operations. That is how it should be. We are going to find ways to trim administrative costs just like other departments in government.

However, we are not going to touch veterans pensions or allowances. We want to ensure that veterans who need and are eligible for benefits receive them. Veterans deserve their pensions and allowances and this is the time when many veterans need them most. As they grow older many veterans rely on us to maintain the quality of life they so richly earned.

(1655)

All members in this House have veterans in their constituencies. I am sure no matter what region of the country they come from hon. members will recognize the fairness of the government policy to provide for veterans. It has often been said that Canada provides veterans with the finest package of veterans benefits in the world. We are second to none.

I would like to take a few minutes to talk about my own region, Atlantic Canada, and what this budget means to my home province of Prince Edward Island.

I am very proud that this budget contains provisions to locate a demonstration project in Prince Edward Island. This joint undertaking by the Department of Human Resources Development, the Government of Prince Edward Island and the Canadian Association of Community Living will look at ways to create opportunities for individuals with disabilities.

Canada cannot ignore the potential of its citizens who have disabilities, not at a time when we need everyone to contribute his or her skills to building Canada's future. The government hopes that what is learned with this project in Prince Edward Island can be applied in other areas for other persons with disabilities.

Another budget measure many of my friends, neighbours and constituents in Prince Edward Island have talked about with me are the changes to the unemployment insurance system. As this House knows these changes are the first step in a bigger strategy

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to reform social security in Canada so that it is both fair and affordable.

Above all we have to rebuild the system so it does not make it harder to create jobs. A good job is the best social assistance available to any person in this nation. Therefore some of my constituents welcome the steps we have taken in the budget to reduce the cost of UI to employers.

Unemployment insurance is a payroll tax. If it is left too high it kills jobs. Back in 1989 the unemployment insurance premium was \$1.95. This year it is \$3.07. Maximum premiums have more than doubled for employees. They have more than doubled for employers as well.

These are taxes. Most important these are taxes on small businesses. In my province of Prince Edward Island virtually all businesses are small businesses. My constituents cannot afford to see the UI premiums increased. The small businesses in P.E.I. need some relief from taxes so that they can get on with the job of creating jobs.

That is why so many of my constituents support the budget measures to roll back UI premiums to \$3 next year. That is a substantial tax cut from the \$3.30 that would be in place if this government had not made that move.

At the same time many Prince Edward Islanders rely on unemployment insurance payments to help them get by until they find work again. These are tough measures for those who are on unemployment insurance and I am not afraid to admit it.

My constituents agree they would certainly rather be working than on unemployment insurance. We are going to do what we can to use the social security system, including unemployment insurance, to help Canadians get back to work.

In the meantime, we know some people rely on UI not only to take care of themselves while they look for another job but they also must look after dependants. That is why the budget improves UI benefits for those who need them most, people who have to take care of a child or a needs parent, or who support a non-working spouse.

(1700)

After the budget changes to unemployment insurance are in place Atlantic Canada will still receive more unemployment insurance per capita than anywhere else in Canada.

Unemployment insurance recipients in Atlantic Canada will receive an average of \$970 compared with \$540 elsewhere.

It shows that the government recognizes the special needs of a region where chronic unemployment presents special problems. Nowhere are these more evident than in the fishing industry.

The previous government did nothing to provide funding beyond May 15 to assist those individuals whose livelihood comes from the Atlantic ground fishery. This budget provides for an Atlantic ground fishery industry renewal and adjustment strategy for help over the long term.

This government is working hard to find a method of supporting some 35,000 Atlantic Canadians who will have no income after the current program expires. The Minister of Fisheries and Oceans and the Minister of Human Resources Development are working on measures that will treat these people fairly and with dignity.

I have spoken about some of the measures in this budget that affect the people in my home province of Prince Edward Island and in the Atlantic region as a whole. I have talked about what Canada's veterans can expect from this budget.

There is one message I hear loud and clear from my constituents and from veterans. It is that Canadians know that we need to change the way government operates and they want to have a voice in the way these changes will be made.

The government is on the road to a new approach to job creation and social programs and we are going to make sure that Canadians have a voice in how those changes will be made.

The budget represents the first phase of major reform and the government looks forward to our continuing discussions with Canadians on how best to reshape our great country to meet the challenges of the next century.

**The Acting Speaker (Mr. Kilger):** Before proceeding to questions and comments I would just like to verify with the hon. secretary of state if he is sharing his time with a colleague and possibly the member for Burlington if I understand correctly.

If that is the case, if he would indicate to the Chair we will proceed to five minutes of questions and comments.

Is the hon. secretary of state sharing his time?

**Mr. MacAulay:** Yes, we are sharing the time.

**Mr. Jack Ramsay (Crowfoot):** Mr. Speaker, I heard most of the comments of the hon. member and I appreciate them. Certainly when he speaks about reform and that we must change the way we do business in the country it is a welcomed statement on this side of the House. We join him in that.

I have asked a question of his colleagues and it is a tough question. I have not received an answer. The budget speaks of the addition of \$100 billion to the federal debt over the next

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three years. It does not say a word about the consequences to a number of issues, the consequences to the job creation program, the consequences to social programs, the consequences to the one million children reported to be living in poverty in this country.

I wonder if the minister has any ideas or thoughts that would debilitate the government's ability to function adequately and at the level the budget suggests in the light of \$100 billion to the debt over the next three years.

What is the danger, if any, of the debt?

**Mr. MacAulay:** Mr. Speaker, I thank my hon. colleague from Crowfoot.

Our approach quite honestly would be a little different than his approach. If we were to balance the books which are out of line the way the hon. member has proposed we would not have UI changes. We would have a collapse of our social system.

(1705)

The area that I represent would be devastated. What we have done as a government has changed the direction of government. We will have a deficit of under \$40 billion, which is not great but we are on the road to recovery.

If we were to take the path of balancing the books, the people that I represent would have nothing. This government is a compassionate government which cares about people. We have to get our books in order. We are on the path to putting our books in order but we are not going to devastate the Canadians who need our assistance on the way.

[*Translation*]

**Mr. Pierre de Savoye (Portneuf):** Mr. Speaker, I am still not clear about a few things regarding this budget. As we know, the government is not always the most efficient provider when it comes to delivering certain types of services. Take veterans' homes for example. Could someone tell us how much it costs to operate these homes as opposed to having comparable services provided by hospitals in another sector? Could a comparison be made? I think that the difference in costs would be in the tens of thousands of dollars. I would welcome comments on that.

[*English*]

**Hon. MacAulay:** I would like to thank my hon. colleague for his question. The Department of Veterans Affairs was heavily involved in hospitals over the last number of years. We now have two. One is Sainte-Anne's, as the member is well aware, and one is in western Canada. I do not have the figures before me as to the costs. The number one priority of the Department of Veterans Affairs is to make sure that the veteran gets the proper treatment.

We deal with provincial governments in order to move our institutions from the Department of Veterans Affairs to provincial jurisdiction. We have two hospitals left and we are in discussions with these hospitals as well in order to bring them from the Department of Veterans Affairs to provincial authority.

The Department of Veterans Affairs always makes sure that the veteran gets the best treatment possible. In this country, as my hon. friend is well aware, we take great pride in being able to say that we are number one in providing for our veterans. I can assure the member we are going to remain being number one as a nation providing for our veterans.

**Ms. Paddy Torsney (Burlington):** Mr. Speaker, it is a great honour for me to be speaking during International Women's Week as the member of Parliament for Burlington, Ontario. Not only am I excited about representing my home town in the House of Commons, but I feel a deep sense of loyalty and purpose toward the job I have been elected to do.

The people of Burlington have given me the opportunity to grow and learn alongside them, and I welcome the challenge and the privilege. Already the rewards have been great and I look forward to combining the unparalleled energy of the populace of Burlington with my own enthusiasm.

It is very important to me that I thank not only my family and friends, without whose help I would not be here, but also the people of Burlington who have graciously given me their support, ideas and ultimately their confidence. Many people worked very hard to see me elected to this House. My parents and my family have supported me wholeheartedly in what seems in hindsight to have been a very fast campaign but what during the summer seemed endless at times.

My parents and my sister came to Canada in 1957 from Ireland and my parents inspired in each of their children commitment in and loyalty to this country, their chosen nation. They taught us the value of hard work and the importance of volunteering and giving something back to our community. I thank them for inspiring in me this deep sense of commitment I feel and for giving me the genes and the energy to fulfil that sense of duty.

[*Translation*]

Now, it is my duty to show the people of Burlington that I am worthy of the trust they have put in me. We must create a partnership with them to share our knowledge and our vision of Canada. I plan to work hand in hand with the people of Burlington to make Canada a better and better place to be.

(1710)

I cannot do this on my own, no more than I can work alone in this House. We must all join hands and work together. In the daily performance of my duties as member of Parliament, I have noticed how different my riding was from my colleagues'

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ridings. There are amazing differences between the communities we represent as well as within these communities.

I think that our society can only be enriched by such diversity. We are not divided by our differences but by our silences.

[English]

It is fortunate that we have a forum such as this Chamber from which our travels can begin, where we can discover our similarities, share our differences, our ideas, our knowledge and ourselves.

I envision a walk which encompasses the beauty of our country. It will be a colourful walk. There will be mountains to climb and prairies to cross, for our walk will be as long as our country is vast, yet always there will be colour in the languages we speak and in the land around us. We will walk through the blooming of springs and the harshness of winters and we will come through having understood that we can only succeed if we walk together, if we leave no one behind.

Just as I will work to see Burlington grow and succeed, I will work to ensure that Canada also flourishes. We must build a healthy economy for our future generations and a society with racial and gender equality. These goals are mutually inclusive, for our economy can only be strong if everyone has equal opportunity to participate.

If we do not have full equality our development as a nation will suffer and when we have equal participation in Canada we will be at our strongest internationally.

This government's first budget sets a stage from which to strengthen our country. The reforms being sought by the Minister of Human Resources Development will continue that process.

I am proud to be part of a government that recognizes the inequities in our present systems, a government that is committed to making meaningful changes for all Canadians.

This is a historic budget, the first to note the different economic impacts on women in Canada. Too many Canadian children are living below the poverty line, especially in single parent families headed by women. The budget commits the government to examining the issue of child support payments to ensure fairness in taxation as it is critical to the future of many young Canadians. In my view child poverty in Canada is a threat to our economic future and a complete waste of our resources.

The budget will have a positive effect on small businesses. I am pleased to support Burlington's Business Women's Network, a group fostering entrepreneurship and encouraging growth among Canada's most successful business starters, women. People like Roxeanne Moffat, owner of Hillcrest Florist, and

Nancy Brewer, who started her own accounting business, are models of excellence and commitment to our fellow residents and to young people.

The axiom think globally, act locally is certainly relevant to Canada and is important to remember as we set the course for our new Canada. If we improve ourselves at a local level we can have a positive effect on the international scene. In Burlington, for example, we have various community activities and projects which have enriched our region both economically and socially.

We have learned the hard way by allowing our once beautiful Burlington Bay to be spoiled with the sludge of industry. Now we are learning that there is a new sustainable way to develop our economy and that Canadians have a commitment to clean up our past mistakes and share our expertise internationally and profitably.

I am pleased by the variety and breadth of local initiatives to stimulate innovative entrepreneurship. Burlington's junior achievement inspires and encourages young entrepreneurs to run their own businesses. They are closely associated with and influenced by local business persons who act as mentors and peers. It is great to see both young and old working together in partnership for a brighter future.

Certainly the older citizens of Burlington have incredible knowledge and insight to share. Many of Burlington's seniors, in age only and not in spirit, have enjoyed a second career by being involved in CESO International Services, a not for profit volunteer based organizations committed to human and global development with a goal of self-sufficiency whether for the First Nations of Canada or for other citizens abroad. On average CESO's volunteers are 62 years old. They are people like Larry and Patricia McMahon and Anthony Miele from Burlington who offer their skills and knowledge to others.

I believe it is necessary for Canadians to share these resources both within and outside our national boundaries. When we take positive action at a local level we will improve the quality of Canadians' lives. Inevitably this energy will spread beyond all boundaries.

(1715)

In Burlington we have an organization that works locally and nationally to eliminate violence against women. CAVEAT was started by a local mother, Priscilla de Villiers, and is supported and sponsored by many people in our community.

Internationally, the United Nations has followed Canada's lead in working to eradicate violence against women. This is a human rights issue as much as it is an equality issue. All of our world's citizens will benefit when women need not fear for their lives.



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I know that every step we take in the long walk ahead of us has been made possible because of the work done by our foremothers and forefathers. In my riding women make up 64 per cent of the population over 75. This is a thriving community of women who are vital and spirited. Their contributions to Burlington have been many and varied and they continue to act as advisers, educators and role models.

I am honoured to be able to take footsteps beside those of such unique people as Jean Galloway, Burlington's citizen of the year for 1993. At 73 years of age, a mother, grandmother and volunteer extraordinaire, Jean was the founder of the Society for Animal Aid. She works for Meals-on-Wheels, the Red Cross and is one of Burlington's foremost lobbyists for improvements in our community.

In sharing their life experiences with their families and friends, the older women of Burlington have given a voice to something which has often been silenced; the value of women and the work they have done both inside and outside of their homes. Indeed, their lives are rich and multifaceted.

I would like to take this opportunity to thank the older women of Burlington and of Canada for their contributions to society which oftentimes have been overlooked. We must learn from our elders, both women and men, and rebuild our economy in an economically viable manner.

Together with all Canadians the government will draw up the blueprints for that rebuilding. This budget is the first edition.

I am pleased to be able to work with my constituents and with this House to bring Canada into the 21st century, into an era of equality for all citizens in Canada and in the world. I hope that all members of this House will join with me in this walk into our future.

[Translation]

**Mr. Pierre de Savoye (Portneuf):** Mr. Speaker, I listened with great interest to the speech made by the hon. member from the Liberal Party. She praised the entrepreneurship of some of her constituents, and I think that, indeed, we must all pay tribute to the entrepreneurs in our respective ridings, right across the country.

The hon. member also referred to the elderly. I have a great concern about seniors, and this budget only makes it worse. I want to tell the hon. member about it, so that she can give me her own opinion.

Seniors receive a federal pension. However, those whose income is higher than \$29,000 will now have to pay back a portion of that pension. As you know, quite often these people bought a property many years ago. It was a small property at the time, and it was affordable. Sometimes, the value of that property increased rather considerably over the years, and so

much the better. However, property taxes represent an additional fiscal burden for these elderly people, who are now going to be deprived of part of their pension.

I think the government is looking in the wrong place to find money which it could get elsewhere, including from those businesses which benefit from a number of tax shelters, particularly abroad, which I find totally unacceptable. I would appreciate it if the hon. member could comment.

**Ms. Torsney:** Mr. Speaker, I think all levels of government must work together for the benefit of all Canadians. It is necessary to review taxes at the municipal level as well as here—

[English]

—at the federal government and the provincial government levels and to make sure that we are not having a double hit on all our constituents. Sometimes it is a triple and a quadruple hit in Ontario with regional government.

(1720)

I am pleased that the government was able to protect for 75 per cent of the senior citizens in this country the age tax credit. I have heard from many seniors that they are concerned about being knocked into the next level and losing that exemption. However, many people have said to me that they too want to share in rebuilding our economy and pay their fair share. Many people recognize that this country needs a lot of work on our deficit.

I think we have made some positive moves in terms of protecting the age tax credit for 75 per cent of the seniors in this country. We have a lot of work to do with the other levels of government in making sure that we are not harming seniors and others in our population. Together we can work on this.

[Translation]

**Mr. Laurent Lavigne (Beauharnois—Salaberry):** Mr. Speaker, I listened carefully to our nice colleague on the right, and I would like to make a few comments to her.

I found her speech nice and well presented, except that I do not find in the budget, which she calls the budget of the century, the super budget, any funds that will help mothers with children, especially those who are single parents, when it comes to child care. When the government opposite was on this side of the House and was the Official Opposition, the present Deputy Prime Minister fought to have the government invest in day care—I remember her words. There is nothing for it in this budget. There is nothing for social housing either. We know the huge needs for social housing and we find practically nothing about it in this budget.

I feel that they have tried to solve the present economic problem by attacking the unemployed instead of unemployment.

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I find that regrettable. I think that they should probably have rather gone after family trusts, for example, of which we have spoken a lot.

Since time is pressing, I will let the hon. member opposite comment on what I said.

[*English*]

**Ms. Torsney:** Mr. Speaker, I thank the member for his comments. It was very clear that the government campaigned on the issue of child care. We committed ourselves to increasing the number of child care spaces available in each year following 3 per cent growth.

I am pleased to be part of a government that recognizes that child care is in fact very important to the equality of women.

We have also undertaken to look at the issue of taxation and child tax credits for those who choose to stay in their own home to take care of their children, whether that be men or women in our communities. It is important that we make options available to them. It is important that we care for their future.

I believe our children are our greatest resource and we have to do something to make sure they are brought up in a healthy environment and that they are cared for and fed. Child care and the child care option for many parents is very important and we do have to work for that.

I for one will be working very hard to make sure that we fulfil those commitments in each of the years of our mandate.

[*Translation*]

**The Acting Speaker (Mr. Kilger):** I want to thank the hon. member for Beauharnois—Salaberry for his co-operation, as well as the hon. member for Burlington for her brief answer. Resuming debate.

**Mr. Nic Leblanc (Longueuil):** Mr. Speaker, first I would like to refer to the finance minister's *Budget in Brief*, which outlines three central goals: first, to help small businesses; second, to ensure a responsible social security system that is fair; and third, to restore fiscal responsibility to government.

I will express my opinion on the first goal: to help small and medium-sized businesses. I refer to page 5, to the first goal: to help small business. Last January, just before the budget, the minister started by increasing unemployment insurance premiums to generate about \$800 million in revenue.

(1725)

About half that amount must be paid by businesses and, of course, by workers. This means that the government will collect \$800 million, thus reducing even further people's purchasing power. As a result, people will buy less and businesses will produce less; this will hurt business. I do not think this is a

measure to help create jobs, as the minister stated on many occasions. This measure is the first example he seem to give to illustrate his efforts to help business.

He then says they will create a network of business services centres that will be expanded to provide access for small business in every province. He is talking about a single federal government centre. He talks only of this single federal government centre when, for several years now, the Quebec government, members from Quebec, and members of the Bloc Québécois have been saying that, to substantially reduce government management, we need instead one-stop centres housing both the Quebec department of economic development and its federal counterpart.

As we know very well and as I have said many times and am repeating again today, the Bélanger-Campeau Commission concluded that duplication between the provinces, especially Quebec, and the federal government costs between \$2 billion and \$3 billion a year.

It is a huge amount. Besides costing \$2 to \$3 billion a year, we know that it is also very inefficient because companies, especially small and medium-sized ones, have great difficulty making their way through all that.

If the Minister of Finance were serious, he would not have talked about a single centre; he should have talked about a single window with Quebec or the provinces and the federal government—one-stop shopping, if you will. You must really be unimaginative and your ears must be completely blocked not to hear Quebec's demands.

Another great advantage that he mentions for increasing productivity and job creation in our small and medium-sized businesses is that he will consult and study.

Mr. Speaker, this is my tenth year in the House of Commons and for at least ten years we have been consulting and studying. I thought that the Liberal Party had such a clear program, because almost every day, if not several times a day, they tell us about their marvellous red book which had all the answers. I realize that the red book was not so complete since, when it comes to job creation and aid for small business, the government consults and studies and it will go on studying for a long time.

On page 5 of *The Budget in Brief*, it says: "A special task force will recommend, on a fast-track basis, a better regulatory regime to help improve the competitiveness of business".

But I thought that the red book was complete and that the government was ready to act once it took power. Now they are in power. Why study and consult? I am still quoting page 5: "The government will consult the business community on a wide range of tariff cuts on imported manufacturing inputs [—]" More studies, but studies already exist on the subject.

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(1730)

A little further, the red book says: “The Minister of Transport will launch an effort, in consultation with provincial governments [—]” Again, more studies and consultations. That is how the Minister of Finance can say that he will revitalize the economy and create jobs. I do not think that he is really prepared to act, so he consults. There is also the House Standing Committee on Finance reporting its recommendations on a tax to replace the GST. Again, they are not ready to act to create jobs and help small and medium-sized businesses create jobs.

What has the government done in concrete terms? It has eliminated the \$100,000 capital gains exemption. That is not a bad idea, but I am convinced that abolishing the \$100,000 capital gains exemption is not going to help the employment situation or make small business prosper.

Also, income tax deductions for entertainment expenses have been reduced. But many small businesses, self-employed workers and salespersons need tax deductions for entertainment expenses if they are to be able to do their jobs properly. We know full well—and so does the Minister of Finance, I am sure—that the day tax deductions for entertainments expenses were reduced, several restaurants felt the pinch and complained about the number of jobs lost, because restaurants and hotels are losing more and more business. The Minister of Finance is aware of the statistics. He claims to want to support job creation, but he is actually hindering job creation by reducing tax credits for entertainment expenses, an action affecting self-employed workers and salesmen, those involved in product promotion and the rest.

Does the Minister of Finance actually believe that by taxing businesses more, he will be supporting job creation? The federal government will raise an additional \$1.7 billion in taxes from small and medium-sized businesses over the next three years. It will also raise an additional \$1.8 billion from individual taxpayers, which translates into \$3.5 billion in new taxes for businesses and individuals over the next three years. Does the Minister of Finance believe that by reducing the spending power of businesses and individuals, he is going to create more jobs? Surely not.

I have here the findings of a survey and they are, in my view, rather astounding. The Canadian Chamber of Commerce surveyed 658 member businesses and asked them the following question: Are you satisfied with the federal government’s fiscal policies? A full 22 per cent of the businesses surveyed responded either that they would consider moving, were prepared to move, or had already moved part or all of their operations out of the country.

(1735)

The February 15, 1994, edition of *La Presse* states the point clearly: Federal policies are driving businesses out of the country. If the Minister of Finance believes that his policies will create employment even while his recent budget has placed a heavier administrative and tax burden on businesses, if he believes this is the way to create jobs, then he should have read the survey of the Canadian Chamber of Commerce. It is unfortunate, sad and astounding to see that 22 per cent of these businesses have decided to move either part or all of their operations out of Canada.

Times are hard and the debt is very high. However, I think the Minister of Finance does not have a clue as to what must be done to create jobs in this country.

*[English]*

**The Acting Speaker (Mr. Kilger):** I would just like to make a suggestion to the House before I recognize the next hon. member if in fact there should be agreement to the suggestion that I make.

I have in my possession a list of speakers to follow. There would be four: two opposition members and two from the government side. If it were the view and the feeling of the House to consider waiving the five-minute question and comment for each of the four speakers that would take us to 6.15 p.m., at which time I understand we must go on to another business of the day.

I am not forcing it; I am just making a suggestion. I am in the hands of the House. I see in the House the four persons who wish to speak on the amendment today. I will wait to hear some direction from the House.

Possibly the Secretary of State for Parliamentary Affairs might want to make that suggestion, or should I ask simply for unanimous consent?

**Some hon. members:** Agreed.

*[Translation]*

**Mrs. Pauline Picard (Drummond):** Mr. Speaker, we were told that the government’s first budget would give new hope to Canadians. This hope which the Liberals promised to restore during the election campaign, was to be primarily generated by a relentless fight against unemployment, a will to reduce the deficit, the elimination of frivolous expenditures and waste, as well as the near certainty that taxpayers would not be put to contribution once again, since they simply could not give any more.

Nice things were said indeed, but when the time came to deliver, last February 22, Canadians were in for a rude awakening. First, the message sent by taxpayers was not heard. The government will take \$500 million from seniors and \$500

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million from workers by taxing life insurance premiums. As for controlling the deficit, you can forget about that. For the first time ever in a federal budget, a government announced that the deficit would be close to a staggering \$40 billion.

In that respect, the minister is confirming that he cannot do any better than his predecessors, even though he himself strongly criticized their inability in the past. Government spending is reduced by a mere \$400 million, while the Auditor General is proposing useful solutions which would translate into savings of \$5 billion.

As for the evil of unemployment, the government is simply using the wrong approach by targeting the unemployed, instead of providing effective solutions to solve the problem. Is that the kind of hope the government promised to restore? I do not think so. I believe that this budget will go down in history as the budget of the broken dreams.

The government also said that the National Forum on Health would ensure an in-depth review of our health system. However, this forum will have to allow for a real dialogue to identify the obstacles facing the provinces, and to develop appropriate solutions, given the need to adequately finance our health system and take into account the prerogatives of the provinces.

More importantly, this national forum must not be used by the government to justify any unilateral change in transfer payments for established programs financing which would go against the interests of the provinces.

(1740)

If we take a close look at the budget of the Minister of Finance and forget all the rhetorical frills, we soon realize it is just another version of the Tory budgets which the minister himself strongly and openly criticized when he was in the opposition.

The present government was elected on a platform for change and renewal. However, it seems to have a different concept of change. In fact, the Minister of Finance is perpetuating the Tory government's policy by freezing the federal per capita contributions until 1994-95.

In his budget speech, the Minister of Finance said there would be a National Forum on Health, specifying that "no further changes in respect to EPF health transfers are contained in this budget, in order to set the stage for that discussion. Our commitment to maintain the principles of the Canada Health Act remains firm and unaltered". And yet, reality is brutal for Quebec and for the other provinces.

No further changes, indeed. The minister maintains the cuts introduced by the Tories and says that for 1995-96, established programs financing will be indexed to the GNP growth rate, minus 3 per cent. The federal government has again acted unilaterally by refusing to honour its commitments and transferring its cash flow problems to the provinces. The question arises

whether the government will approach the National Forum on Health with the same good intentions and the same tendency to make unilateral decisions.

The Bloc Quebecois has stated repeatedly that the freeze on transfer payments will have a major impact on the tax burden of the provinces. By perpetuating this policy which was initiated by the Tories, the Minister of Finance is putting the provinces in the unenviable position of having to deal with the increasing cost of health care on their own.

The Deputy Prime Minister was also critical of the freeze on transfer payments when she was in the opposition. She said the precarious state of federal funding was about to provoke a crisis in the health care sector in this country. Why did the Minister of Finance choose to ignore this very sensible comment? The government keeps on unloading a portion of its deficit thinking it will get away with it, instead of addressing the real sources of the problem and being less stubborn in its desire to maintain overlappings and duplications.

Two years ago today, on March 9, 1992, in an eloquent speech during debate on Bill C-60, Mrs. Diane Marleau, now the Minister of Health, denounced the adverse effects of reductions and freezes perpetuated by the Conservative government in provincial transfers regarding health programs. She noted at the time, and I quote: "Transfer reductions in that area did not contribute to a better management of our health system". Also, the minister aptly noted the following: "We literally shifted the deficit burden to the provinces, telling them they had a choice between raising taxes and reducing services. In many cases, they did both".

This speech, which made a good case, was not given 20 years or 10 years ago, but on March 9, 1992, two years ago today. What happened during those two years to cause these sound perceptions to be so dramatically reversed? There was indeed an election. And the people who were rightly denouncing the always well hidden cuts in EPF transfers are now in office and making the decisions.

Now I understand why the budget speech only included five lines on the health issue. It is because the Liberals were shamefully hiding the same restrictive policies as the Conservatives, sweeping under the carpet our valuable principles and thereby contradicting the very foundations of the election discourse contained in the famous red book with which this government got elected.

(1745)

Trickery has its price: the mistrust and loss of confidence of our fellow citizens towards political institutions and those in government. To illustrate this lack of trust, let me quote a last time from the speech delivered by the hon. Minister of Health on March 9, 1992: "Cutting back on the transfers in these areas has not contributed to better management of our health care system. They have only contributed to the cutbacks and to the fear that

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we feel now across the nation as the middle income group, which is the largest group of Canadians, are frightened and afraid of what is going to happen to them in the future. Will there be a health care system for them? Will they be able to get the drugs that they need at the prices they can afford to pay when they need them, when they get to be a certain age. There is this feeling that perhaps the federal government is letting go of its responsibilities in this matter". This quote is as revealing as it is current.

So, the federal government's underfunding of transfer payments to the provinces on health care has serious consequences, in the end, for users, something that the author of the budget tabled on February 22 simply forgot.

Let us take, for example, the case of Sainte-Croix Hospital in my riding, whose budget shortfall is about \$10 million a year. Our community has seen the rise of a widespread support movement to ensure the survival of this hospital serving a population of 90,000. It is not in a developing country that we are talking about saving a hospital, it is in Quebec, in the Canadian health care system that we like to describe as one of the best in the world. Yes, trickery has its price: the mistrust of our fellow citizens when they can no longer receive the services that were promised to them and that they are entitled to under the law.

The budget announces the creation of a centre of excellence for women's health. What about this centre and how much will be allocated to it, when the Medical Research Council's budget has been slashed by \$10.8 million, cut from the networks of centres of excellence program. As for the commitments regarding a prenatal nutrition program, is it new money or will the funds come from terminating secondary programs—\$31.2 million—or exceptional assistance programs—\$30.2 million? The figures are misleading and suggest that programs were eliminated to make room for those promised by the government during the election campaign.

The drastic cuts in the Unemployment Insurance Program will necessarily result in a certain deterioration of the socio-economic living conditions of UI recipients and their health will be affected.

The most unfortunate aspect of this policy and these cuts is that they affect mainly the less fortunate segment of our society. How can an individual with an annual income of \$25,000 and two dependent children support his or her family if the benefit rate is reduced to only 55 per cent of insurable earnings? How will the health of the less fortunate be affected by this measure? Did the government assess the risks and costs of such measures which will have an impact on provincial health budgets?

This reduction will make it difficult for the poor to afford decent food, clothing and housing as well as heat. It will result in

poorer health and an increase in health care costs. If the government hopes to reduce its expenditures by jeopardizing the existence of the less fortunate, it is dead wrong.

[English]

**Mr. Dan McTeague (Ontario):** Mr. Speaker, I have the distinct honour today not only to congratulate you on your position but at the same time to congratulate the hon. Minister of Finance on one of the most balanced and reasonable budgets presented to the House in recent times.

This is my first opportunity to address the House as the newly elected member for Ontario. It is a privilege to be able to stand before the House in that capacity. Before me have gone some great members who passed through the House. I am thinking of the Hon. Norman Cafik, the Hon. Michael Starr and more recently Rene Soetens, the member who served here from 1988 to 1992.

(1750)

I take the House very seriously. The constituents of the Ontario riding have given me an opportunity for once to express their interests on their behalf. It is a humbling task which I plan to serve with diligence, integrity and honesty. I would like to say a bit about my riding before I proceed into some of the highlights of the budget as I saw it and some important aspects of the budget that are worth while pursuing and supporting.

Ontario riding is one of the largest populace ridings in the country. It stretches to include the ever growing towns of Ajax, Pickering and Whitby. It also includes a vast urban-rural area known by some who have been in the House before as the Pickering airport lands or as the Seaton lands. It is growing rapidly and it is in many respects a microcosm of the future of Canada. It is one of the reasons it elected one of the youngest candidates, one of the youngest members of Parliament on the government benches. I am quite privileged to be able to perform in that capacity, but in order to understand a bit about the budget I had first to understand a bit about my riding.

The budget starts the process of getting Canada working again to bring our economy from a position of stagnation to a position of growth. In previous years we have seen a neo-Conservative policy adopted by the government which preceded us. I believe the policy did much to hamper our understanding and appreciation that the economy around the world including Canada has changed fundamentally.

The appreciation of that change has allowed us as a government to signal and to design a new way, a new approach and a new economy, an economy based on ideas, on innovation and on the recognition the government plays a very strong role in the maintaining, supporting and ensuring of an effective direction for economic viability.

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What Canada is about to undertake could otherwise be known as planning its own future. It could be known by some as being able to prepare ourselves as to where we want to go. A famous quoter from years ago made the following comment: "If you do not know where you are going, chances are you are going to wind up somewhere else". I would submit to the House that is precisely where Canada was until 1993 and until the budget more recently.

In this economy we have seen the view that deficits are not as important as growth or jobs. I take a different view. In the country over the past few months we have seen the faces of many people who have lost their employment, businesses that have gone underground and companies that have simply shut down. That is no longer acceptable in this great land. We have designed a policy which we believe will help Canada not only renew itself but the people within it.

People do not want to live on UI or welfare. Canadians want to work, to earn a living and to obtain the respect that having a job brings. They want to talk about the personal experiences they have in business, how to run one and how to maintain it in periods of difficulty.

This is an area which the budget has addressed. It has recognized the importance of small business. My riding, perhaps unlike other ridings, has a higher number of people working in the private sector with small businesses, companies of 10, 15 or less. It is important for the government to appreciate the role it has in terms of access to capital. It is one of the reasons I commend the hon. Minister of Finance for his tenacity in ensuring that a code of conduct was instilled in the budget.

(1755)

If we did not have such a code of conduct banks would be basically able to make suggestions as to where they were going to prioritize their lending priorities and small businesses which are creating wealth in this economy would simply pack up and leave or go underground.

In order to address the subject of the underground the budget focused on the GST. The finance committee has been charged with the task of amending or changing what is perceived as the most hated tax in modern times in Canadian history. We believe the GST if changed could help make a new economy. It could help make business work once again.

Parliament has an obligation to the people of Canada to put forward some sound fiscal policies and to restore faith in our political institutions. We have a duty to reform Parliament and do away with the perks and privileges to which ordinary Canadians do not have access. We must be an example for Canadians. Parliament is in no position to ask Canadians to make sacrifices if it fails to practise what it preaches.

That is one of the reasons as a younger member of Parliament I would certainly support an initiative at some point that would

redress the great and grotesque imbalance Canadians rightly perceive between what is taking place in the real world and what is taking place in the House of Commons.

Ontario riding has a population of some 200,000. Its size is one of the most daunting tasks confronting me as a member of Parliament. It is not one I am prepared to take lightly. Daily we receive letters from all sorts of constituents addressing any number of issues at a given time. I do my best to respond to them.

In the period leading up to the budget I noted two or three issues that the constituents of my riding asked me to ensure were taken into account by the Minister of Finance. The first was that there be no charge for the benefits of dental and health care. That is something the government delivered on. It listened, it acted, it delivered.

Another area was to try to stimulate the housing industry through the use of RRSPs. I note that policy initiated by the last government on a temporary basis was actually a ripoff of the Liberal Party policy in 1988-89. It was a good policy then. I am pleased the government decided to adopt it on a temporary basis, but I am even more proud of the Liberal Party for deciding to make that permanent. It recognizes that the construction industry is not a simple cog in a wheel as far as this economic situation is concerned. It realizes it is one of the fundamental keys in our economic picture.

The budget process is an ongoing additional budgetary measure that we should believe will be examined in the course of time. It should be brought forward in a few months to allow Canadians, certainly people in my riding, an opportunity to discuss its many important attributes.

I am looking right now at an opportunity for my constituents with whom I have had an opportunity to discuss the budget last week to become more meaningfully involved in the overall decisionmaking not only of a member of Parliament but of the actual budgetary process. It is a great tribute to the government that it has taken upon itself the opportunity of ensuring there is before Parliament a chance for public input.

Canada is benefiting as is my riding from the infrastructure program. Some \$47 million has been allocated to my riding that will result in over 1,000 people being employed who might otherwise not have had an opportunity to work. I could put that into another perspective: a 1,000-job investment in infrastructure, sewer and water upgrades, will help the economy.

I am pleased to support the budget. I thank the residents of Ontario for their support.

(1800)

**Mr. Charles Hubbard (Miramichi):** Mr. Speaker, I welcome this occasion to speak on the budget debate and the concerns of Miramichi riding in New Brunswick. Speaking in this Chamber on behalf of all my constituents is an honour, a privilege and a

*The Budget*

tremendous responsibility toward those people who elected me last October.

For 15 years Maurice Dionne represented the Miramichi. I continue to rely on him for advice. The people of the Miramichi are indebted to Maurice for his tremendous efforts on their behalf. Last weekend I participated with the Rotary Clubs of Newcastle and Chatham in presenting Maurice with the Paul Harris award, the highest award in the world of Rotary.

The Miramichi is a geographic expression, an identity and a free spirit that actually exists across this entire continent. It is a rural area that depends on its natural resources.

From its early years people had to leave the area in order to seek employment. For generations the young people of the Miramichi migrated both westward and southward. Yes, during past generations the spirit of the Miramichi can be found in most Canadian provinces and many American states.

Basically the Miramichi is a river that begins in the central highlands of New Brunswick and flows eastward into Miramichi Bay facing the province of Prince Edward Island. Its people for the most part live along the river valleys with the main river or one of its tributaries within sight of their homes. We speak of the Tabusintac, the Bartibog, the Black, the Napan, the North West, the Little South West, the Barnaby, the Renous, the Cains and other rivers.

Newcastle and Chatham are two small towns. They are the business centres of our community. We also have seven incorporated villages. We are proud to have three native communities at Burnt Church, Eel Ground and Red Bank.

Forestry, fishing, mining and agriculture are the main sectors of employment. Until last week CFB Chatham was one of our major employers.

The Miramichi has traditionally been a Liberal riding. With one exception since World War II the riding has returned a Liberal member to this House. Within the region there is a strong tradition of faith in the principles of liberalism and a belief that the good times of the people in our area are best guided by those who support Liberal policies.

A government represents the people. A budget is a plan by government for accumulating revenues and regulating expenditures. It is a plan that should bring the most good and the least pain to the many groups and individuals that make up the nation. It is a plan for sharing and a plan that must be fair. It is a plan that must balance the available resources with the needs of our people. Above all it must be a plan that maintains confidence in our economic system by both our own financial institutions and the international monetary community. It is my belief that the

finance minister has walked the tightrope that balances these forces. This budget is a good beginning for our new government.

I want to point out that we must not lose sight of the most important element required to turn our economy around: the need for our people to have the necessary confidence so that they will spend their money, they will invest in our nation and they will look in a positive manner at the economic future.

There must be a demand in order for business to sell its products. This demand can only be created by the consumer wanting the goods and services of business and having the necessary moneys for their purchase.

Our government must create an atmosphere where despondency does not exist, where gloom and doom are no longer the bywords of our people. It must be one where Canadians believe they are led by a government that has a vision and above all a determination to spend its resources prudently and in the best interests of all citizens.

This budget calls on all Canadians to make sacrifices for the good of the nation. Atlantic Canada has been called upon to make sacrifices greater than any other area in Canada.

The amendments to the UIC program will cause the people in our area to lose millions of dollars in payments. Those involved in fishing, forestry and the tourist sector will have difficulty obtaining the necessary work weeks in order to qualify for UIC. Those who do will be able to draw for a shorter period of time. The result is that many individuals who relied on this form of income support will be short in the moneys needed to provide for their families. The New Brunswick economy will lose an estimated \$200 million in cash flow which affects every business in Atlantic Canada.

(1805)

It is important therefore that the review of all social programs within the human resources development department must address this concern. It should define the status of work as we approach the 21st century.

More than 150 years ago Great Britain had harsh labour laws, conditions that demanded tremendous sacrifice from men, women and children. Today we have reduced the weekly hours of work to 40, yet most households in the country require two wage earners to support their needs. In many cases teenagers have little time to enjoy the years of youth because they work part time while trying to complete their education.

Will history see our present generation as an age where so much effort and so much time is required to support the needs of one's family? Or can we afford for our people on an equitable basis to reduce their work time and offer them more time for leisure, relaxation and recreation?

*The Budget*

The Miramichi has made another great sacrifice in this budget: the loss of Canadian Forces Base Chatham. The closure of this air base, which has been a part of our community for over 50 years, means the loss of 240 civilian jobs, nearly 700 military ones and more than \$50 million to our local economy.

We all recognize that the Department of National Defence is being reduced and must be made more efficient. Unfortunately for the Miramichi this cutback is at a time when our pulp and paper industry is in recession and our mines at Heath Steele are closed due to low base metal prices.

Therefore 1994 is a turning point in the future of our region. Our people are ready to meet the challenge of developing a new economy. However we will need full co-operation and assistance from both the federal and provincial governments.

The Premier of New Brunswick, the Hon. Frank McKenna, is working hard to rebuild the Miramichi. As a member of the government I too will devote my energies in this direction so as to create a new future for our people.

Canada must be represented throughout our nation. I strongly believe our government must be decentralized with the government departments and agencies spread across this country. If Canada is to survive all Canadians must be part of this great enterprise.

Canada and the federal government must not be portrayed as a great bureaucracy located in Ottawa and several major cities. It must reach out to our nation and to all Canadians in every region of the country. They all must enjoy the fruits of their participation.

Chatham, New Brunswick with its community college has assumed leadership in the electronic highway with distance education and multimedia learning. In this age of electronic communication any government department, provincial or federal, could easily be located in our constituency.

In recent years the underground economy has been a major loss of revenue for both the federal and provincial governments. It is my belief that many Canadians have joined this economy because they believe our governments have been guilty of two serious offences: overtaxation and unwise and imprudent spending of their hard-earned dollars.

As members of the 35th Parliament we together have an opportunity to correct the situation. It is important that each of us work with our constituents and with the civil servants of this country to see that moneys are not wasted and the people of Canada receive good value for their expenditures.

Waste must be eliminated. Efficiency must be improved. Above all fairness and equity must be the order of the day.

Everyone must realize that avoidance of taxes and misuse of funds is literally robbing one's neighbour. It places a heavier burden upon those honest people who support the government.

Civil service budgets must not be seen as an amount that must be spent but rather as a guideline that should not be exceeded and hopefully a measure that can offer savings. Those with philosophies that budgetary amounts must be exhausted by March 31 each year cannot be left in positions of responsibility.

In October the people of Canada told us they wanted a new system, that they were tired, angry and frustrated by the methods, attitudes and behaviour of the former government.

(1810)

This budget begins a new agenda. Members on all sides of the House have an opportunity to create a new type of government, a new atmosphere. Let us hope we can work together to improve our nation and everyone's tomorrow. We must not lose sight of our goals or we become waylaid by the bureaucracy that surrounds us.

The challenge is great, but we can work together to achieve our goals.

**Mr. Philip Mayfield (Cariboo—Chilcotin):** I am very pleased to stand with my Reform colleagues and take part in this debate and speak on behalf of the riding of Cariboo—Chilcotin.

The Cariboo—Chilcotin constituency rises from the south of British Columbia to the high plateau of the central interior. Its approximately 103,000 square kilometres lie between the crest of the coast range mountains and Wells Gray Park.

Cariboo—Chilcotin has long had the reputation of being one of the last frontiers. What newcomers today call highway 97 is still remembered as the old Cariboo wagon road. This was the route that was first designed in the last century by the Royal Engineers to carry the wagons of the miners to the gold fields and the ranchers and their families who opened up the country for the people living there today.

Cariboo—Chilcotin is also home to the Chilcotin, Carrier and Shuswap aboriginal people. They are an integral part of the diverse cultural plurality found in this constituency today.

Every year communities throughout Cariboo—Chilcotin celebrate their heritage. The city of Quesnel has its Billy Barker days. Williams Lake holds the Williams Lake stampede. Lillooet has "Only in Lillooet" days. The town of Barkerville has been restored to how it used to be in the old gold rush days. I could go on but suffice it to say the entire riding remembers our pioneers and celebrates the way of life these pioneers left for us to continue.

Today the lumber industry has taken the economic lead. However the independent attitude, self-reliance and earthy



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frankness which characterize relations among Cariboo—Chilcotin people still continue and may it always be so.

It gives me much satisfaction to reflect upon these people. Many people came to Cariboo—Chilcotin with nothing but the determination to get a job and get ahead. They are people who have prospered by their ingenuity, determination, shrewdness and hard work. Their independence and pride would not allow them to ask for special favours or special consideration.

What these pioneers really wanted was the opportunity to prove their ability to make a life for themselves and their families. Many people came with nothing and discovered the life they sought.

This is the Cariboo, this is the Chilcotin, this is my home.

However high taxes and intrusions of big government are not making it easy for people looking for lifestyles based on independence and self-reliance. Mind you high taxes are giving a new meaning to these words. People blessed with ingenuity find ways around the obstacles that politicians and bureaucrats devise. If this is so in the sultry cities, consider how ingenuity thrives in the fresh air of the Cariboo.

For example, a couple of weeks ago I was talking to a man who invests other people's money for them. From one small community in the constituency, population 10,000, he received in the month of January alone over \$1 million of new money to convert to other currencies and invest in foreign countries. He went on to tell me that the rate of these receipts increased during the month of February. That is one investor in one small community.

People have some ingenuity. If the government is determined to wreck the economy of our country, people who understand what is happening will use their ingenuity to do what is necessary to protect themselves.

In 1993 Canadians bought a record \$12.8 billion worth of foreign stocks and bonds. A growing number of Canadians are moving their assets out of Canada. Last year Canadians bought more foreign stock mutual funds than Canadian equity funds.

This export of money from Canada is a major problem. It is a problem caused by fear, fear that our economy will go the same way the economy of New Zealand went. We are seeing the early signs in Canada, signs that were present 10 years ago in New Zealand. We can soon suffer the same consequences. Ten years ago New Zealand's foreign debt was the equivalent of 44 per cent of the GDP and its annual deficit was the equivalent of 9 per cent of the GDP. Suddenly, very suddenly, the foreign markets refused to buy New Zealand bonds.

This shortage of revenue forced the devaluation of its currency by as much as 20 per cent as well as deep cuts in pensions, welfare and medicare. Accounts of wages being cut in half and a

person's net worth being reduced by 80 per cent were commonplace.

People taking their money out of Canada are afraid that soon the same thing could happen here. Government mismanagement of our debt is the leading cause of the present high conversion of our currency. Canadians fear equivalent losses as experienced in Sweden and New Zealand when deficits hit crisis levels. Outflow of Canadian money is preventing the economic expansion we require for our nation to prosper.

We must take real steps to control the deficit, to assure the business community that Canada is a sound place to invest money.

People from Cariboo—Chilcotin, like Canadians from every part of the country, are using great ingenuity and creativity in the development of the underground economy. The sad part of this growing phenomenon is that so many people feel that nothing immoral is being done even though it is illegal. Some even consider this means of tax avoidance a positive political statement as well as a means of economic survival. The impact of the underground economy renders any economic growth meaningless to federal revenues.

During the 1980s a 1 per cent growth in GDP would result in a 1.2 per cent increase in tax revenues. Now that same increase yields only .4 per cent growth. This budget is another example of a government depending on optimism to solve its economic woes.

We have seen in the past the folly of a government depending on economic growth to increase revenues. This budget demonstrates that the government has not learned from past mistakes. With a half a trillion dollars debt Canada can no longer rely on optimism.

The underground economy is now estimated by Ernst & Young to be 15 per cent of the GDP or \$100 billion annually. If this revenue could be taxed it would yield \$40 billion in tax revenue, roughly the amount needed to eliminate our deficit.

Michael Manford, chief economist of Scotia McLeod Inc., estimates these numbers are even higher with an annual underground economy growth rate of 10 per cent to 12 per cent.

Canadians have expressed disappointment in the limited cuts made in this budget. The red book was part of a campaign based on a much lower deficit of only \$35 billion. Canadians are demanding a balanced budget and the only means left to do this is by cutting government spending, not by increasing spending or by introducing new programs. The Government of Canada must show better judgment in the way tax dollars are spent.

Cariboo—Chilcotin is populated mainly by people who left or whose ancestors left other places to seek opportunities, be independent and prosper. Like those immigrating to Canada today many of us have ancestors who came seeking relief from

domineering and intrusive governments, governments which supplanted an agenda of serving the people with being served itself.

I speak with great pride of Cariboo—Chilcotin but these people are simply a microcosm of our great country. Since coming to Ottawa I hear people in the stores and on the streets saying the same thing as I hear them saying at home. Wherever I go I hear a common message given: “Get our taxes down. The taxes are killing us economically”.

I do want to take this opportunity to applaud the Minister of Finance for some of the steps taken in the budget. For example, in the provisions made for small business he certainly has listened to some of their concerns. Indeed the fastest way to generate real economic activity is to lower taxes and give Canadians a reason to work. This is what was promised with the rollback in unemployment insurance premiums. We still need to target more areas of small business overtaxation and deal with those areas.

I also commend the government for its common sense in making the home buyers’ program a permanent feature. Since being elected I have received more mail from my constituents regarding this issue than any other subject. Home ownership is at the top of most people’s priority list and this government initiative will certainly help.

To get back to the issue of taxes, the most effective way to control the underground economy would be to offer a real decrease in taxes to all Canadians with the legislative promise of further decreases if participation in the underground economy drops and revenue goes up. As long as the underground economy continues to grow so will our deficit.

We do need some services. Canadians acknowledge this and want them. No one will deny this fact. We want all Canadians to have health care, housing, food and all that is necessary for all of us to live well. Canadians should have every opportunity to supply these needs for themselves. Assistance must be available to those who cannot provide these necessities for themselves. However, these essentials should be provided on a short term basis only to those temporarily facing misfortune and on a long term basis only to those who are permanently disabled.

To most Canadians it is not acceptable for the government to foster a way of life that stifles independence and self-reliance. Canadians must once again feel that their input into government decisions really counts. Often Canadians vote for the lesser of evils when they go to the polls. Hon. members opposite mistake this for an overwhelming mandate.

When people’s concerns are ignored by the government they stop participating in society. Some have given up on the political process and stopped voting. Even worse are those who have given up on the economic process and send their money abroad or participate in the underground economy.

### *The Budget*

Canadians on the whole are not cheats and frauds, but right now they feel they are being forced to a survival mode under threat of losing their jobs, their homes and their way of life. They are tired of governments that ignore their concerns. When will the government realize that the people of Canada want less government interference and most of all want hard earned tax dollars spent wisely and frugally?

Although the budget has some commendable features, the current government must realize that further action has to be taken to bring Canada’s financial affairs under control.

**The Acting Speaker (Mr. Kilger):** It being 6.15 p.m., pursuant to Standing Order 84(5), it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the amendment to ways and means motion No. 6. The question is on the amendment.

Is it the pleasure of the House to adopt the amendment?

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Mr. Kilger):** All those in favour of the amendment will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Mr. Kilger):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Kilger):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Mr. Kilger):** Call in the members.

(The House divided on the amendment, which was negatived on the following division:)

### *(Division No. 11)*

#### YEAS

##### Members

Althouse	Asselin
Axworthy (Saskatoon—Clark’s Crossing)	Bachand
Bellehumeur	Bergeron
Bernier (Gaspé)	Bernier (Mégantic—Compton—Stanstead)
Bouchard	Brien
Bélisle	Canuel
Caron	Chrétien (Frontenac)
Crête	Dalphond—Guiral
Debien	de Jong
de Savoye	Deshais
Dubé	Duceppe
Fillion	Gagnon (Québec)
Gauthier (Roberval)	Godin
Guay	Guimond
Jacob	Lalonde
Landry	Langlois
Laurin	Lavigne (Beauharnois—Salaberry)
Leblanc (Longueuil)	Lefebvre

*Government Orders*

Leroux (Richmond—Wolfe)  
Marchand  
Mercier  
Nunez  
Picard (Drummond)  
Pomerleau  
Rocheleau  
St-Laurent  
Tremblay (Rimouski—Témiscouata)

Leroux (Shefford)  
McLaughlin  
Ménard  
Paré  
Plamondon  
Péloquin  
Sauvageau  
Taylor  
Tremblay (Rosemont)—54

Mills (Broadview—Greenwood)  
Minna  
Morrison  
Murray  
Nunziata  
O'Reilly  
Pagtakhan  
Payne  
Peric  
Peterson  
Pickard (Essex—Kent)  
Proud  
Reed  
Richardson  
Ringma  
Rock  
Schmidt  
Serré  
Sheridan  
Simmons  
Solberg  
Speller  
Steckle  
Stinson  
Szabo  
Terrana  
Thompson  
Torsney  
Valeri  
Volpe  
Wappel  
Whelan  
Williams

Mills (Red Deer)  
Mitchell  
Murphy  
Nault  
O'Brien  
Ouellet  
Patri  
Penson  
Peters  
Phinney  
Pillitteri  
Ramsay  
Regan  
Rideout  
Robichaud  
Rompkey  
Scott (Fredericton—York—Sudbury)  
Shepherd  
Silye  
Skoke  
Speaker  
St. Denis  
Stewart (Brant)  
Strahl  
Telegdi  
Thalheimer  
Tobin  
Ur  
Verran  
Walker  
Wells  
White (Fraser Valley West)  
Wood—206

## NAYS

## Members

Abbott  
Adams  
Anawak  
Arseneault  
Assadourian  
Axworthy (Winnipeg South Centre)  
Bakopanos  
Beaumier  
Benoit  
Bertrand  
Bevilacqua  
Blondin—Andrew  
Bonin  
Breitkreuz (Yellowhead)  
Bridgman  
Brown (Oakville—Milton)  
Bryden  
Calder  
Cannis  
Cauchon  
Chatters  
Clancy  
Collette  
Cowling  
Culbert  
Dhaliwal  
Discepola  
Duhamel  
Dupuy  
Eggleton  
Epp  
Finlay  
Fontana  
Frazer  
Gaffney  
Galloway  
Gilmour  
Goodale  
Graham  
Grey (Beaver River)  
Grubel  
Hanger  
Harb  
Harper (Churchill)  
Harris  
Harvard  
Hermanson  
Hill (Macleod)  
Hoeppner  
Hubbard  
Iftody  
Jackson  
Johnston  
Karygiannis  
Keyes  
Knutson  
Lavigne (Verdun—Saint—Paul)  
Lee  
MacAulay  
MacLaren (Etobicoke North/Nord)  
Malhi  
Manley  
Marchi  
Martin (Esquimalt—Juan de Fuca)  
Massé  
McClelland (Edmonton Southwest)  
McGuire  
McLellan (Edmonton Northwest)  
McWhinney  
Mifflin

Ablonczy  
Allmand  
Anderson  
Assad  
Augustine  
Baker  
Barnes  
Bellemare  
Berger  
Bethel  
Bhaduria  
Bodnar  
Boudria  
Breitkreuz (Yorkton—Melville)  
Brown (Calgary Southeast)  
Brushett  
Bélair  
Campbell  
Catterall  
Chamberlain  
Chrétien (Saint—Maurice)  
Cohen  
Comuzzi  
Crawford  
DeVillers  
Dingwall  
Dromisky  
Duncan  
Easter  
English  
Fewchuk  
Flis  
Forseth  
Fry  
Gagliano  
Gauthier (Ottawa—Vanier)  
Godfrey  
Gouk  
Gray (Windsor West)  
Grose  
Guarnieri  
Hanrahan  
Harper (Calgary West)  
Harper (Simcoe Centre)  
Hart  
Hayes  
Hickey  
Hill (Prince George—Peace River)  
Hopkins  
Ianno  
Irwin  
Jennings  
Jordan  
Kerpan  
Kirkby  
Lastewka  
LeBlanc (Cape Breton Highlands—Canso)  
Loney  
MacDonald  
MacLellan (Cape Breton—The Sydneys)  
Maloney  
Manning  
Marleau  
Martin (LaSalle—Émard)  
Mayfield  
McCormick  
McKinnon  
McTeague  
Meredith  
Milliken

## PAIRED—MEMBERS

## Members

Chan Daviault  
Gagnon (Bonaventure—Îles-de-la-Madeleine) Loubier

(1855)

**The Speaker:** I declare the amendment lost.

[Translation]

**FEDERAL—PROVINCIAL FISCAL ARRANGEMENTS  
AND FEDERAL POST—SECONDARY EDUCATION AND  
HEALTH CONTRIBUTIONS ACT**

The House proceeded to the consideration of Bill C-3, an act to amend the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, as reported (without amendment) by the committee.

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec)** moved that the bill be concurred in.

**The Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Motion agreed to.)

*Government Orders*

[English]

**The Speaker:** When shall the bill be read the third time? By leave, now?

**Some hon. members:** Agreed.

**Mr. Martin (LaSalle—Émard)** moved that the bill be read the third time and passed.

**Mr. David Walker (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, it gives me great pleasure to speak on third reading of Bill C-3. Bill C-3 amends the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. Essentially, Bill C-3 is about one thing, the renewal of the equalization program.

As members of the House well know, equalization is of such over arching importance that the principle has been enshrined in the Constitution. The unique sense of Canadian sharing goes back to Confederation and shows that the Canadian federation works.

In considering the renewal of equalization we on the government side have had to balance the need to provide provinces receiving equalization with the appropriate financial resources on the one hand and the need to be fiscally responsible on the other.

I have no doubt that this bill does both. Equalization is projected to rise from \$8 billion this year to \$10.4 billion in 1998-99. All seven provinces that receive equalization are expected to gain from these increases. Provinces currently eligible for equalization are Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba and Saskatchewan.

Equalization is the most important federal transfer program for reducing disparities in provincial governments. Before equalization payments the revenue raising capacity of the seven recipient provinces is 85 per cent of the national level. After equalization it is roughly 93 per cent of the national average.

(1900)

Let me now go through some of the details of Bill C-3.

First, it is proposed that equalization be renewed for five years. Accompanying a five year renewal is a commitment by the government not to change the structure of the formula. This means that there will be greater certainty in budgetary planning for the provinces. This does not mean that all work on the equalization program will cease, rather ongoing work on measuring the revenue raising or fiscal capacity of the provinces will continue, as will research on the general structure of the program with a view to the needs of the next equalization renewal.

Second, the equalization standard will be unchanged. The so-called five province standard measures the fiscal capacity of

Quebec, Ontario, Manitoba, Saskatchewan and British Columbia.

Third, as already mentioned, a ceiling will be retained.

Fourth, the program floors will remain unchanged. The floor provides protection to the provinces against large year to year declines in equalization. The floor depends on provinces' revenue raising abilities, with the less well off equalization receiving provinces receiving the greatest protection.

Fifth, a number of tax base changes to update the measurement of provinces' fiscal capacity will be introduced. This is critical in order to maintain the fairness of the program in measuring provinces' revenue raising abilities. For example, the recent decline in farmland values has particularly disadvantaged Saskatchewan, a technical update to the program calculations adjusts for this.

Finally, the legislation contains a means to alleviate excessive reductions in equalization for provinces with specific and exceptionally large proportions of the tax base for certain natural resources. This will remove a long standing irritant to the provinces on this so-called tax back issue. This will enable provinces to retain 30 per cent of the revenues from the relevant natural resources rather than losing equalization on a dollar for dollar basis. This measure has been welcomed by the affected provinces.

This is very fiscally responsible and I recommend its passage to the House.

[Translation]

**Mr. Maurice Bernier (Mégantic—Compton—Stanstead):** Mr. Speaker, I am pleased to rise at this stage of consideration of Bill C-3, which was tabled by the government to renew the equalization payments program. This bill is yet another proof of the inefficiency and inequity of the federal system for the provinces, and particularly for Quebec.

In principle, this program is basically designed to reduce financial disparities between the provinces. It is more than time to see if this objective has been reached. In the case of Quebec, our province is still penalized, in the long term, by such a redistribution of revenue. Of course, some will say that Quebec receives more than its share of federal transfers, but let us not forget the historical causes which put our province in this uncomfortable situation.

Indeed, is it not strange that, since the implementation of equalization programs, the money given to Ontario was intended to cover structural expenditures such as investments in research and development, or infrastructure expenditures which have promoted a stable economic development for that province?

All these measures have weakened Quebec's position and, to this day, even if our province's contribution still accounts for more than 23 per cent of Canadian wealth, it never gets its fair share when the federal government decides to distribute monies

*Government Orders*

for structural investments. The statistics are quite eloquent in that regard, and I want to mention a few.

Between 1979 and 1989, Quebec's share of research and development was 18.5 per cent, while Ontario's was 50.1 per cent. Again, let us not forget that Quebec's contribution accounted for 23 per cent of Canada's wealth.

(1905)

As far as federal investment is concerned, in recent years Quebec's share has been 15.4 per cent, with the remainder allocated outside Quebec. When we consider the value of infrastructures in the defence sector, the figures become even more revealing and damning, with Quebec receiving only 13 per cent of investments in this sector, compared with 25.8 per cent in Ontario, 34 per cent in the West and 27 per cent in the Maritimes.

While we are on the subject of infrastructure, there is also the St. Lawrence Seaway which goes back at least 30 years, in which although it did provide opportunities for ports in Quebec to expand, also stimulated development of ports in Ontario and especially the development of the automobile industry in Southern Ontario.

Meanwhile, Quebec was allocated funds for unemployment insurance and welfare benefits, symbols of a negative outlook for Quebec's economic development. As we have seen, the difference in fiscal capacity between Ontario and Quebec continues to exist, despite supposedly generous equalization payments to Quebec.

As a result, Quebec has become increasingly dependant on federal transfer payments, because its unemployment situation has always been worse than Ontario's. For decades, unemployment in Quebec has always been from 3 per cent to 5 per cent higher than in Ontario. It was a situation bound to please those who favoured authoritarian federalism.

Bill C-3 provides that the ceiling on equalization payments will not be abolished but extended for a period of five years. However, this measure negates the very principle of equalization by failing to provide for equitable redistribution of Canada's wealth. In a particularly underhanded way, it will actually reduce transfers to the provinces, and Quebec will again be stuck with paying most of the bill.

If the rate of growth of the GNP reaches 5 or 6 per cent a year, as predicted by our very optimistic Minister of Finance, that is under the best possible assumption, Quebec will suffer a loss of \$900 million, or 60 per cent of the planned \$1.5 billion reduction in transfer payments, solely as a result of freezing the ceiling for the next five years. That is the perverse effect of this bill.

Once more, the federal government is passing the buck in terms of the deficit to the provinces by giving Quebec and other provinces less money while their citizens require the same level of services. It means that they will have to raise taxes.

I can already imagine what the members opposite are going to say. They are going to say loudly that the critics from the Official Opposition are exclusively motivated by crass sovereigntist—if not separatist—intentions, since it seems that last week the Prime Minister learned that the Official Opposition intended to pull Quebec out of the Canadian federation.

(1910)

Let us come back to Bill C-3. The Quebec minister of finance and Premier Johnson form the most federalist pair imaginable; yet even that minister of finance could not help but make some negative comments on the bill dealing with equalization payments. Naturally, as a good champion of Canadian unity, Minister Bourbeau said that he was generally satisfied with the results of the Federal-Provincial Conference of Finance Ministers held in Montreal last January. However, Minister Bourbeau made some negative comments on this bill. His criticisms take on a very special significance since Mr. Bourbeau is member of a Quebec Liberal Cabinet which was ready, as we saw with the Charlottetown Accord, to accept any shady deal to save a semblance of Canadian unity.

So, that was what the Quebec minister of finance told us in a press release dated January 21. We can consider that that declaration is still in order today. The minister said, and I quote: "However, I have a hard time accepting that the federal government decided to maintain the ceiling on equalization payments". If the Quebec minister of finance, who is definitely a federalist, declares that that decision is hard to swallow, that means it is simply ridiculous and unacceptable to the population of Quebec.

With this ceiling, we are moving away from the aim inscribed in the Constitution, which is to give provinces enough revenues to be able to provide quality public services based on more or less comparable taxation systems from one province to another.

It is always surprising to hear a Quebec minister, and a keen partisan of federalist orthodoxy, declaring himself satisfied with a provision that moves away from one of the major aims of the Canadian Constitution. But the contradiction did not end there, and the Quebec finance minister, as we saw recently, will not let a contradiction stop him.

Indeed, the minister went on to say in the same release: "Property taxes are the second largest source of revenue used to calculate equalization payments, and Quebec's fiscal capacity in that area is clearly overestimated, which results in a serious shortfall in that regard. For the Quebec government, the fact that

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we have to wait for five years before this standard of fiscal capacity is significantly improved is hard to swallow”.

How can anybody claim to be pleased with a measure that is so detrimental to him? The answer is quite simple and is matter of common sense. Everybody knows the perfectly legitimate position of the Quebec finance minister and his government on the preservation of federal ties. Everybody knows as well that a general election is looming in Quebec and the provincial government has nothing to gain from a confrontation with a newly elected federal government, and a Liberal one at that.

Not too many people are pleased with Bill C-3. One positive proof that sovereignists are not the only ones to condemn the ceiling on equalization payments is the declaration of the Manitoba deputy minister of finance, Mr. Newman, who recently said to the Standing Committee on Finance, right here in Ottawa:

(1915)

[*English*]

“The proposed ceiling on equalization payments violates the spirit and intent of the Constitution. Continued application of the ceiling is unwarranted and detrimental to Canadians living in the less affluent provinces”.

[*Translation*]

If you combine the principle of transfer payments to provinces with the various discretionary powers of the federal government, as is the case presently, you get a result which is particularly bad for Quebec.

Let us see what happens: first, in order to finance programs which, in many instances, are of provincial jurisdiction, the federal government levies taxes on Canadian and Quebec taxpayers. Then that same federal government creates supposedly national standards which everyone from coast to coast must observe. This is pure and simple interference in provincial affairs, and such interference is especially unacceptable, even indecent, when the federal government reduces its own contribution to programs while maintaining national standards that provinces must keep on respecting.

In other words, the federal government is asking the provinces to maintain the same level of services while giving them less money to do so. That is exactly what happened in Quebec in the health and post-secondary education sectors, which are still exclusively provincial jurisdictions, according to the Constitution of Canada. Between 1977 and 1993, the federal government's share for the provision of these two programs was cut from 47 to 34 per cent of total costs.

Then this same federal government told Quebec that it was going to keep on taxing the province more and more, as shown in the finance minister's recent budget speech, to fund both these programs. But it was going to give Quebec less money to

provide services to its people. If you call such transfer payments fair, I do not know what fairness is!

In the health care area, while the federal government was continuously decreasing its share of contributions, it compelled the provinces to abide by health standards it had set. Quebec is not getting greater control over its health care system, it is getting the power to cut without being able to decide where to cut. Another one of the great inequities of the present system of transfer payments to the provinces can be found in established programs financing, under which the federal government comes and takes money from Quebecers to implement national programs according to Canadian standards, even though they do not always fit the Quebec reality.

The distinct society is much more than a hollow formula which emerged one day out of a lake that was the scene of a so-called constitutional agreement—the distinct society is, for believers, and we are among those, much more than that; it means also that Quebecers are a nation and that their specificity is rooted in a very real social and political situation.

(1920)

A nation draws its sense of identity from the values shared by its people. Its programs and infrastructures should be based on these values, which should also be reflected in government programs which will determine people's standard of living. Quebecers have come to identify less and less with the standards imposed on them by the federal government. For its part, the government still refuses to recognize Quebecers' distinctiveness.

Let me give one example which the Minister of Health herself used in this House a while ago. I am talking about the network of local community service centres, or CLSCs, which Quebec established without the help or advice of the federal government. This network was set up in the early 1970s and the minister cited it as a model for service delivery. This mechanism which allows Quebecers to benefit from health care and social services right in their own community was fully developed and funded by Quebecers.

The Bloc Québécois advocates radical changes to improve federal transfer programs to the provinces. By carrying out small sectoral program reforms, the federal government is manipulating the figures and pushing through changes which are not in the best interest of the provinces. As we have seen with the recent budget, the budget which is now before us, on the one hand, the government is slashing \$2 billion from established programs financing in the area of post-secondary education and the Canada Assistance Plan, while on the other hand, it is maintaining the ceiling on equalization payments, despite the resulting inequity that I described earlier. All this just to confuse people and to make believe that the federal transfer payments system has been upgraded, when it is not so.

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The Bloc Québécois is strongly opposed to Bill C-3, which renews—

**Mr. Milliken:** It is unbelievable!

**Mr. Bernier (Mégantic—Compton—Stanstead):** Yes, and I repeat it, it is opposed to Bill C-3 which renews the ceiling on equalization payments, a measure which, I want to remind you, means a loss of 900 million dollars for Quebec and perpetuates the federal government's tradition of unloading its problems on the provinces.

[*English*]

**Mr. Stephen Harper (Calgary West):** Mr. Speaker, before I discuss Bill C-3, the bill to renew the equalization provisions of fiscal transfers for the next five years, I would like to thank the government for allowing us to have this debate tonight.

Originally the government had wanted to discuss this bill on Friday when I and the critic for the Bloc would be unable to attend. We were able to reach an agreement to debate this bill this evening. I say that in all sincerity in spite of the fact that I will oppose the bill. I will also express some concerns about the process not so much on this bill but the general process followed in reviewing such pieces of legislation.

As I have indicated my party opposes the bill. I want to take the time tonight to reiterate the nature of that opposition and also to review concerns about the process of discussion and debate used here in deciding some of these matters.

Our party does support some elements of this bill and it is important to indicate that. We support for example the concept a ceiling. It is important for anybody who is serious about fiscal responsibility and the nature of the problems we find ourselves in to not have a situation where the federal government finds itself liable for open-ended transfer payments. That certainly could be the case without some kind of a ceiling.

(1925)

We also support the concept in this bill of some kind of compensation for excessive tax back of unique resource sources in the equalization formula.

[*Translation*]

While making these remarks, I would also like to say that the position of my party is not that of the Bloc Québécois or that of the member from Mégantic—Compton—Stanstead. Despite his well-thought out remarks, our views are totally different.

[*English*]

I would like to take a few minutes to mention those differences in perspectives. As a party we support the concept of equalization. I would point out to all here that the concept of equalization is embedded as a principle in the Constitution Act,

1982, which our party recognizes and which we believe all provinces of Canada are part of. I understand that is a very different position from that of the Bloc Québécois.

I also want to point out that in spite of whatever shortcomings this bill or other federal programs may have, this particular program is very generous to the province of Quebec. This has come up before. This year roughly \$3.8 billion of the \$8.4 billion spent under this program will be directed to the Government of Quebec, none to the Government of Alberta and none to the Government of British Columbia. While there may be shortcomings in the bill it is important to acknowledge that. All Canadians should acknowledge the importance of these transfers not only symbolically but in dollar terms.

I also point out, although we will get into this debate at a later date, that the Bloc Québécois at some point is going to have to address more seriously than it has its support for independence and opposition to the Constitution Act on the one hand and its apparent love for some of these social programs and some of this spending on the other. In spite of the considered words of my friend there is a contradiction in not liking Canada and having such great love of the Canadian dollar. However we will discuss that at a later date.

The nature of our opposition is primarily the expenditure size involved and the fact we are making enormous commitments without proposals for comprehensive reform in this area. Our zero in three plan had called for reductions in the area of equalization as part of some fairly small reductions over all to the level of transfers to the provinces.

I note with this program even with the ceiling that the projected growth rates for equalization are about 5 per cent per year. That is very high in comparison with the expected rate of growth for spending on federal programs generally. It is certainly higher than most programs which involve federal transfer payments to the provinces. The cost of the equalization program will grow from \$8.4 billion to about \$10.4 billion over the five year period, fiscal years 1995 through 1999.

On top of that we are making these kinds of commitments in the absence of a comprehensive reform proposal. This bill was tabled and second reading debate occurred before the tabling of the budget, before the infamous red ink book.

We know the federal government in making this announcement reiterated its commitment to federal transfer programs. It implied as it had during the election that it would never consider cuts to social programs or to federal transfers. However the budget revealed that despite the renewal of this particular program, the renewal of the current dollar levels, there were going to be planned cuts in transfer payments in other areas, some of which we do not particularly support.

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(1930)

I note, for example, the budget talks about additional caps to the Canada assistance plan that would kick in the 1995–96 fiscal year. We would begin to limit spending in absolute dollar terms to the level of 1994–95 combined with established programs financing for post-secondary education. In 1996–97 the combined total of CAP and EPF post-secondary will not be allowed under the budget to exceed spending for those two programs combined in 1993–94.

This raises the spectre of something I think has been missed in much analysis of the budget, that is planned expenditure reduction by the government in the area of post-secondary education which is not a target that we deficit cutters have specified. We certainly have not found support in the country for making that a priority for reduction.

It is very funny that while we advocate some cuts in our plan the government is saying it is renewing this program. It is planning cuts to transfer payments to the provinces but there is no particular plan for any kind of comprehensive reform or rationale.

This is interesting considering that debate on the bill both at second reading and in committee has raised the fact that there needs to be such an examination in the case of equalization as well as in the case of other transfer programs. Generally speaking there is a lack of clarity on the objectives and the operations of the equalization program.

The hon. member for Lethbridge pointed out during second reading and in committee that if the formula created equity in federal programs, if we had equalization for that purpose, why would we then support in a number of ways special funding over and above this that recognized have not provinces in particular programs in other areas? I think, for example, of the infrastructure program, RRAP or the cap on CAP in the case of the have provinces. There is definitely a duplication of efforts and clear objectives.

As well there are problems that go back to the very beginning of equalization. Professor Tremblay of the University of Montreal pointed out to the finance committee in his presentation the original economic justifications for programs like equalization based on economic deficits and surpluses created by the system of tariff payments in the country. Those things are now obsolete, particularly with the implementation of free trade. That is not to say the program is unnecessary but the original economic justification of the program has been eclipsed.

Important questions were raised not only by Professor Tremblay but by other people in committee and at second reading: the impacts of equalization on regional dependency and on structural unemployment and whether it prevents natural adjustment to

market forces and outward migration of population from areas with low income potential.

These are all very important questions. We are undergoing an examination in certain federal programs—unemployment insurance and welfare—of the effects of these programs on individuals and the restructuring of incentives. It certainly would be appropriate to undertake a similar study here on the effects of these programs on large governments both provincial as well as municipal.

The government in its defence of the bill has said that it now requires certainty in the area of federal transfer payments to the provinces, in particular certainty on the equalization formula. This is one reason it is anxious to support it and one reason government members gave for supporting it.

I would point out to the Chair that in the course of our committee hearing one government representative we did hear from, Mr. Neumann of the Intergovernmental Affairs Office of Manitoba, indicated considerable doubt about that as the previous speaker from the Bloc indicated. There is not unanimous provincial agreement with this particular approach. Governments are expressing some doubt about the issue of certainty. Mr. Neumann had indicated over and above his concerns about the ceiling, which I do not share, that some particulars in the calculations lend themselves to uncertainty about future receipts and that we should be examining those sorts of things. Of course we did not.

(1935)

There are other specifics that are difficult with this. This bill leaves on an indefinite basis choices between two different kinds of equalization options for certain Atlantic provinces. We continue to have inequities in the equalization formula. They are well documented.

The treatment of natural resource revenues can be very different depending whether they are owned by crown corporations or private enterprise. The formula is extremely complex, difficult to understand and administer. On top of that, the formula does not use any kind of standard measures of fiscal capacity. It is a very unique formula developed only for this type of transfer and once again, there is no particularly clear rationale, at least to myself and to others I have talked to, between the particulars of the program and the objectives of the equalization program.

I have tried to lay out not only our general objection to the cost but also the fair range of issues that this bill really provoked both at second reading and in committee. I point this out because this is my first time as a new parliamentarian being a critic for a particular piece of legislation and being part of the system and seeing how it works.

We had the debate here. We went to committee with these bills. Points were made in the committee by members of the



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opposition in both parties in opposition to the bill. Points were made, concerns were raised about the bill and about the philosophy of the bill by witnesses who appeared before the committee.

What was quite interesting to me was that the government members, generally speaking, who engaged in debate here and who talked in committee generally made no effort or only the most minimal effort to refute or to comment on any of the points raised.

I am not trying to be critical of any individual but the general defence of the bill offered by government members was certainly. The other was that equalization is about sharing and sharing is good, therefore let us pass the bill.

With that kind of orientation, we proceeded to pass the bill. We had two committee hearings and then proceeded to move to clause by clause, somewhere between 30 seconds and a minute, sums of money totalling \$45 billion to \$50 billion over the next few years.

I suppose an option available to myself or to members of the Bloc Quebec or other members of the Reform Party or perhaps any member would be to endlessly filibuster the bill, to bring speakers forward, to continue to raise these points in committee and in the House.

I follow our leader's example on this. There is no point saying that one is going to practise economy in government if one cannot practise economy in words. I am not interested in endlessly filibustering this bill but surely the point of the process is that we do an examination and even if we do not reach agreement that we at least sharpen our arguments so that we can better rationalize this bill.

Of course this does not happen because in our system with the pattern we have fallen into of government confidence on every motion and lack of free votes, the issue becomes not the substance of legislation but simply what party one belongs to.

Unlike in other legislatures, for example in the Congress of the United States, the one closest to us, it is unnecessary for us as individual members to defend or explain our position on pieces of legislation, even pieces of legislation that we are personally responsible for. All we have to know is that the government voted for it. If one is a government member, they had to support it.

That disappoints me. I am not suggesting that there are not members of the government who do not understand the equalization bill or who could not give good defences of this piece of legislation but this certainly did not transpire in the debates that I was involved in.

Why are we rushing this? This has all occurred very quickly. The bill was tabled before the budget. The government originally wanted it through committee around budget time. It certainly wants the bill through this House and has our limited co-operation to do so because as I say we are not interested in endless filibustering. It wants the bill through the House by March 31.

Why? Because the program is slated to kick in on April 1 and is to go for so many years. In spite of the fact that we do not really have full provincial agreement this decision has been taken.

The bill had only been debated or on the order paper for a couple of weeks when I was contacted by Professor Boothe of the University of Alberta who has written extensively on federal transfer programs to the provinces. He would have liked to have said something on this but the committee hearings were done before he was aware we had a bill.

Why does this occur? This kind of rush occurs not because there is any real necessity or that there will be any collapse of the federal-provincial system if we do not pass this bill by March 31. It is because there is an attitude of the government, an attitude passed over from Parliaments in the past, that this process is a formality. This is a rubber stamp. It does not matter the sums of money that are involved, the objective is to pass it. In fact the decisions have been rendered in the executive. They were rendered in some other forum and there is no particular need to become knowledgeable only to get it through and maybe we will defend it at the next election.

These kinds of things concern me. I do not make these criticisms of the bill or of the process here as attacks on any particular government member or even on this government. This is the pattern of legislative process that we have fallen into in this country. It does not work. It is how we got ourselves into the kind of financial mess we have in this country.

I remind members once again that in many, many areas of public policy we spend more money than just about every country in the world, whether it is on education or health or unemployment insurance, transfer payments to lesser levels of government or whatever. We are spending as much or more than our competitors. The results are simply not comparable to what is required to compete in the international marketplace.

I think I have said my piece on that, Mr. Speaker. As I said, we anticipate the bill will pass. We oppose it on principle and will oppose it on division.

**The Acting Speaker (Mr. Kilger):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mr. Kilger):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Bill read the third time and passed.)

**The Acting Speaker (Mr. Kilger):** It being 7.40 p.m. this House stands adjourned until tomorrow at 10 a.m. pursuant to Standing Order 24(1).

(The House adjourned at 7.40 p.m.)

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