



CANADA

# House of Commons Debates

---

VOLUME 133 • NUMBER 278 • 1st SESSION • 35th PARLIAMENT

---

OFFICIAL REPORT  
(HANSARD)

**Thursday, December 14, 1995**

**Speaker: The Honourable Gilbert Parent**

## CONTENTS

(Table of Contents appears at back of this issue.)

## OFFICIAL REPORT

At page 17625, the right-hand column, the second sentence in the fourth paragraph should read “residents voted for Iqaluit”.

Also, in the sixth paragraph the first sentence should read “I recommend Iqaluit to the minister”.

The House of Commons Debates and the Proceedings of Committee evidence are accessible on the Parliamentary Internet Parlementaire at the following address:

<http://www.parl.gc.ca>

# HOUSE OF COMMONS

Thursday, December 14, 1995

The House met at 10 a.m.

---

*Prayers*

---

**The Speaker:** The House leader of the Reform Party has given notice that he is going to raise a point of order today. It is my intention to hear that point of order.

In view of the fact that it is a very important point of order and I do not want it interrupted, I have decided to go through Routine Proceedings and then I will hear the point of order of the hon. member.

This is the last sitting day of Parliament. I thought we could get Routine Proceedings out of the way and then listen uninterrupted to the point of order of the member and interventions any other members would like to make. That is how I intend to proceed.

---

## ROUTINE PROCEEDINGS

[*English*]

### GOVERNMENT RESPONSE TO PETITIONS

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

\* \* \*

[*Translation*]

### TRANSPORTATION

**Hon. Douglas Young (Minister of Transport, Lib.):** Mr. Speaker, Canada must have a modern, integrated and affordable national transportation system. One that emphasizes safety and reliability. One that is efficient. And one that supports strong, viable companies in all modes.

Our government has been working hard to provide Canadians with the transportation system they need to compete into the 21st century.

We have made tremendous progress in the air sector, based on our commitment to benefit the travelling public. The dispute between Canada's major air carriers was resolved. New regulations will ensure that the computer reservation system industry is more consumer friendly, and new financial fitness testing for start-up carriers will ensure that passengers are not stranded by companies that do not deliver.

This government has introduced a national airports policy that gives local communities a greater say in airport operations.

• (1005)

We now have an agreement in principle with NavCanada, a non profit corporation, to commercialize Canada's air navigation system. Transfer of the system will mean \$1.5 billion to the federal treasury and the elimination of a \$200-million-a-year subsidy.

We have unveiled an international air transportation policy that establishes clear criteria for second-carrier designations on international air routes—a policy that also makes sure Canadian carriers use the routes they are allotted. We have signed a long awaited “open skies” agreement with the United States. Seventy-five new services have already begun, thanks to open skies. Another 20 are at the planning stage.

We have taken steps to modernize Canada's rail sector. The privatization of Canadian National saw the largest and most successful initial public offering of shares in this country's history. We have introduced in Parliament the Canada Transportation Act—legislation that will make it easier for Canadian transportation companies to move people and goods safely, efficiently and affordably, and which will allow the short-line industry to grow.

The government has moved away from broad subsidies for transportation. More than \$700 million in subsidy payments under the Western Grain Transportation Act and the Atlantic region freight assistance program have been eliminated entirely.

[*English*]

Today I am proud to introduce on behalf of the government a comprehensive strategy for Canadian transportation, a new national marine policy. Canada's marine system has to become more responsive to the needs of its users. It must become more efficient and less of a financial burden on the Canadian taxpayer.

The government intends to ensure that Canada has a modern, efficient and safe marine transportation system into the 21st century. Therefore, the Canada marine act will be introduced this spring. This act will consolidate and modernize the marine

*Routine Proceedings*

regulatory regime, cut red tape and allow for faster, more efficient business decisions.

Canada's public ports will be commercialized using consistent criteria applied equitably coast to coast to coast. Ports that are important to domestic and international trade will make up the national ports system. They will be transferred to financially self-sufficient Canada port authorities made up of representatives nominated by port users and governments.

Community organizations and private interests will be given the responsibility for operating regional and local ports. Provincial governments and municipal authorities may become involved if they wish. The maintenance of designated remote ports will continue to be ensured by the Government of Canada. The government will pursue commercialization of the operations of the Great Lakes and St. Lawrence Seaway system.

Whether through the establishment of a new not-for-profit corporation or through changes within the current management structure, it is the intention to make the seaway a more efficient and effective transportation system. The government will move aggressively to full cost recovery.

The government will commercialize the delivery of ferry services. Marine Atlantic will be directed to substantially reduce its costs and increase efficiency. The corporation will explore new vessel management and procurement practices. It will take steps to streamline services and match the operating season of its vessels to realistic traffic demand.

The government will review the subsidies it provides to private ferry operators. I want to emphasize that the Government of Canada will respect all of its constitutional obligations in this area. Remote and essential ferry services will be maintained.

It is the intention to modernize the marine pilotage system. The four pilotage authorities have been directed to prepare detailed cost reduction plans. Those plans are expected to be on my desk by the end of this month. Pilotage authorities will be required to fulfil their mandate of self-sufficiency. Cost recovery for pilotage services will be 100 per cent in every region of the country where they operate. Pilotage tariffs must reflect market conditions and appropriate costs.

• (1010)

The four pilotage authorities have been directed to review the designation of compulsory pilotage areas, the process for licensing pilots and granting pilotage authorities and certificates, the criteria under which vessels may be exempted from pilotage requirements and the feasibility of new training courses to prepare more candidates for their pilot licence or pilotage

certificate exam. Revisions to the Pilotage Act will be made once these reviews and consultations have been completed.

[*Translation*]

All of these changes will have an impact on federal employees. The government will make every effort to ensure that employees are treated fairly and equitably.

The national marine policy will ensure that Canada has the modern marine transportation system it needs to compete worldwide.

It will bring commercial discipline and business principles to the management of Canada's ports, the Great Lakes-St. Lawrence Seaway system, as well as to ferry and pilotage services. It will maintain the federal government's constitutional obligations—as well as its commitment to marine safety and environmental protection.

It will help to ensure that shippers have access to efficient and affordable marine transportation. That those who use our marine system pay a greater share of the costs. Services levels will reflect realistic demands. Users who will pay will have more say.

And for those honourable members who have been calling for greater local control, we have responded through the changes outlined today.

I want to thank all those who participated in helping us put this policy together. In particular, I want to thank the honourable member for Hamilton West, Mr. Keyes, and the members of the standing committee on transport which he chairs. The standing committee's cross-Canada consultations earlier this year, as well as its comprehensive report on the marine sector, proved invaluable to the development of the national marine policy.

Canadians depend on marine transportation. The measures I have outlined today will help ensure a safe, efficient, affordable and integrated marine system that meets the needs of Canadians as we move into the 21st century, where there will be the toughest competition in the marketplace Canadians have ever had to face.

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, I welcome this opportunity to rise in the House today to comment on the marine policy tabled by the Minister of Transport.

The minister started his speech with a retrospective of his initiatives during the past two years. In many cases, they did not quite come off. The principle was fine, and it was to provide Canadians and Quebecers with a transportation system that would be less costly and more responsive to user needs. However, the way the minister proceeded with these reforms was so awkward that it caused major problems within the transportation system, especially in the case of regional transportation.

Thanks to its national airports policy, the federal government was able to offload the cost of operating regional airports on the communities that depend on those airports. The minister went ahead with his policy without even considering the impact it would have on the cost and availability of regional transportation.

The minister is about to commercialize the air traffic control system by turning it over to a non profit company that is not even representative of all users, since small carriers and regional carriers will not be represented on the board of NavCanada.

• (1015)

I strongly urge the minister to take all necessary steps to protect the interests of small carriers during this privatization exercise. These carriers provide transportation to remote areas that have already paid a very high price for the minister's reforms.

If we consider the international route allocation policy put in place by the minister, it is biased in favour of Canadian Airlines International, which has been given privileged access to booming Asian markets. Air Canada has obtained very limited access to Asian markets. It has no fifth freedom rights and a very reduced flight schedule.

Canadian, however, has gained unlimited access to Air Canada's main foreign market, the United States. And now the minister's policy is sabotaging the development of Montreal's airports by refusing to let Air Canada operate a Montreal—Rome service. The fact that Canadian International has withdrawn its operations from Mirabel must be seen as an indication that the minister's policy for international route allocation has failed.

The Canada Transportation Act is seriously flawed in several respects. It contains no incentives for developing short-line railways. If we want to preserve Canada's railway network, it is essential that short-line railways be able to take over the operation of branch lines from the big railway companies.

When the House reconvenes in February, the Bloc Quebecois will propose several major amendments to this bill, and we hope the minister will have the common sense to support them.

As vice-chairman of the Standing Committee on Transport, I had an opportunity to take part in the proceedings of this committee and of the sub-committee chaired by my colleague for Thunder Bay—Nipigon on the development of a national marine policy. I must say I was surprised and gratified to see that, in developing his marine policy, the minister was strongly influenced by the minority report of the Bloc Quebecois.

In fact, unlike the government members on the committee who only wanted to privatize ports that were in the red, Bloc

### *Routine Proceedings*

Quebecois members favoured commercializing all port facilities, whether they were profitable or not. I therefore welcome the minister's plans in this respect. However, I do wish that in this connection, he would show more concern for the regions than he did when commercializing the airports.

I am also most pleased to learn that the minister has not followed up on the recommendation of the government members of the transport committee to repeal the Pilotage Act. In their minority report, the Bloc members of that committee were against repealing the act, pointing out that the problems between the pilots' associations and the shipowners could be solved through minor amendments to the legislation. The minister seems to share our view, but we shall keep a close eye on the amendments he plans to make to the Pilotage Act.

We had supported the commercialization of the St. Lawrence seaway and are not surprised to find that in the minister's policy. If done intelligently, I believe this will bring renewed life to that important waterway. I hope the minister will make an effort to involve those who work on the Seaway in that process.

In conclusion, I am pleased to see several of the Bloc Quebecois minority report suggestions in the minister's policy. My impression at this time is that the minister is on the right track for providing Quebec and Canada with a forward-looking maritime policy. We must, however, wait and see how he plans to transform his policy into actions.

In light of past experiences, the official opposition will need to remain watchful, and we intend to examine every detail of the minister's measures very carefully. It is already not a good sign that the government is looking at cost recovery for icebreaking in the St. Lawrence. This is unacceptable, for it would mean that Quebec shipowners would be saddled with close to half of all the charges the government intends to levy for coast guard services.

It would be unfair to make shipowners pay for a service that is in the public interest and ensures the safety of those living along the waterway, not to mention the very negative impact this measure would have on the ability of St. Lawrence ports to compete directly with U.S. ports, as they must.

So you see, Mr. Speaker, the important thing is the way we go about it.

• (1020)

[*English*]

**Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.):** Mr. Speaker, it is the Christmas season and a time of goodwill. Therefore I would like to start by wishing the minister a good holiday season. I trust he is still able to hoist some holiday cheer after the strain he put on his arm by patting himself so vigorously on the back.

*Routine Proceedings*

It has been an interesting time for me as Reform's national transport critic. Each major policy the minister has introduced has had my support in concept. As I explained recently to a New Brunswick reporter, the minister has very Reform like concepts; now if we could only convince him to adopt more Reform like implementation.

The minister spoke of many policies, including the national airport policy. Although I support its concept, this policy has a tendency to skim profits and leave several of the airport authorities struggling for future financial viability.

On the commercialization of air navigation services, I support this move but there are still many unanswered questions about the Hughes contract and how it will impact, with its deleted features and increased costs, on the final agreement and on the financial viability of NavCanada in the future.

On the international air transportation policy, given the initial backroom dealing of the government, I am glad to see it has come up with a clear and reasonable policy at last.

The government went ahead with the much requested open skies policy while stifling Pearson airport with its unwarranted political decision to cancel a contract that would have enabled Toronto to compete with the best for the new hub concepts. As it is, over \$5 billion has been spent at airports within one hour's flight of Toronto to enable them to compete with new hub business while Pearson languishes with decrepit, outdated terminals I and II. The contract would have seen \$350 million already spent at Pearson with much more in progress. The government has spent nothing, has announced no alternative construction plans and has no money. The final cost to the Canadian taxpayer will likely run well over a billion dollars.

On the privatization of CN, again the concept was good but the implementation was terrible. The new private company is legislated to remain headquartered forever in one location whether that is best for the company or not. I asked for an amendment that would have seen the shares of that company first offered to Canadians before opening sales to the rest of the world. The Liberals refused. The results were that although there was an unsatisfied demand for the shares here in Canada, 40 per cent were sold exclusively to foreign purchasers.

On the Canada Transportation Act, committee handling of this has been better than it was with Bill C-89. A more open approach to Reform amendments has seen the bill made more reasonable. There is hope for a good bill if Parliament accepts the voice of the majority of witnesses who asked for the removal of clause 27(2). Surely the government will consider this. The alternative is to tell all the witnesses their testimony was

meaningless and there is no point in appearing before committees again in the future.

Now the minister is ready to proceed with the Canada marine act. Once again I am in favour of the concept but I worry about the detail and the implementation. I put the minister on notice of the following points which differ from those recommended by the Liberal majority in the Standing Committee on Transport.

New port authorities must be better protected from government cash grabs than they have been in the past, and some of the airport authorities are being faced with that now. The minister said representatives will be nominated by port users and government. The committee recommendation refers to the government appointing at least the majority. That is unacceptable. Government representation, yes; control, no.

The committee is also recommending a ports capital assistance program. The main emphasis it placed on this was to bring non-commercial ports to upgrade them to become self-sufficient. The idea has some merit as long as it is not used to subsidize a port to compete directly with an unsubsidized Canadian port.

The minister's suggested policy regarding cost recovery of ice breaking services is unacceptable. User pay is a great Reform concept, once again accepted by the minister but potentially implemented incorrectly. Users should pay only for what they use, use only what they need and pay for it at a commercially fair and reasonable rate.

The minister talks about revising the marine pilot act, as did the committee. As he does this he should keep in mind that all regions have a problem with the pilotage and he should not create national policy to deal with regional problems. I support the concept of the privatization of Marine Atlantic. I would like the minister to consider the concept of the in depth study of cross-departmental financial impacts.

• (1025)

The province of Nova Scotia has recently completed an impact study on the *Bluenose* ferry. It would save something over \$4 million by closing down but the impact in other departments and other jurisdictions would cost as much as \$15 million. These things must be harmonized together.

Marine Atlantic proposes to close the ferry in the winter but that study suggests this would create a net financial loss to the taxpayers. These new concepts must be considered.

I find I have got on fairly well with the minister. Amid all the talks of cabinet shuffles, I hope the Prime Minister sees fit to leave him where he is. I would hate to have to break in a new one now.

*Routine Proceedings*

[Translation]

**INTERPARLIAMENTARY DELEGATIONS**

**Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, pursuant to Standing Order 34, I have the honour to present to the House, in both official languages, the report by the Canadian section of the Assemblée internationale des parlementaires de langue française and the financial report on the meetings of the 21st ordinary session of the AIPLF, held in Ottawa and Quebec City respectively from July 7 to 12, 1995.

\* \* \*

[English]

**COMMITTEES OF THE HOUSE**

## ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT

**Mr. Raymond Bonin (Nickel Belt, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the 11th report of the Standing Committee on Aboriginal Affairs and Northern Development.

This report deals with the subject of co-management of natural resources with aboriginal peoples. The report discusses the evolution of co-management regimes and recommends the delegation of authority to regulate small scale resource development to local co-management boards.

It is the committee's hope this report can further co-operation between aboriginal and non-aboriginal people and contribute to the sustainable use of our natural resources.

I thank my colleagues from all parties who participated in this study. Through their determined efforts they were able to come to a consensus and produce a unanimous report.

Pursuant to Standing Order 109, the committee requests the government table its comprehensive response within 150 days.

## JUSTICE AND LEGAL AFFAIRS

**Mr. Gar Knutson (Elgin—Norfolk, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the 13th report of the Standing Committee on Justice and Legal Affairs.

Pursuant to the order of reference of Monday, October 23, 1995, your committee has considered Bill C-106, an act respecting the Law Commission of Canada, and your committee has agreed to report it with amendments.

## FINANCE

**Mr. Jim Peterson (Willowdale, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the 23rd report of the finance committee. This report deals with Bill C-100.

I congratulate the minister responsible for financial institutions who implemented a process of consultation with industry, with consumers and with all members of Parliament. These groups through the finance committee came together and crafted in partnership this bill.

I also thank staff members of the House of Commons who worked so assiduously with our committee and who have been such an asset to us. I thank all members of Parliament on the finance committee who worked so diligently with us and wish them all a happy holiday season.

## ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

**Mrs. Karen Kraft Sloan (York—Simcoe, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the eighth report of the Standing Committee on Environment and Sustainable Development entitled "Keeping a Promise: Towards a Sustainable Budget".

The report examines the subject of fiscal disincentives to sound environmental practice.

• (1030)

The committee, in addition to being provided with information of a general nature on the tax grant and subsidy system currently in place including the progress to date of the base line data collection process, focused on four sectors: agriculture, mining, energy, and transportation. Based on the evidence, there are compelling reasons for launching a base line study as was promised in "Creating Opportunity" for the economic, social and environmental benefit of all Canadians.

[Translation]

I would like to thank the witnesses and the members.

[English]

## NATURAL RESOURCES

**Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the eighth report of the Standing Committee on Natural Resources entitled "Streamlining Environmental Regulation for Mining: An Interim Report".

I wish to express my sincere thanks to all the members of the committee who co-operated in coming to a unanimous report. I will stress that this is an interim report. There is more to come but today I thank you, Mr. Speaker, and the members of the committee for working together to make this possible.

\* \* \*

**CRIMINAL CODE**

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.)** moved for leave to introduce Bill C-118, an act to amend the Criminal Code and to amend certain other acts.

*Routine Proceedings*

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

\* \* \*

**CRIMINAL CODE**

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.)** moved for leave to introduce Bill C-119, an act to amend the Criminal Code (child prostitution, criminal harassment and female genital mutilation).

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

\* \* \*

**YUKON QUARTZ MINING ACT**

**Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.)** moved for leave to introduce Bill C-120, an act to amend the Yukon Quartz Mining Act and the Yukon Placer Mining Act.

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

\* \* \*

**PARLIAMENT OF CANADA ACT**

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.)** moved for leave to introduce Bill C-366, an act to amend the Parliament of Canada Act and the Canada Elections Act (confidence votes).

He said: Mr. Speaker, I am very pleased to introduce this bill which you described as an act to amend the Parliament of Canada Act and the Canada Elections Act.

As members recall, two or three days ago I withdrew a bill which was the incorrect draft. I had initially described that bill when I introduced it. The only additional comments I will make is that this bill will also bring more certainty as to the timing of byelection and general election dates.

In light of the vacancy in Labrador, the way this bill would affect that vacancy is it would prevent a byelection from being held in the dead of winter. It would also prevent the people from Labrador from not being represented for an undue length of time. It would also have prevented the past byelections that were held over the Christmas and New Year's season from happening.

• (1035)

This bill brings more certainty to the election process. It is not a violation of our Constitution. I believe it is a very good piece of legislation. I invite members over the Christmas season to look at it and if they could propose amendments that would make it an even better bill, I would certainly be willing to have them talk to me about it.

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

\* \* \*

**BLACK CANADIANS**

**Ms. Jean Augustine (Parliamentary Secretary to Prime Minister, Lib.):** Mr. Speaker, with the unanimous consent of the House, I move, seconded by the hon. member for Québec, the hon. member for Kootenay East, and the hon. member for Burnaby—Kingsway:

That this House take note of the important contribution of black Canadians to the settlement, growth and development of Canada, the diversity of the black community in Canada and its importance to the history of this country, and recognize February as black history month.

**The Speaker:** The hon. parliamentary secretary had the unanimous consent of the House to move the motion. Is it agreed?

**Some hon. members:** Agreed.

(Motion agreed to.)

\* \* \*

**BUSINESS OF THE HOUSE**

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, you will find a disposition on the part of the House in respect of today's debate on government Motion No. 28 to proceed as follows. There will be three 30-minute speeches by the first three speakers. Following that, there will be 20-minute speeches without questions or comments for the remainder of the debate. The whips could divide those as they choose under Standing Order 43.

There is a disposition on the part of the House to proceed that way in respect of today's debate.

**The Speaker:** Does the hon. parliamentary secretary have permission for this proposal?

**Some hon. members:** Agreed.

**Mr. Milliken:** Mr. Speaker, two other small matters that are agreed to. First, when we reach Private Members' Business today at 5.30, there is a disposition on the part of the House to deal with Bill S-12 now on the Order Paper at all stages. I am giving notice so there is a clear understanding that would happen before the normal private members' business for the day. I anticipate a very short passage for Bill S-12.

At the end of private members' hour, there is a disposition to deal with a matter on the adjournment. It is a late show item left over from last night which should take six minutes.

[Translation]

**Mr. Loubier:** The bill arising from omnibus bill 4?



**Mr. Milliken:** It is Bill S-12, a private bill. After the time allotted for private members' business, we will have an adjournment debate, at which time the hon. member for Bourassa and the Minister of Citizenship and Immigration or his parliamentary secretary will be speaking. The whole thing will take six minutes, and we can add this time to the debate on government Motion No. 28.

[*English*]

**The Speaker:** Does the parliamentary secretary have consent?

**Some hon. members:** Agreed.

\* \* \*

## PETITIONS

### CANADIAN HUMAN RIGHTS COMMISSION

**Mr. Svend J. Robinson (Burnaby—Kingsway, NDP):** Mr. Speaker, I have the honour to present four petitions today.

• (1040)

The first petition notes that the Canadian Human Rights Commission has decided to eliminate the work of about 40 investigative staff in six regional offices in Canada. The petitioners call upon Parliament to rescind the decision and restore the full functions of the commission's regional offices with a full complement of investigative and administrative staff.

The petition is signed by residents of London, Ontario.

### THE SENATE

**Mr. Svend J. Robinson (Burnaby—Kingsway, NDP):** Mr. Speaker, the second petition which I wish to present notes that the Senate is not elected and therefore is not accountable to the people of Canada. The petitioners humbly pray and call upon Parliament to end this wasteful use of taxpayers' money and to abolish the Senate.

The petition is signed by residents of Thunder Bay, Ontario.

[*Translation*]

### HUMAN RIGHTS

**Mr. Svend J. Robinson (Burnaby—Kingsway, NDP):** Mr. Speaker, the third petition asks Parliament to act quickly to amend the Canadian Human Rights Act to explicitly prohibit discrimination on the basis of sexual orientation in all areas of federal jurisdiction and to adopt all measures necessary to recognize common law couples of the same sex in federal legislation.

[*English*]

### ASSISTED SUICIDE

**Mr. Svend J. Robinson (Burnaby—Kingsway, NDP):** Mr. Speaker, the final petition is signed by residents of Saskatchewan, British Columbia and New Brunswick.

## Routine Proceedings

The petition draws to the attention of the House the fact that the current Criminal Code denies people who are suffering from terminal or irreversible and debilitating illness the right to choose freely and voluntarily to end their lives with the assistance of a physician. Therefore, the petitioners call upon Parliament to amend the Criminal Code to ensure the right of all Canadians to die with dignity by allowing people with terminal or irreversible and debilitating illness the right to the assistance of a physician in ending their lives at a time of their choice, subject to strict safeguards to prevent abuse and to ensure that the decision is free, informed, competent and voluntary.

[*Translation*]

### TAX SYSTEM

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, at a press conference I attended last week in Quebec City, I made a commitment to the members of seniors clubs in the Quebec City and Chaudière-Appalaches region to table a petition signed by 10 per cent of their most active members.

The petition asks the government to revise the entire tax system to make it more fair and equitable.

It criticizes the government for choosing to shift the tax burden onto people with low income. It criticizes the cuts made to the health, education and welfare sectors, through the Canada social transfer.

It contains a warning to the government and the Minister of Finance about their intention to review the old age pension plan in depth. The petitioners question the income test and make a number of suggestions to the minister. I hope he will consider them.

[*English*]

### GRANDPARENTS RIGHTS

**Mrs. Daphne Jennings (Mission—Coquitlam, Ref.):** Mr. Speaker, pursuant to Standing Order 36, I present once again petitions on behalf of Canadians from Ontario and Quebec. They ask the government to recognize the need for an amendment to the Divorce Act to grant grandchildren access to the grandparents.

I am encouraged that I was given a commitment on behalf of the Minister of Justice yesterday in the House that the government will be dealing with my proposals for change. Grandparents and all seniors will continue their vigilance until we indeed have the promised change for our grandchildren.

**The Speaker:** I wish to inform the House that pursuant to Standing Order 33(2) because of the ministerial statement government orders will be extended by 23 minutes.

*Points of Order***QUESTIONS ON THE ORDER PAPER**

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

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

**Mr. Hermanson:** Mr. Speaker, I rise on a point of order. On September 18 I put a written question on the Order Paper and asked for a response within 45 days. It was one of those questions which every government department should have had at their fingertips and I have not had a response yet. Now we are going into the Christmas recess and the House will not sit until February. I cannot understand why there is not enough competence to answer my question in a reasonable length of time.

**Mr. Milliken:** Mr. Speaker, I will try to explain the situation to the hon. member. His question was:

What is the total dollar amount spent on advertising by the government and its crown agencies in fiscal years 1991, 92, 93 and 94, by province, in each of the following mediums: television, radio, daily newspapers, weekly newspapers, monthly newspapers, billboards, and direct mail?

That is going to be a massive reply, I have no doubt. The hon. member knows, as well as I do, that the previous government spent millions and millions each year on advertising. This is going to take massive research.

The latest information I have is that there are 14 government agencies which have to file the information which is required in order to provide the kind of detail which the hon. member wants.

• (1045)

I am sure the persons responsible for this, and I take some responsibility, will work diligently throughout the Christmas holiday to come up with an answer that will satisfy the hon. member. I know he wants an accurate and complete answer, and that is exactly what he will get.

\* \* \*

**POINTS OF ORDER**

## OFFICIAL OPPOSITION

**The Speaker:** I have a notice of a point of order from the hon. House leader for the Reform Party.

So that we will know how we are to proceed, I believe there have been some minor discussions. I will recognize the Reform Party. Then I will recognize the Bloc and the government. Then I will invite anyone who wants to add anything at all to this point of order. I will hear it all.

**Mr. Ray Speaker (Lethbridge, Ref.):** Mr. Speaker, I rise at this time to talk about some very important issues: first, democracy; second, the role of an opposition in a parliamentary democracy; and, third, the office of the Leader of Her Majesty's Loyal Opposition.

There are no formal criteria for selecting the official opposition. By longstanding tradition the leader of the opposition is the prime minister in waiting and his caucus is the government in waiting.

Should the government lose the confidence of the House:

—it is the largest minority party which is prepared, in the event of the resignation of the Government, to assume office.

This is from Erskine May, the 20th edition, page 252, and Beauchesne's sixth edition, citation 196.

Doubt exists as to the Leader of the Opposition in this assembly. This doubt among other things stems from the fact that there is near parity of numbers between the Bloc Québécois and the Reform Party. The Bloc does not have the best claim to be the government in waiting and the present leader of the Bloc has given notice to the Chamber of his departure.

We believe that the Reform Party should be the official opposition because we are the largest minority party that is prepared, in the event of the resignation of the government, to assume office.

I suggest at this time another criterion for a party becoming the official opposition. After the Alberta provincial general election in 1983, the legislative assembly found itself with two opposition parties with equal numbers. Much energy was expended on both sides and much energy has been expended since assessing and evaluating that decision. However Speaker Amerongen based his ruling, found in the summer 1983 edition of the *Canadian Parliamentary Review*, on the following basis:

First, the popular vote received by the NDP was over 200,000 throughout the province. The popular vote of the other party was considerably less.

Second, the Speaker concluded that since the two NDP MLAs represented a broader range of interests—and that is very important—they should be the official opposition.

Let us look at the facts facing us in this assembly. In addition to achieving the election of 52 members of Parliament, the Reform Party elected these members in five provinces. Further, the Reform Party received the second highest popular vote. Over 2.5 million electors voted for the Reform Party, which amounts to 18 per cent of the popular vote nationally. By comparison, the Bloc Québécois received about 13.5 per cent of the total popular vote in one province.

We contend that the Reform Party represents a far broader range of interests than the Bloc Québécois, both in terms of the popular vote and in terms of our caucus including MPs from the five provinces. Electors who voted for Reform but whose MPs

are from another party look to Reform to defend their interests. These Canadians surely do not look to a party whose *raison d'être* is the break up of the Canadian Confederation. I cannot understand and Canadians cannot understand how that concept could be supported in any way. It puts doubt on who should be the Leader of the Opposition and who should be the official opposition in this assembly.

• (1050)

Why does the Reform Party now bring the matter before Your Honour? Early in this Parliament the leader of the Bloc and his party asserted and made a commitment that they would defend the interests of all Canadians and fulfil the roles of the Leader of the Opposition and the official opposition.

We have to look at the record, and the record speaks for itself. Over the past two years it has become absolutely clear this commitment has not been fulfilled.

We did not believe the interest of the Canadian union would be served by bringing this issue before the House while the referendum campaign was being waged. Instead we proposed measures for change to Confederation in the midst of that campaign. We proposed positive, democratic measures in pursuit of peace, order and good government of Canada. A constructive opposition could not have done otherwise.

Now the leader of the Bloc has again indicated, as of yesterday, that it is his intention to leave the House. Regardless of whether or not the Bloc leader leaves and the seat is declared vacant, serious doubt exists about whether the Bloc Quebecois should continue to be the official opposition in the Parliament of Canada and for the people of Canada at this time.

Your Honour, serious doubts have been cast. The time is ripe for the consideration of this issue. In fairness, we would also like to offer another approach in considering this matter, an approach in keeping with the spirit and the evolving traditions of our democratic system. There are precedents when doubt exists where members of the opposition have been allowed to select their leader. I draw attention to two such cases.

From 1918 to 1920 the U.K. leader of the opposition was the leader of the Liberal Party, which was the fourth party in the House of Commons. The government of the day was a coalition of the Tories and like minded members of the Liberal Party. The second party was the Sinn Fein and the third party was Labour. The official opposition went to the Liberal Party for two very important reasons.

First, on the basis of a compromise worked out by the Speaker, Labour agreed to support the leader of the Liberals becoming the leader of the opposition. It was on the basis of the Liberal leader's having support from the greatest number of opposition members that he became leader of the opposition.

### *Points of Order*

Second, in the event that the coalition government broke up, the coalition Liberals would return to their party banner. Therefore it would be the Liberals who would be asked to attempt to form a government in the event of the coalition's failure. The Liberals had the largest and strongest claim to being government in waiting.

The second case is from the Australian Parliament's House of Representatives in October 1941. Of the coalition parties, the United Australian Party was the largest party in opposition. The decision on who should be the leader of the opposition was not left solely to the United Australian Party. Instead the UAP settled its own leadership.

The Speaker then presided over a joint meeting with the Country Party, which was the other opposition party in the House. The two groups elected the leader of the opposition. The leader of the Country Party was elected leader of the opposition and the results were announced in the Australian House of Representatives on the next day. This can be referenced in the *Commonwealth Parliamentary Debates* of October 8, 1941, volume 168, pages 730 and 731.

• (1055)

In summary, we are facing a very serious crossroads and we ask Your Honour to consider what we have laid before you at this time. We have pointed out that there is serious doubt surrounding the status of official opposition and that is why I have brought the matter to your attention on behalf of my party.

Where there is doubt, Mr. Speaker, I am asking you at this time either to make a decision with regard to the doubt or to preside over an election where opposition members determine the Leader of the Opposition. We have pointed out that it is not simply the largest party in opposition that becomes the official opposition in all cases. There are exceptions and other ways of dealing with the matter. There are circumstances that warrant another party becoming the official opposition.

As I have stated at the outset, we in the Reform Party have a better claim than the Bloc Quebecois to being a government in waiting. It is absolutely clear. I can see where there is no doubt with regard to that matter. There is no way that anyone could argue any differently.

We have also pointed out that the Reform Party represents the broadest range of interests, whereas the present official opposition represents a very narrow range of interests and objectives, not for all of the people of Canada but for themselves and in their own province of Quebec.

In conclusion, Mr. Speaker, Reform Party members and I ask you in the most responsible way to consider the deliberations that have been presented before you. We ask that you base your ruling on our submission and, if required, give us your ruling when the House reconvenes. We also ask that you consider any change in circumstance regarding the matter during the Christmas recess. If such changes take place that put you in a position where you can make a decision before the House reconvenes, we

*Points of Order*

ask you to advise us immediately on those change in plans. Mr. Speaker, I thank you and the House for the opportunity to deal with this matter.

The matter is very serious in the minds of many Canadians. It is also serious to the future of the House and its deliberations in the next two years. When we cross the bridge of accepting the Reform Party of Canada as the official opposition or not, we will cross a bridge of democracy that will be either good for the country or will be an action that will not be good for our future in regard to unity.

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

[*Translation*]

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, it is certainly not out of a lack of respect for my hon. colleague, but I will be brief.

The Parliament of Canada Act and the standing orders of the House of Commons recognize the minority party with the most members as the official opposition. I do not want to offend my colleague, but there are 53 of us and 52 of them.

[*English*]

**Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, I do not think I will take quite as long as the House leader of the Reform Party, but perhaps I will not be quite as brief as the House leader of the Bloc Québécois.

Essentially three arguments were brought before you, this morning, Mr. Speaker: one invoking democracy, the second on the role of the opposition, and the third on the designation of the Leader of the Opposition within the context set in the second argument.

It was explained that there was doubt, at least in the mind of the House leader of the Reform Party, about the status of the Leader of the Opposition; that there was near parity in the House of Commons; and that the present Leader of the Opposition had given notice that at some point in the future he would no longer hold that position. This argument was brought to the House before and was raised by the Reform Party outside the House in the media at some point. Some months ago the Reform Party asked the Government of Canada to declare it to be the official opposition. The argument was presented that for ideological considerations the third party should be declared the official opposition, notwithstanding the fact that there was no precedent for doing this in the Canadian system and second, it was asking the government to choose its own opposition.

• (1100)

The argument was obviously very weak because if the government chose its own opposition based on ideological grounds and not on numbers what would stop it from choosing the party that is in fourth place, the New Democrats, to be the official opposition? After all, there are less of them and presumably that would be less offensive to the government. The argument could be made that they have been around longer and therefore have legitimacy.

What about the Conservative Party? It is in fifth place with two members. As a government that would suit us a lot better because there are less of them to object to government policy. After all the Conservatives were in power at the time of Confederation. If the argument follows, that would give them some claim to legitimacy. Why can we not invoke that?

If the government were ever put in the position where there would be a vote of the House choosing who the opposition would be, with all members voting, as was suggested some weeks ago, or the new twist of this morning of asking only opposition members to vote, the result would be the same.

The result would be the same because neither the government nor supporters of the government or anyone else, other than the Speaker, should choose who the Leader of the Opposition is in the House of Commons. Once we deviate from that we could be on very dangerous ground that would subvert parliamentary democracy.

I listened very patiently to the remarks of the previous speakers and they, the great advocates of democracy in what they refer to as an important debate, perhaps would care to listen for a few minutes and at the same time give the same respect that was given to them not that long ago.

Mr. Speaker, you will recall that on October 31 during question period the member for Lethbridge, the House leader of the Reform Party, asked a question which was tantamount to asking the government to recognize his party as the official opposition. That is on page 16028 of *Hansard*. At that time the request was made of the government. Now the request is made of the Speaker.

I have before me an article from the *Calgary Herald* of November 18 which quotes the member for Lethbridge. At that time he said: "As soon as he", referring to the Leader of the Opposition, "gives his letter of resignation the member for Lethbridge says he will be ready to rise in the House and make his case".

It seems that is not soon enough for the member. He rises today in anticipation of what he believes to be the future resignation of another member of the House.

*Points of Order*

The fact remains that while the decision is yours—

**Mr. Hart:** Yesterday was his last day.

**Mr. Thompson:** Don't you remember hugging and kissing him?

**Mr. Boudria:** I go back to the point I raised a while ago. People who believe that democracy is at stake here and that their arguments be heard, seem to believe other people's arguments do not deserve the same democratic consideration. They will probably stop heckling sooner or later or their leader might come and order them to shut up.

I want to indicate to you, Mr. Speaker, that the decision is yours and only yours. It does not belong to members of the House, to be made either individually or collectively. A vote of opposition members or a vote of government members would subvert the democratic principles that the third party states it espouses this morning.

I had the opportunity to consult the *Canadian Parliamentary Guide* concerning what happened in the Alberta legislature because of the precedent quoted by the hon. member for Lethbridge. The argument was made that the two independent members, presumably joined together at the hip, should form the official opposition versus two people who held that designation at the time.

• (1105)

It is interesting to note that one of the two people asking for that was the present member for Lethbridge. He lost the argument and did not become the official opposition. Perhaps he forgot about that, but that is what occurred some 13 years ago.

Second, the legislative assembly of the province of New Brunswick was faced with the situation of an identical number of seats, not close parity of seats some years ago. It made a decision in that regard and I will refer to it in a minute.

The interesting point that was raised by the member of the third party, the hon. member for Lethbridge, was that there was some similarity to what has occurred in other regions of the country.

The Speaker, of course, will be making his decision in due time on this. However, the precedent that was invoked is inappropriate, inaccurate and does not even reflect what occurred.

In reference to the decision in 1994 in New Brunswick, the Speaker had to choose between two political parties having an identical number of seats. The decision of the Speaker was that when there are an identical number of seats, the rule of incumbency should apply.

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.):** Mr. Speaker, I rise in response to the hon. government whip and as the House leader in the last year of this session.

I want to make it abundantly clear to the House—I know you know this, Mr. Speaker—that this is the first formal presentation my party has made regarding the issue of the official opposition. We have not formally requested the government to make a decision because we realize the government does not have the jurisdiction to determine who is the official opposition. We understand that is your prerogative, Mr. Speaker.

I reinforce what my House leader stated, that we give you that prerogative. Our House leader has suggested that there may be two ways that you might choose to deal with this issue.

We have not, at any time, asked the government to recognize us as the official opposition. We have responded to Canadians' concerns about who forms the official opposition in this House. That debate has at times occurred in the House but I want to clarify that this is the very first presentation by the Reform Party to this House and to yourself specifically regarding the matter of official opposition.

The only further comment I would make is that this is the correct timing. We understand this is a serious matter and want to give you adequate time over the Christmas and New Year's break and through January, if need be, to consider the argument that my House leader has brought forward, the precedents that he cited, not only from the Canadian parliamentary system but the British and Australian systems as well.

I also want to acknowledge that the government whip did recognize that my House leader has personal experience in this issue. The precedent he is using is to argue that the Speaker in Alberta made the right choice. He is bringing those arguments to you. Hopefully you would make the same choice in this case.

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I listened very carefully to the presentations of the hon. member for Kindersley—Lloydminster and the hon. member for Lethbridge.

With great respect, I disagree with the hon. member for Kindersley—Lloydminster when he says that there has been no formal presentation before. There was a request. It was summarized by the chief government whip in his remarks a few moments ago. I would like to read it to the hon. member to refresh his memory.

On October 31, 1995 the hon. member for Lethbridge put this question during question period. He said: "Mr. Speaker, the Prime Minister has catered to the separatists in the House. His government supports them as the official opposition. His government has elected them as committee chairmen and his government has changed the agenda of the House for the separatists. The separatists in the House have been granted special, preferential treatment. My question is for the Prime Minister. Why is this happening and when is it going to stop?"

*Points of Order*

• (1110)

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

**Mr. Milliken:** I could read more of the words of the hon. member for Lethbridge. However, it is clear that what he meant by “when is it going to stop” is, when is the government going to install the Reform Party as the opposition. The government did not support the Bloc as the official opposition. It was chosen as the official opposition because it was the largest opposition party and it still is the largest opposition party.

The Reform Party, despite its efforts, has been unsuccessful in winning any seats in any byelections. It is down in the polls to 10 per cent. Reform members have problems and they are trying by this grandstanding technique today, when they are still behind 53 to 52, as the hon. member for Roberval so ably pointed out, to say that Your Honour ought to make a decision to displace the official opposition in their favour.

What the chief government whip has said is very clear. You, Mr. Speaker, have the power to make the decision as to which party is recognized as the official opposition in the House. It is not for the government to make that decision and the government does not want to be a part of that decision.

We are prepared to say that if a situation arises in the next little while where there is an equality of votes, the standard practice in the House is to leave the status quo. We point that out. It is not, of course, intended to be binding on anybody, but it is the normal practice.

When the Speaker, for example, is confronted with a situation where there is a tie vote in the House and has to break the tie, he generally exercises his favour so as to maintain a status quo and not to pass a motion that would otherwise change the status quo by voting in favour of that motion. It is generally exercised in favour of maintaining the status quo.

That is the normal practice developed over some considerable time by Speakers of the House. While it is not necessarily binding, it certainly is a fairly well accepted convention and one that Your Honour will want to consider very carefully when making any decision. Perhaps your decision should not be made today but at a future date when there has been a resignation by the hon. member for Lac-Saint-Jean. He might not win the leadership of the Parti Québécois. If he came to his senses, of course, he would seek the leadership of the Liberal Party. However that is not vacant in Quebec. So far that has not happened. He has changed parties before, as hon. members opposite know.

**Mr. Boudria:** Five times.

**Mr. Milliken:** As the chief government whip says, five times.

The fact is that he is running for a particular position and he indicated very clearly that he was not going to leave his seat in

the House until he got it. Why give up certainty and trade it for something so uncertain? He is staying as a member of the House and that is the case now.

If that situation changes before the House resumes in February, I am sure that Your Honour will want to bear that in mind when looking at the facts and assessing the situation in making a ruling on this point of order.

With great respect, the point of order is premature. The hon. member for Lethbridge should really get a grip on the rambunctiousness of some of his members. I realize it is Christmastime, but all the presents do now flow in December. Some of them may come on another day.

This application is premature. He should have waited, as he said he would do when he spoke to the *Calgary Herald* in November, until he is in a position where the Reform Party is the larger party and then make his claim.

**Mr. Ian McClelland (Edmonton Southwest, Ref.):** Mr. Speaker, what is happening today is perhaps the most important consideration that will be faced by this Parliament. Make no mistake, Mr. Speaker, the point has been missed thus far in this debate. The fact is that our country is at peril, every bit as much as if we were facing an enemy from without. We have an enemy in our midst. We have given the Trojan horse in our Parliament the ability to subvert the actions of the House. The really important consideration is we are going into a life and death battle for the future of the country. The separatists, the Bloc, have a democratic right to be here. They have a democratic right to fight this on any battlefield they can get and to do so with passion.

• (1115)

We have the same right to use everything in our power, every resource we have, to fight them. For the last two years our fight has been one of retreat. Every opportunity the country has had to face the separatists, to stare them down, we have retreated. That is what damn near cost us the country on October 30.

The time to start facing down the separatists is now, in the very centre of the country, the House of Commons. They have no right to be the official opposition. They do not represent the continuation of the country as a whole and complete entity.

**Mr. Ken Epp (Elk Island, Ref.):** Mr. Speaker, I do not now envy the load of responsibility you carry. The decision which is yours now to make is pivotal.

I add and emphasize the definition of the official opposition, which you must take into consideration, from section 196 of *Beauchesne*:

The political party which has the right to be called the “Official Opposition” is the largest minority group which is prepared, in the event of the resignation of the Government, to assume office.

This statement does not state the government will resign, but only in the event it resigns.

I cannot emphasize strongly enough the importance of the decision you are about to make in the next six weeks. You are being called on to decide who would form the Government of Canada in the event the Liberals resigned.

If you decide Canadians are best served by a party whose stated objective, which it has demonstrated in the last two years consistently, is to break the country into two pieces, you would err greatly.

We receive a great deal of mail. I receive mail from my constituents in Elk Island and from other people right across the country. The Speaker needs to be informed that there are Canadians right across the country who have written to Reform MPs, me included, in near exasperation, asking when we will do something.

We are helpless in the sense, as has been pointed out, that we are the third party by the ranking of numbers. A number of petitions by electors of Canada have been presented asking the House to name a loyal party to Canada the official opposition. This is of greatest importance.

I have received letters from and have had personal appointments with people who said they are so distressed but feel so helpless. They ask: "What can we do? We have a group in Canada that wants to tear the country apart and we cannot even deal with them in the House of Commons".

This is a very serious problem. I urge you, Mr. Speaker, to do the right thing. I appreciate the tremendous responsibility you bear at this time.

• (1120)

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, some question has arisen in the House on the matter of 53 Bloc members versus 52 Reform members, although I do not believe that is the entire consideration placed before you by our House leader.

The question arises whether the current Leader of the Opposition is deemed to have resigned from his seat in the House considering the issue of conflict of interest by an individual who has verbally given notice to lead a province and a party dedicated to separating from Canada.

The issues that individual is now dealing with are provincial in nature and not explicitly in the interests of the federation. Mr. Speaker, I therefore believe there are 52 members in both parties and that you should look at the issue of whether the Leader of Opposition is a member of the House at this point.

### *Government Orders*

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, I have a few brief comments.

I could tell you that if the Bloc had finished third in the 1993 election, we would have had enough pride not to beg for the job of official opposition. I think that it is a matter of numbers, as the Bloc parliamentary leader pointed out.

I find it hard to understand the third party, Reform. Yesterday, they were calling for the Prime Minister's dismissal; today, they want to become the second party with fewer members. They live in a different world.

As the holiday season gets under way, there may be too many people in that party who still believe in Santa Claus.

[*English*]

**The Speaker:** I think that is one round. I was given notice of this point of order and I wanted to hear it.

At this moment there is no decision for me to make, nor would I make one now.

[*Translation*]

I will consider the statements that were made by all our colleagues here in this House, I want some time to reflect.

As you know, there may be changes in the number of members sitting in this House. These changes may occur in the coming weeks.

[*English*]

You have asked me as your Speaker to reflect on a point of order that was raised. I have now received information from you, my colleagues. I intend at this time to take the information, gather information of my own, reflect on what has been asked of me and if it is necessary, when it is necessary, I will return to the House with a decision.

---

## GOVERNMENT ORDERS

[*English*]

### FINANCE

#### INTERIM REPORT OF STANDING COMMITTEE

**Hon. Alfonso Gagliano (Secretary of State (Parliamentary Affairs) and Deputy Leader of the Government in the House of Commons, Lib.)** moved:

That this House take note of the Interim Report of the Standing Committee on Finance pursuant to Standing Order 83.1, presented to the House on December 12, 1995.

• (1125)

**Mr. David Walker (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, just over a year ago I was privileged to lead off the last take note debate on the possible measures for the 1995 budget. Today it is a pleasure to replay that role for the 1996 budget. It allows me to renew the heartfelt challenge to all hon. members of the House.

*Government Orders*

I also take the opportunity to thank, on behalf of the Minister of Finance, the finance committee for its work not only on prebudget consultations but on many other issues. I see both of my colleagues from two opposition parties here and I extend my thanks to them.

The chair of the finance committee who was here earlier to present a report told us yesterday that the finance committee has met over 200 times since the government was formed. It has a considerable workload. The attendance has always been first class. There is continuity in what has been said in debate in the committee. The collegiality we have in the organization of our work is greatly appreciated. We know that in a partisan House there are natural divisions, some very heartfelt divisions, but it is also reassuring to those of us who enjoy Parliament to see a committee work so well. On behalf of the minister I say thank you and wish everyone season's greetings. I look forward to continuing the work in the new year.

Today's debate is an accumulation of the work done by the committee as well as individual members of Parliament. Since September we have been meeting with Canadians in Ottawa and across the country. The committee split itself in half. Half went west and half went to Atlantic Canada and Montreal. We have heard hundreds of witnesses in a series of round table discussions. We have also heard individual presentations. The interested public as well as members of the committee are getting more familiar with the process. We have had some very good debate.

I would highlight the work by charitable organizations. They have given us some new ideas. I would also highlight the work by health coalitions. They have given us some suggestions on what the budget response should be on health care. We have also heard from several business organizations who talked about their optimism with the economy and at the same time their desire to see some changes in the way we do business.

These suggestions are always considered. They are always taken in good faith. They are very much appreciated. The government has every intention to follow up on these many ideas. The government is awaiting the committee report which will be tabled in the House during the Christmas recess. It will have more ideas and a semblance of what we think should be done.

The Minister of Finance was before the committee last week. He presented his idea of where we should be heading, the 2 per cent target for the deficit in two years. That was the new announcement for the second year of our rolling target. The committee wholeheartedly endorsed the suggestion, although there were two dissenting opinions. On the whole, the committee appreciated that the minister was very forthright about our new target. Parliamentarians, Canadians and people around the

world watching the Canadian fiscal situation were very pleased with what the minister said.

One of the pledges which brought our government to office was to deliver genuine change in how the federal government manages its fiscal decision making, change that provided the public with more open access to information and a change which would give Canadians and their representatives, their members of Parliament, a real role in charting the course of action for the nation.

*[Translation]*

The latest economic and fiscal update, which the Minister of Finance submitted last week to the House Standing Committee on Finance, is a very concrete example of this commitment to account publicly for our actions and to make our decisions openly. The same thing can be said about this debate.

• (1130)

Again, I must challenge my hon. colleagues from all parties to seize this opportunity and provide the government with concrete, sensible, non-partisan advice. This is a chance to really make a difference in the interest of our constituents and of all Canadians.

*[English]*

The 1995 budget demonstrated clearly and convincingly that public and parliamentary input was valued and acted on by our government. This was confirmed by the substantial public acceptance of that budget.

It must be and will be the ideas and suggestions of all members that dominate this debate. Meaningful discussion occurs most easily when there is a clear and defined context for the issues involved. When it comes to budget planning, that context is nothing less than Canada's economy and the fiscal situation of this government.

I would like to spend a few minutes highlighting some of the key points that the finance minister made in his presentation to the finance committee last week. Let me start as the finance minister did by reiterating one fundamental point.

Our government's objective is not simply to provide a better balance sheet. It is to provide and work toward a better country, a fairer society. It is an economy that more than anything else is capable of producing the kinds of jobs and growth that will enable Canadians to have faith in their future. This is a compelling reason why our commitments to fiscal health will not falter.

There is simply no contradiction between deficit reduction and job creation. Continued deficit reduction is essential if we are to get our interest rates down, interest rates that stand in the way in the creation of jobs.



*Government Orders*

The federal fiscal situation is directly tied to the outlook for the economy as a whole. I want to touch on how our economy has evolved since the last budget.

Last February the budget projected an economic slowdown as high interest rates weakened the U.S. economy. Unfortunately that slowdown came much sooner than anyone anticipated. Today however we seem to be back on the right track. The U.S. economy is poised for a moderate expansion through 1996 and beyond, a growth that will contribute directly to Canada's growth.

Domestically, interest rates have been falling. They are almost down 2.5 percentage points from the early 1995 highs. This contributes not only to spurring consumer and business confidence and investment, but also eases the cost of our debt charges.

Another harbinger of renewed growth is the fact that our cost competitiveness continues to rebound strongly vis-à-vis the United States. It is now the best that it has ever been in the 45 years that we have kept data on this particular issue. In turn, our merchandise trade balance, exports over imports, stands at \$34.6 billion, an all-time high in September.

As we can see, our economic fundamentals are strong but as the finance minister warned our committee and all of us, the challenge is to keep them strong, to take the further budgetary action that will translate those basic strengths into more jobs for Canadians. That takes us to the fiscal challenge and the relationship between public debt and the economy.

Twenty years ago for the federal government the debt to GDP ratio stood at 19 per cent, ten years ago it stood at 50 per cent and today it is close to 75 per cent. The issue is not simply excessive government spending. The very nature of the ratio is the relationship between two variables. The debt to GDP ratio reveals the two things on which we believe very strongly we must concentrate. One is to keep our spending under firm control. The other is the necessity to maximize the nation's potential, its productivity, its capacity to grow and its capacity to create jobs.

I agree with the Minister of Finance. Our strategy must be based on synergy. Neither growth nor deficit reduction is sufficient alone but pursued together they can do the job.

• (1135)

This brings me to the heart of our approach, the steady pace approach based on rolling two year targets that we have adopted. In my view, these do not undercut our commitment to ultimate deficit elimination. Instead, they are a credible strategy to make sure that we get to where we have to go without throwing the baby out with the bath water. Of course we could lighten our load further, just like we could lighten a car by throwing out the engine or removing the brakes, but that would not likely take us to where we want to go.

Our government knows where it wants to go: to the destination Canadians have set for us which is to bring down the deficit firmly and consistently but in ways that sustain and enhance economic growth. That is what we are doing.

By 1996-97 with our 3 per cent interim deficit target secured, we will have halted the growth of the debt to GDP ratio. However that simply sets the stage for the next challenge which is to ensure that this ratio continues to track downward, year after year, cycle after cycle.

Meeting that challenge means more jobs. It means enhanced economic sovereignty as we free ourselves from being beholden to foreign lenders. That is why our government has mounted the largest assault on the federal deficit in Canadian history.

In the 1994 budget we took action to deliver a three year savings of \$20 billion. In the 1995 budget we took even more dramatic action for a further \$29 billion in budget turnaround. In both budgets the vast majority of our action items were spending cuts.

The results are already becoming clear. Last month the finance minister announced that the deficit for our first full year in office was \$37.5 billion, \$2.2 billion below the target set in our first budget and \$4.5 billion lower than the previous year.

In 1993-94 the deficit stood at 5.9 per cent of GDP. It went down to 5 per cent last year. This year the deficit will continue to decline to 4.2 per cent of GDP, on its way to 3 per cent in 1996-97.

In order to maintain that progress, the finance minister announced last week that the deficit for 1997-98 will be brought down to 2 per cent of GDP. This is estimated to be approximately \$17 billion. This means that we will have cut last year's deficit by more than half. It also means that the debt to GDP ratio will be on a downward track.

Furthermore, this means that the government's new borrowing requirements on credit markets in that year, which is the way that many other governments, including the United States, calculate their deficit, will be less than \$7 billion, less than 1 per cent of GDP. This means that by 1997-98 new borrowing requirements in relationship to the size of our economy will be at their lowest level since 1969.

I have emphasized our action on the spending side of the fiscal equation but I want to reiterate that there is a second track, which is the redesign of government itself and its programs to play a better part in creating jobs and growth. It is jobs and growth and the revenue they bring to government which will also help us to ultimately eliminate the deficit.

That is why we have made improvements to the unemployment insurance program which have been the most profound in the last 25 years, bringing it into line with the labour market realities of the 1990s. It is why we are encouraging small businesses to invest and hire by lessening the regulatory burden and by improving their access to capital. It is why the govern-

*Government Orders*

ment is emphasizing trade missions around the world. Canada is a trading nation and new exports mean new jobs.

There is a companion priority to jobs for our national well-being that our budget planning must encompass. That is to sustain our social programs in the face of a changing global economy and domestic demographics.

This priority is reflected in our unequivocal support for Canada's health care system. It is also reflected in our commitment to ensure that Canadians are not discriminated against when they move from one part of the country to another and seek social assistance.

• (1140)

Let me add a few notes about the nature of Winnipeg and Winnipeg North Centre. I was first elected to represent that constituency in 1988. Many people have said to me: "You were the social policy critic of the Liberal Party in opposition and now you are working in finance. How do you resolve the two? Do you not feel as if you are doing harm to your own constituency?"

Let me state quite clearly to the House that the actions we are taking will help my constituents to have a strong province and a stronger country. It will increase the ability of governments to respond for years to come. The actions we are taking now will provide more opportunities for them than could be imagined under the present debtload.

The situation which has developed in the last 15 years has been an increase in child poverty, a high rate of high school dropouts, and the incidence of high unemployment in downtown Winnipeg. There is a feeling of helplessness, a feeling that governments cannot respond, that governments have neither the energy nor the ideas to develop a stronger economy.

I want to assure my constituents that uppermost in my mind, as I carry on in the position as Parliamentary Secretary to the Minister of Finance, is the impact of these actions on their lives. I know that by the way we are gradually reducing the deficit we will not harm the ability of the federal or provincial governments to respond to their needs.

There is in the public debate a great deal of noise about the impact of cutbacks on the provinces, about the impact of social transfers. Let me again assure everyone that every thought was given to minimize the impact on provinces such as Manitoba, Saskatchewan and other poorer provinces across the country so that they could retain the fiscal capacity to respond and deliver appropriate health care and social policies to our people. As the government regains its strength it will be able to respond even more clearly and strongly to ensure that there are job opportunities, school opportunities and a lifestyle we can all be proud of.

Let me conclude on the same note as I did over a year ago. For many years when it came to decisions on the economy and our fiscal dilemma, the federal government too often took the easy way out leaving the hard choices to another day. That has not been our path. We have made the hard choices and taken real action to bring the deficit down sharply. We have also taken measures to boost economic strength and a real commitment to sustain the social safety net Canadians from coast to coast to coast cherish.

The struggle is not over. We have more to do and further to go to complete our fiscal freedom. We must continue to set priorities for where the government can and must act to help growth and jobs.

This is where we came in today. On behalf of the government, I encourage hon. members to share the ideas and concerns that we can work together on to ensure a strong and prosperous Canada.

[Translation]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, I would like to congratulate the Parliamentary Secretary to the Minister of Finance on his excellent speech. If only it reflected reality, it would be fantastic, but it does not. Coming back to the Liberal majority interim report on prebudget consultations, I would like to read to you a few lines of this whole report, which are quite telling and which distort the premises of this debate.

The last paragraph of the interim report on prebudget consultations, the Liberal majority report, reads as follows: "The Committee recommends that this House support the real and sustained progress being made on deficit reduction, while maintaining a balanced approach".

These few words seem to indicate that the government is taking the people of Quebec and Canada for fools, but that they are not; this is an insult to their intelligence.

• (1145)

The fact of the matter is that, in light of the actions it has taken over the past two years and the direction it is taking for the next three years, the government does not score well in terms of financial administration. Why not? Because the Minister of Finance will be meeting his targets in 1995-96 and in the following years at the expense of the unemployed, welfare recipients, students and those who are sick.

When the Minister of Finance tells us that, in 1995-96, his deficit will reach \$32.7 billion, we have to add to this \$32.7 billion the \$5 billion he snatched from the UI fund surplus.

When he talks about having largely exceeded the deficit reduction target for 1996-97 set in his last budget, when he talks about the deficit being brought back down to \$24.3 billion in 1996-97, once again, we have to add another \$5 billion in funds snatched from the UI fund surplus. I remind the House that, since 1990, the federal government has not paid a dime into the UI fund, which is fed by employees and employers through their

*Government Orders*

premiums. The Minister of Finance makes himself right at home, snatching from the UI fund surplus an amount of \$5 billion that must be added to his 1996-97 deficit figure. Beside the \$5 billion drawn from the UI fund, federal transfer cuts must also be taken into consideration. In 1996-97, these cuts will total approximately \$2.5 billion.

Therefore, if we figure out the total for next year, that is if we add to the \$24.3 billion deficit mentioned by the Minister of Finance in his economic statement the cuts in transfers to the provinces, as well as the surplus in the UI account, we arrive at an actual deficit of \$31.8 billion for 1996-97.

The same is true for 1997-98. The Minister of Finance paid a visit, with great pomp, to the committee last week and showed us, with his usual imposing presence, all kinds of nice and colourful diagrams and graphs. He told us that not only will he meet his budget goals but that, in 1997-98, he will be able to bring the federal deficit down, to 2 per cent of the GDP, or \$17 billion. Again, the Minister of Finance does not tell the whole truth.

The government is hiding some facts. Indeed, to this \$17 billion deficit we must add \$4.5 billion in cuts, which is a way for the federal government to offload its problems onto the provinces. Mr. Speaker, we are talking about \$4.5 billion. The federal government dumps its deficit reduction responsibilities on the provinces, to the tune of \$4.5 billion in 1997-98. Then, we must also add to that amount a \$5 billion surplus in the UI account, which the Minister of Finance and his government will take from the UI fund.

Therefore, far from standing at \$17 billion, as claimed by the finance minister and his secretary of state, the actual deficit in 1997-98 will total \$26.5 billion.

When you look at all this you wonder what the Minister of Finance has done in the last two years to really provide leadership and sound management regarding Canada's public finances? What has he done? Nothing. The minister was content with taking, if not stealing, the UI surpluses. He was content with offloading his responsibilities onto the provinces, and, regrettably, he was content to solve his deficit problems on the back of the unemployed, the welfare recipients, the sick and, soon, the elderly.

These are the corrections I wanted to make following the finance minister's snow job, which was added to this morning by his secretary of state.

• (1150)

How does the Minister of Finance manage to get these surpluses in the UI account, which will be \$5 billion this year, \$5 billion next year and \$5 billion the following year?

He uses an approach which is twofold. First, as we saw with the reform introduced by the Minister of Human Resources Development, which I consider to be a human tragedy, the minister came up with a plan to tighten UI eligibility criteria. In so doing, not only was a surplus created, but also the responsibility ends up dumped into the backyard of the provinces, as literally whole families, thousands of families eligible in the past for unemployment insurance, end up on welfare year after year.

For Quebec alone, the Quebec department of income security estimates that no fewer than 10,500 additional households will end up on the welfare rolls in 1996-97 as a result of the tightened UI eligibility criteria which have been decreed by the Minister of Human Resources Development, lauded by the Minister of Finance, and backed by this government, one which has not shown a once of compassion in the two years it has been in office.

In 1997-98, the tightening up of UI will force an additional 26,500 households, 26,500 Quebec families, onto welfare. A further 27,500 Quebec households will be added in 1998-99. A sad thing to contemplate.

The second equally heartless approach this government is using to create a surplus in a fund into which the government has not put a red cent for the past five years is to maintain high contribution levels for employees and employers.

The public is entitled to know that contributions at this time represent \$2.95 for each \$100 of insurable earnings. The Minister of Finance could have reduced that figure, this very year, from \$2.95 to \$2.93, thus creating no fewer than 12,000 new jobs and meeting his deficit objectives for the coming year and the year after that, but he preferred to sacrifice 12,000 jobs by maintaining contribution levels at \$2.95 per \$100 of insurable earnings, instead of dropping them to \$2.93. That is how they claim to have achieved the goal of sound and balanced administration of public finances that we all are seeking to achieve.

As I have already said, the main victims of the two years of Liberal reign have been the jobless, the welfare recipients and the students. Before long, as the Minister of Finance disclosed during his appearance before the finance committee, it will be seniors whose necks are on the chopping block.

Among the Minister of Finance's objectives, as revealed in his last budget, is a review of the Canada Pension Plan. Now, having tightened up UI eligibility criteria, he is focussing the same attention on the pension plan.

But why make such a mess of things? Why reduce the federal government's deficit by creating a very substantial social deficit? There are other options. The Minister of Finance has other options than skimming the surplus off unemployment insurance. He has other options than offloading the deficit on the provinces and, in the process, on students, welfare recipients and those who are ill. He has other options than preventing the creation of

*Government Orders*

thousands of jobs by keeping unemployment insurance premiums unduly high. He has other options than attacking senior citizens.

• (1155)

And one of those options, one we have kept repeating for more than two years, is a thorough reform of corporate taxation. We keep telling him, but it was not until others started saying the same thing that the minister realized that, perhaps, something could be done in that area. However, there is still a lack of political will to do so. Once again, the people of Quebec and the people of Canada are not being told the whole truth.

Until 1987, the Department of Finance published statistics on Canadian businesses that made a profit without paying taxes. In 1987, the last year for which figures were available, 93,405 businesses had made profits totalling \$27 billion without paying taxes. After that, do you know what they did? The Department of Finance, the Minister of Finance at the time and today, the current finance minister, were so ashamed of these figures and how they multiplied, because they tripled over a period of seven years, that they stopped publishing these statistics.

According to a report from the Department of Finance published last year, in December, if I am not mistaken, 288 tax measures were available to Canadian businesses, 288 measures they could use to avoid losing part of their profits to federal taxes.

Let me tell you about two of these measures which the Minister of Finance, if he had the political will to do so, if he were not himself directly involved in the wonderful world of big business, could set in motion immediately and plug the holes in the tax system with little effort.

First, there is the income tax return, and then there are tax havens and the lack of fiscal measures to prevent Canadian businesses from using countries considered as tax havens as part of their tax planning.

With respect to the tax return, allow me to quote from an excellent study done last September by Professors Bernard, Lauzon and Poirier, three researchers for the department of accounting sciences at the Université du Québec in Montreal.

In connection with a study of 438 businesses, they say, and I quote: "Of the 438 businesses included and analyzed in our study, we found that 200, or 46 per cent, actually paid less than 20 per cent of their profits in income tax in 1992. Two hundred businesses managed to pay less than 20 per cent tax, because of the tax return. Of these 200 businesses, 30, or 6.8 per cent of the sample, received tax refunds totalling \$126 million, despite profits of \$200 million".

These 30 businesses received tax refunds of \$126 million, despite profits of \$200 million. Does this make sense?

My quote continues: "It is also noted that 51 businesses paid no income tax—0 per cent income tax—despite \$282 million in profits before taxes. Of the 200 companies, 72, or 16.4 per cent, paid less than 10 per cent tax. Thus before tax profits of \$2.2 billion gave rise to actual tax payments of \$130 million, or approximately 6 per cent income tax."

This is not considered unusual. The government considers this usual. The Reform Party is mum on the subject, their nest having been made long ago. They do not find it unusual that such businesses make huge profits and do not pay a cent in income tax, or almost none. It is acceptable for these business to use 288 measures to get around having to pay and for the government to make drastic cuts in unemployment insurance and in transfers to the provinces for welfare, post-secondary education and health care. For the Liberals and the Reform Party this is fine, just as it is to continue with a tax system that no longer makes any sense.

• (1200)

It makes no sense when we look not only at these facts but also at the market emerging for the exchange, the sale of tax losses. These classified ads can be seen every day in the newspapers, as I have said repeatedly over the past two years. The *Globe and Mail*, the *Financial Post*, *The Economist*, all financial and business magazines carry ads like this one: "Tax losses for sale".

Just imagine, they are no longer selling goods and services but tax deductions. The ad goes on to say: "Our client, a cosmetics distributor with large tax losses and undervalued assets seeks a buyer who can use his tax deductions. Discretion assured". I should hope so, discretion assured. They should be ashamed of themselves. "Please contact—I will not identify the company but not because I am not tempted to do so.

I find it simply outrageous that, faced with this evidence, the government, the Minister of Finance, the Reform Party can hide the reality of tax evasion from the population and not have done anything in the last two years to close the loopholes. Another way for large corporations and high income people to avoid paying their fair share to the federal government is to use so-called tax havens.

An article in last June's *CA Magazine*, the magazine for Canadian chartered accountants, urged large corporations and very high income individuals to create companies in countries regarded as tax havens. It urged Canadian chartered accountants to create these phoney companies in tax havens such as Bermuda and some Caribbean countries so that they can shelter their millions of dollars in profits and avoid paying taxes to the Canadian government, or pay very little.

*Government Orders*

That is a lot of money. In 1992, the auditor general talked about \$16 billion in revenue lost to those countries regarded as tax havens; \$16 billion is a lot of money. Although all individuals are required by tax laws to report all the money they make outside Canada, corporations and businesses are not. They are not required to report their income outside Canada.

The hundreds of millions, even billions of dollars in profits, as the auditor general said in 1992, that go through the phoney companies set up in these tax havens are not taxed. The profits are sent back to Canada without being taxed, so that thousands of Canadian businesses, most of them large corporations, do not pay one penny of tax while making billions of dollars in profits.

I do not understand why the Minister of Finance has not yet initiated a corporate tax reform, as we have been asking him to do for the past two years. He should do it, if only to be fair to businesses that do pay their taxes, to the majority of businesses—we all know entrepreneurs—with a sense of corporate citizenship.

He should also do it to be fair to those businesses that see other businesses, like the ones I just mentioned, get away with not paying a cent in taxes when they, on the other hand, are bled dry, especially since 1990, to be good corporate citizens, and when individual taxpayers are even worse off than businesses, paying taxes year in year out, while being affected by all the cutbacks, like the ones announced by the Minister of Finance, that were made since 1984 to the UI fund and to federal transfer payments. At the end of the day, it is always the same people, the taxpayers, who foot the bill for these inhuman measures, which border on incompetence in improving public finances as planned.

• (1205)

We are always accused of getting on the case of banks. Well, they will come under scrutiny because, when we look at tax havens and at what the six major Canadian banks are doing, it is outrageous. Is there nothing wrong with these banks being allowed to use such tax havens to avoid paying taxes to the federal government?

There are quite telling figures in this regard. Just the other day, officials of major banks were close to tears, saying: "We have to pay taxes. That is terrible. They are strangling us". Banks will make \$4 billion in profits this year, and they are complaining about being strangled.

Is it normal that the Scotia Bank, for example, has more branches in the Caribbean alone than around the world? Scotia has 33 branches in the Caribbean, in small countries that are generally viewed as tax havens. Thirty three branches. It has one branch in America outside the Caribbean, five in Europe, seven in Asia—I would say there are quite a few more people, potential customers, in Asia than in the Caribbean—but 33 in the Caribbean.

It is the same thing with CIBC: seven branches in the Caribbean. Same for the Royal Bank: ten branches in the Caribbean. There are even countries with a population of barely 60,000 where Canadian banks have four branches.

Is it normal to put up with that? Is it normal to let these banks take advantage of tax loopholes to transfer hundreds of millions in these countries, take the profits back home, not pay any federal taxes, and then announce with great pomp, as they did one after the other last week, record profits for 1995? This no longer makes any sense.

In view of this situation, it is not surprising that, since 1950, the fiscal contribution of Canadian companies, unlike that of individual taxpayers, has been shrinking and is now next to nothing.

Let us take a brief look at history. In 1950, companies paid 23 per cent of all taxes collected by the state, compared to 24 per cent for individual taxpayers. In other words, the contribution of companies and individual taxpayers was essentially the same.

And what were these contributions in 1993? The federal government collected 52.7 per cent of its taxes from individuals, compared to only 6.5 per cent from companies. That change alone should make us wonder. It should make the Minister of Finance, as we have been asking him to for two years, undertake, with our assistance, a comprehensive and in-depth review of the corporate tax system.

But this is not all. On December 8, it was mentioned in the daily *La Presse* that companies should pay more taxes. The article read, in part: "Corporate tax represents a smaller proportion of the GDP in Canada"—a comparison was being made with the United States—"and this gives us reason to believe that it might be possible to reduce some of the tax benefits granted to Canadian companies".

Who expressed that view? It is not leftist groups, nor the Bloc Quebecois, the unions or some progressive organizations. Do you know who said that? It is the International Monetary Fund, which is a group of very conservative analysts, conservative not in the political but in the philosophical sense of the word. These people usually ask the Minister of Finance to cut twice as deeply as he actually does in federal programs and expenditures. But this time, the IMF is asking the minister to review the corporate tax legislation and perhaps impose higher taxes on companies, at least those that do not pay their fair share, and there are a quite a few of them.

There is a gap between what goes on and what we have been asking for two years from the Minister of Finance. If the minister really wanted to show some leadership in putting our fiscal house in order, he would not target the poor. He should take a comprehensive approach regarding this issue. When we speak of fiscal consolidation, this means not only expenditures but also tax receipts, revenue.

*Government Orders*

• (1210)

Is it possible, from what I have just demonstrated, that the Canadian tax system may be in need of an overhaul? That it may be time to do some tidying of corporate taxation, after 30 years of adding on and taking off new measures, top-loading as it is termed? If only out of a need for fairness, as I have said, for those who pay their taxes as opposed to those who do not, as well as to streamline the system.

Two years ago, I asked the library for some reference books so that I could know all there was to know about taxation. I do not think my office could have held all of the documentation I would have had to read to be an expert like those folks who get half a million dollars a year to advise businesses to open up branches in tax havens, or those who write in *CA Magazine*.

For all of these reasons, the Bloc categorically rejects what the Liberal majority report states concerning pre-budget consultations. I would like to indicate four approaches the Minister of Finance might use in preparing his next budget.

The first is absolutely vital: the Minister of Finance must reform the corporate taxation system.

Second, as the Quebec Finance Minister asked this week, the federal government must forget about the Canada social transfer for Quebec and give it tax points, in order to eliminate duplication and overlap in the management of this reality, thus enabling Quebec to assume the responsibilities the federal government has abdicated with respect to the most disadvantaged in society. Quebec can take over and do much better.

Our third suggested measure: further defence cuts. Another \$1.5 or 2 billion could well be cut as early as next year. This is something the minister can and must do.

As for the fourth measure, we are asking the Minister of Finance to stop dumping on the jobless, welfare recipients, students and the sick—as well as the seniors who are about to be added to their ranks.

These are the four points the Minister of Finance and his government ought to be guided by, after two years of showing absolutely no compassion toward the most unfortunate of our society, while boasting of how well they are handling public funds, this is nothing but smoke and mirrors.

[English]

**The Deputy Speaker:** Pursuant to the agreement, the hon. member for Capilano—Howe Sound will now speak for 30 minutes, without questions or comments, on behalf of the Reform Party.

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, I am pleased to rise today to offer the Reform Party's first comments on the preliminary report of the finance committee's prebudget hearings which was tabled today.

To come right to the point, Reform considers the report's budget recommendations to be too timid. The proposed deficit target of \$17 billion or 2 per cent of GDP in 1997–98 is totally inadequate.

I remind Canadians that even two years from now the government plans to add \$50 million per day to the debt, which by then will be over \$600 billion. This amount is \$2 million more per hour than it collects. Currently the government is spending \$4 million more per hour than it brings in.

In addition, the absence of a definite date for complete deficit elimination is very undesirable, as is the failure to announce any plans for tax reform and reduction.

In the Reform Party's minority report we set out our alternative recommendations to the Minister of Finance: cut spending sufficiently to achieve a deficit of \$12 billion or 1.5 per cent of GDP for fiscal year 1997–98.

It is important to recommend announcement of a budget in balance or in slight surplus in election year 1998–99. In addition, we suggest the minister offer Canadians hope by the promise that budget surpluses generated by economic growth in the following years will be used partly to reduce taxes and partly to lower the debt.

• (1215)

The proportion in which this is done will have to be decided, but a definite commitment to this kind of plan is necessary in order to prevent the successive pressure for using surpluses for further increases in spending.

We urge the minister to initiate plans for the introduction of a simplified tax featuring a single rate with a generous personal and spousal exemption, thereby restoring fairness, visibility and efficiency. This simplified taxation system would end the nightmare of the GST.

Before I present our reasons for opposing the government's recommendations and offering our own, I want to raise a point which troubles me greatly. If the past is any guide to the future, many speakers in the House will attack the fiscal plans of the Reform Party on the grounds they are slash and burn and show a disregard for the welfare of the most needy in society.

This attack is balderdash. Our program is not slash and burn. No one in the House has a monopoly on compassion. We propose our program precisely because we care and want to preserve Canada's support for the neediest. We defer with Liberals on the merit of cutting today versus cutting tomorrow and a number of other mainly technical issues of economic management.

I will discuss these issues and hope that Liberal members will similarly stay away from denouncing moral standards of others and proclaiming the superiority of their own. All Canadians will benefit if they do.

With this preliminary out of the way, let me now turn to discussion of Reform's position in favour of the more rapid elimination of the deficit. In developing this position, I draw heavily on ideas which were advanced by the IMF, several Canadian think tanks and a large number of business leaders, economists and private individuals in their presentations to the finance committee.

We recommend the elimination of the deficit by the end of the government's mandate because it reduces the risk that some threatening event will once again increase the deficit to the point at which the debt grows more rapidly than national income. As more and more Canadians realize, when this happens we find ourselves in the unsustainable situation in which we need to borrow ever increasing amounts to pay the interest on the ever growing debt. To use analogies that have become so popular, we would not be on a treadmill standing still. The treadmill would keep speeding up making it more difficult to keep up with it.

One threatening event pointed to by witnesses is the downturn in economic activity certain to take place before very long. Another threat stems from the traditional reluctance of governments to enact spending cuts in an election year. Concerns were expressed about the consequences of another Quebec crisis which could result in large increases in the interest on the government's debt and thus aggravating the deficit position again.

The second reason we recommend presenting a target for a balanced budget is it signals to capital markets the government's political courage and determination. As many witnesses noted, if the government did so, capital markets would reward Canada by eliminating the risk premium on the interest rate they now demand.

In a speech a couple of days ago, the Governor of the Bank of Canada in his technical capacity noted that one of the big problems Canada faces is the risk premium that puts the Canadian interest rate above the U.S. rate due to the deficit and a lack of a signal by the government to come to firm grips with the deficit.

If we went ahead and the result was a lower interest rate it would then stimulate housing and other interest sensitive de-

### *Government Orders*

mand. The increased economic growth and tax revenues would move Canada into a virtuous cycle for a change of smaller deficits, even lower interest rates and more opportunity for tax cuts and debt reduction. This is not fantasy. This is an idea supported by many witnesses who appeared before the finance committee.

• (1220)

The government's rolling or shifting target of slow deficit reduction offers the worst of both worlds. The cuts create unemployment and uncertainty which make consumers reluctant to spend and slow economic growth. At the same time, capital markets are reluctant to reduce the risk premium on interest rates because the cuts are too small and there is no definite date for the elimination of the deficit. We heard that argument in the finance committee again and again.

The announced target of a \$17 billion deficit in 1997-98 carries another risk. The careful analysis of the effects of economic growth, interest rates and spending cuts already announced suggest that with any luck and the proper treatment of the precautionary reserve this target is attainable with additional cuts of as little as \$1 billion. It may be more, but it could conceivably be done by cutting an additional \$1 billion. For the sake of all Canadians, I hope capital markets will not interpret this fact as evidence that the government has lost its nerve and more than two years before the election plans no more spending cuts to balance the budget. If they do, the risk premium on interest rates is sure to rise and the deficit will be even larger.

Third, we believe the complete elimination of the deficit by 1998-99 does not involve slash and burn. As the Minister of Finance found out during the referendum campaign with his reference to job losses of one million due to separation, hyperbole may be rhetorically satisfying but it has its risks. The IMF and numerous other analysts have noted that many billions of old age security and UI benefits go to Canadians who by all acceptable standards can do without them during this period of national emergency. This is a national emergency.

With a little political courage, reduced payments to high income earners would permit the complete elimination of the deficit without the need to cut into the support for Canadians with true needs and into other spending programs of the sort discussed by the finance minister in his report which yield high economic and social return.

We believe the Prime Minister's decision to rule out any and all cuts to these social programs, made on the eve of the referendum campaign for whatever political or ideological reason, very much harmed the broad interests of Canadians. I predict history will not be kind to him on this matter. It certainly has put the Minister of Finance in the position in which he will have to make some cuts in otherwise desirable government programs and all Canadians will suffer.

*Government Orders*

In this context it is important to note that the Reform budget would not harm but might increase prosperity in employment. This is so because on the one hand the recommended spending cuts of 1.5 per cent of GDP are only one-half of the normal economic growth of the 3 per cent per year which was made famous by the red book. On the other hand, the lower interest rate and the restoration of confidence in the country's fiscal future which the Governor of the Bank of Canada talked about would stimulate demand more than that lost through the cuts.

The fourth reason for presenting our program is that the delay of spending cuts results in the accumulation of more debt, which in turn necessitates higher interest payments and even more cuts in program spending in the future. This is illustrated dramatically by the realization that in this fiscal year total government spending has remained unchanged from last year at \$120 billion in spite of cuts in program spending of \$11 billion. The cuts were eaten up by higher interest.

• (1225)

More dramatically, if the government had made serious cuts in the first budget early in 1994, as Reform had recommended, it could now announce a surplus at the end of its mandate without having to make further cuts. The country's debt would now be much lower and the level of program spending would not have to be reduced as much as it will have to be done even now.

This means ultimately the Liberal approach to balancing the budget will necessitate lower spending on social and other programs than does the Reform approach. Note the irony of it all, Liberal backbenchers. Note that the minister would not have had to do what he did in his report, announce the need to renege on red book promises on the maintenance of social spending and other programs so loved by Liberals who believe the government is a source of everything good in this world.

Let me quote one sentence, a hidden way of renegeing on the red book: "On these two central priorities, more jobs and more social programs, we would be less than candid today if we pretended that we are doing all we would like". Substitute "all we would like" for what they promised in the red book and we will see how in a sneaky way red book promises are being abandoned.

I have a comment on our proposed rate of spending cuts. Canadians are becoming cynical and discouraged. They have been hammered for years with talk about spending cuts. Every day they learn about more layoffs, reduced government services and higher taxes accompanied by reports that the deficit still adds millions to the debt every hour. No wonder they are worried and do not spend enough to create the economic boom we should have right now, so many years since the end of the recession.

All of our prosperity, all the job creation the Liberals are bragging about that took place since they took over were the result of a booming economy in the United States. All of our output growth was driven by exports. They were lucky.

People are not spending because they have no confidence. Canadians need confidence but they also need hope. They need to see light at the end of the tunnel. The failure to accommodate these aspirations of Canadians is perhaps the greatest shortcoming of the Liberal budget plan and one of the greatest strengths of the Reform alternative.

We offer a general reduction in the tax burden out of the revenue surplus which will be sure to materialize once the deficit monkey is off our backs. We are offering a lowering of the debt burden so that even more tax cuts can be enjoyed in future years.

We offer these tax cuts in the context of tax reform which would eliminate the abomination called the GST. We would offer hope for the young generation which will be burdened with this outrageous 75 per cent of GDP, \$600 billion or more of debt probably by the time the government gets through with its timid cuts, a trillion dollar debt and the interest on it.

I recently attended a conference on the future of our social security programs and the problems caused by the baby boomers. By the year 2030, some actuaries are saying, just to deliver on the already existing promises for old age security benefits, on medicare and on CPP we will need to raise \$50 billion. This \$50 billion will have to be raised by a generation that has fewer people of working age than we have right now.

They will need an increase in their personal income taxes by 50 per cent.

• (1230)

The young generation should be on the barricade. We have to work on the social security program we are leaving as a mandate to future generations. Another thing we can work on right now is that extra legacy, almost a trillion dollars worth of debt, and if we combine the provincial and the federal debt, that figure is easily reached. It will at least be that much if there is a recession, and then some of the other contingencies that witnesses have talked about will be realized.

It is one of the great hidden scandals that we in this House are borrowing and are forcing it on a yet unborn generation and young people who are too occupied with making a living. Our debt burden is the greatest in the history of this country and is one of the greatest in the history of the world. People who cannot vote are being asked to tax themselves so that we can live beyond our means.

No wonder we are getting rave reviews as being the greatest country in which to live. Any country can do that as long as it has credit and is prepared to borrow from as yet unborn generations. Live and blow it, have a great life for everyone. Get yourself a glowing report in the United Nations. It is okay that it is done on



*Government Orders*

borrowed money. Those young people do not have any vote yet. That approach is the ultimate in cynicism. I find it unbelievable this issue is not being raised. We have been promised a white book on pension reform. Nothing. They are too timid to even raise it. It is one of the greatest scandals we are going through at the moment.

It will take another 20 years when this crunch will begin to hit. Twenty years is nothing, yet it is not being discussed at all. When it comes to one portion of that unbelievably horrendous legacy we leave for our children, grandchildren and as yet unborn generations, we hear: "Oh, no, we cannot be too tough on Canadians who are making \$50,000 a year on old age security benefits. We promised it to them".

We could ask Canadian pensioners who are making over \$50,000 a year in today's dollars: "Do you know what kind of a burden your generation and the generation sitting in this House is passing on to your children and grandchildren? Do you not think we ought to share and get together to make sure it is not as big as this?" I believe if I spoke to audiences and pointed this out, they all would say: "Yes, I am prepared to take a little cut in my income". That is all it would take. The IMF and everybody who looks at these numbers points out that it would not take a great deal of sacrifice to do this.

What does the Prime Minister do? Probably without consulting anyone he commits his government never to do what everybody says is necessary. I hear Canadians saying that we should be doing it because it is not right to burden future generations, our children and grandchildren, with the amount we have.

In concluding my analysis of the government's prebudget recommendations, let me note that the views I expressed were shared by a large number of witnesses who appeared before the finance committee. They reflect the concern of those who argued for the preservation of our country's social security net. I am sure they are shared by a very large segment of our population. I am truly sorry they are not shared by the Minister of Finance, cabinet and Liberal backbenchers. How good it would be for Canada if they did.

• (1235 )

**Mr. Wayne Easter (Malpeque, Lib.):** Mr. Speaker, I find it interesting to speak following the slash and burn speech I just heard. Let me say to the hon. member that this government instead of just listening to the IMF and taking its direction, listens to the Canadian people and tries to meet their needs through the budget that we propose.

I will begin by thanking the members of the Standing Committee on Finance for their efforts in terms of holding prebudget consultations across the country. On November 27 the finance committee conducted prebudget hearings in my province of Prince Edward Island. That gave the opportunity for many island groups and individuals to present their views on the direction the government must take when designing the 1996 budget. Their views will certainly assist the committee in preparing its recommendations for the minister. I want to thank those islanders who took the time and the effort to think through the briefs and to present them.

There is no question about it, the round table in Charlottetown put forward many views and recommendations from all sides of society. It is crucial that the government listen to what those presentations said. We had to find a balance between the massive job of deficit reduction and our social obligations to all Canadians. I would like to quote a couple of remarks from those presentations because they do differ from the left to the right of the political spectrum.

The Charlottetown Chamber of Commerce put forward its position that "the deficit must be reduced more rapidly with tough but attainable targets being clearly set out and achieved". It does go on to state though that "the entire program could take over 25 years. Given that we have had 20 years of overspending to arrive at our present position, such a time frame for debt elimination is both appropriate and manageable". As well, the chamber of commerce suggested four points: continuation of privatization; harmonization of the GST and PST; doing away with jurisdictional overlaps; and changing the annual filing system to perhaps two or three years in order to save money.

A different presentation from the opposite side of the spectrum came from John Eldon Green. He said: "I am not one of those who believes the new disentanglement can be achieved according to the rapid schedule of the finance minister or those around him, or indeed of the entire financial community in Canada. I would get us out of debt the way we got into it, slowly, gradually and over the long term. What is now being attempted is entirely counter to the creation of an environment for jobs and growth", from his point of view.

Mr. Green went on to say: "The issue for me is: How much money is there in Canada and what is an appropriate amount to be left with the people, allocated to governments and devolved to other countries? Our borders have to remain open to business, but I have trouble seeing the jobs and businesses of people around me being sacrificed in the cause of global business and untaxed profit. However I do not know the numbers but then no one in Ottawa these days seems to know anything but". I think it is a valid point.

The view of priorities that governments should set for themselves is not disputed. We as a government must also recognize

*Government Orders*

that if they are achieved at the expense of social programs on which all Canadians depend, then this quick fix is much too high a price to pay.

There are basic programs that benefit all Canadians as well as the business community: educational programs, medicare, et cetera. Yes, these programs do cost money but we can have a debate on whether it is a cost or an investment. I see these kinds of programs that this government is pursuing as an investment in the people of this country to ensure they have the means by which to work in the job community in the future.

In fact many of these programs that we have as a Canadian government today are an asset to the business community in terms of its members being able to compete abroad.

• (1240)

We must maintain the level of social programs we currently have. They are one thing that unites us as a country and why this country is recognized as the best country in the world in which to live.

The approach taken by the minister to date has been a reasonable one. The minister's statement last week showed the progress we are making. Some, like members of the third party we just heard, like to blow the deficit out of proportion. Somehow they disregard the needs of people. They like to blow the deficit out of proportion and negate the progress we have made. Clearly, we have made progress.

The 1994-95 deficit was \$400 million lower than predicted. We are on track to reduce the deficit to 3 per cent of GDP by 1996-97 in a timely and reasonable way. In my province in November 1995 the unemployment rate fell to 12.2 per cent, down more than 6 per cent from the 18.5 per cent when this government took office. Retail trade has strengthened through 1995 and outperforms by far the national level.

Given that kind of progress, we now must undertake and make a much greater effort to better balance the social side of the equation. Yesterday's announcement by the Minister of Human Resources Development is a move in the right direction in terms of increasing child care spaces in the country.

In terms of the social and tax balance on the tax expenditure side, a loss of tax due to a tax break either to corporations or to the wealthy is as much a cost as the direct expenditure of dollars under government programs. To date, governments at all levels have tended to target the direct expenditures and too much have ignored the tax expenditures. It is very important in this budget to try and balance that.

I know it is not easy in the face of the current attitudes that are prevalent throughout the country and throughout the world. I want to quote from Peter Newman's book, *The Canadian Revolution*:

"The values of the marketplace have infiltrated every institution in Canada: the family, the church, the legal system—. Anti-human, commercial values are dominating every sphere of life. Now that we're coming into economic hard times, the sense of each man for himself—save your own skin, get whatever advantage you can—is going to sink public spiritedness and make it much more difficult to preserve our sense of obligation to community".

I make that point to stress the kind of attitudes that are out there at the moment. Those are the kinds of attitudes that are coming from the Reform Party. Real leadership by the government in the face of that hard nosed attitude is required. The Parliamentary Secretary to the Minister of Finance mentioned earlier the action necessary which the government is taking to address the concerns of people.

The employment insurance proposal was one that was mentioned. I do want to point out that I hope two measures in that bill can be changed. One is the intensity of work rule and the other is the calculation of the benefit base. We must ensure coming out of this budget and the policy objectives of the government that the seasonal industries do have the opportunity to grow and prosper.

In conclusion, let me quickly list some of the initiatives I would like to see furthered in the next budget.

We must start to develop a program that deals with child poverty. Expansion of the infrastructure works program should also be considered. It has been an excellent program. In fact, it has put in place a base for businesses to develop and grow.

The major industries in Canada are still the natural resource industries. Although we hear much about the knowledge based industries and the technological highway, it is important that we not ignore those natural based industries: agriculture, fisheries, forestry and mining.

• (1245)

As well, we need to enhance and strengthen the ability to market products internationally. We need to renew our commitment to the great marketing institutions across this nation, the Canadian Wheat Board and the supply management boards which have brought prosperity to communities and continue to contribute to the balance of trade.

We need to continue to maintain and strengthen our regional development programs and, in my area specifically, ACOA. I will make one point on ACOA. Since 1993, ACOA's programming and partnering with the provinces and the private sector has created and maintained over 46,200 jobs. It has assisted 5,300 businesses. It has a proven track record in small and medium size business development.

**Mrs. Jane Stewart (Brant, Lib.):** Mr. Speaker, I begin my remarks by noting that this is the third year in a row that members of the House have been invited to participate in a prebudget debate. They have been asked to share with the Chamber and certainly to share with the Minister of Finance their particular points of view, their advice and their concerns

*Government Orders*

about the direction and the hopes for our country and its fiscal circumstances.

I will make my remarks from two points of view today; one, as a member of the Standing Committee on Finance and, second, as the member of Parliament for Brant. I have recently met with my constituents at one public meeting to talk about the budget and will meet with them again early in the new year to collect more input and advice.

From the point of view of a member of the committee there are three things that have struck me over the course of the prebudget consultations that have been under way since September. First of all, it is very clear to me that there is a different tone in the representations that are being made at the committee table this time around.

If members recall, last year at this time the newspapers were full of the issue of the budget and the fiscal circumstances. As members of Parliament, we were receiving all kinds of representations from constituents and lobby groups about what we should and should not do, what our strategy should be and what our approach should be.

Very soon after that, in fact as soon as the budget was tabled, all that frenzy melted away because the Minister of Finance had listened. He responded to Canadians. He addressed their concerns with a very effective budget.

That calmness, that understanding, that support for the approach to budgetary strategies continues. The tone since September has been a measured tone, a very supportive tone, one that shows appreciation for the approach the government has taken. It shows appreciation for the strategy of rolling targets. It shows acceptance that the government is going to make its commitment of reducing the deficit to 3 per cent of GDP. It shows support for the fact that conservative assumptions are taken into consideration when preparing the budget package. It shows acceptance of the notion of having a contingency reserve so that as the economy's cycles work their course, that fund will keep us on target to meet the goals that have been set.

The Minister of Finance came to the committee recently and indicated that for 1997–1998 the deficit goal would be improved to 2 per cent of GDP. I strongly support that strategy. I would encourage him again to use conservative assumptions as he prepares his budget for 1995–1996.

The committee was told in several ways and several times over the course of the budget hearings, by economists and members of the business community, not to forget that Canada is in a cycle and we can anticipate somewhat of a downturn in the near future. I would encourage the minister to consider maybe increasing the contingency reserve that has been addressed to date.

This is all good. The tone is solid. It is supportive of our approach.

There is something else that is interesting. In this set of prebudget debates the focus has turned away from being solely on the deficit to actually talking about the debt. What that says to me is that Canadians are quite confident that the first strategy, the hurdle of the deficit, has been managed and now they want to continue on with good, sound fiscal management and start to attack the debt.

The minister spoke about that, as did many witnesses as well. It is a process, an evolution, a confidence that the government is moving in the right direction.

• (1250)

Third, I would like to point out the issue of quality. The presentations that have been made to the committee over these last few months have been exceptional. They were even better than last year. We in the committee are starting to learn more effective uses of the consultative process. We used the round table as the hon. member before me noted. It is a very effective way of getting Canadians to come together and understand the different perspectives and concerns that people have, their needs and requirements.

However, I would point directly to some of the sectors in our community which have worked so hard to pull themselves together and build a consensus before they come to committee. When they come to the committee they have a single voice. They are very clear in what they are looking for and they make a very pointed and accurate intervention.

The health community came together under HEAL and presented its suggestions to us so that a strong and healthy Canada Health Act can be maintained.

The voluntary sector has done an incredible job over this last year bringing dozens of groups together to build a consensus. It stated that these groups were building so they could be considered as a voluntary sector in this economy. It made some very good representations and suggestions to us that will help us to encourage donations at the moderate level and at the high level from businesses. We have to listen very carefully to this group's representations and give it some time because it is coming together and will provide Canadian society with very valuable contributions and partnerships that should be supported.

I also think of the coalition for private and public partnership where the private sector has come together with public partners and said that they can work together in this notion of privatization—commercialization in identifying where the effective partnerships can be built.

*Government Orders*

These are the kinds of things that Canadians are doing now as a result of the government's approach to managing the country's fiscal requirements. They are moving in the right direction and I am proud of it.

I would now like to turn to the messages that my constituents are giving me back in the riding of Brant. As I said, we met late in November with a very interesting group of people from all sides of the political spectrum. The message was loudly and clearly heard that Canadians in my community want us to continue on the deficit reduction track, to move toward dealing with the debt, to do it without raising personal income taxes and to manage it on the spending side.

In Ontario, people in my riding are now able to juxtapose the different strategies. The government's strategy is of a balanced, measured, thought out approach that is timed and pitted against goals that are set versus the strategy of the provincial Tory government, in fact almost Reform government, taking a slash and burn approach. There are two different ways of getting to the end and Canadians are saying to do it in the Liberal way.

I need to tell members about individuals in my riding who have suffered as a result of the Tory strategy. They did not know that their social security cheques were going to be cut by 20 per cent. They were not told. If they had been told they would have had to read it in the newspapers and not everyone has those facilities or capabilities. It is unconscionable, inhumane and not what governments are about.

Despite those who say governments should be managed like businesses, it is just not true. Governments are here for people. Governments have to manage in that fashion. Therefore, I am very proud and certainly support the strategy of the government to take a balanced, measured and stable approach to managing our fiscal house.

One gentleman in our conversation, Mr. Dave Levac, brought up an issue that people are concerned about which is the issue of government accountability. We know we have to do a better job at letting people know what our goals are and about measuring ourselves against our goals. Mr. Levac suggested that ministries, when they do not spend all the money allocated to them over the course of a budgetary period, contribute that directly to deficit reduction. That is not a bad idea but there may be some very complicated and technical administrative costs that are associated with that. However, what my constituents are saying is that government still has a way to go in assuring the Canadian public that it is truly accountable in spending tax dollars effectively. I accept that input. We do have to work more effectively in that regard.

• (1255)

Finally, on a detailed level, my constituents were very supportive of a government that supports the social side, the side that speaks to individuals, the Canadian public. They said that government support to the economy, to industries and business

through subsidies, is probably one place where the government should continue to make cuts. Let the market look after itself.

We heard that at length over the course of the hearings in the finance committee where members of the chambers of commerce and different organizations representing business said they could manage more effectively without subsidies. We should, as a government, cut where Canadians are saying they will take cuts. That should be our strategy. I think of Mr. Lobb at the town hall who said: "I appreciate the fact that where the government made cuts was more on the side of business and the economy and less on the side of the social budgetary agenda". That made sense to him.

I suggest we continue with that strategy. We must remember that governments are here for Canadians. As a government we are opening the back rooms so that Canadians can participate in the budget debate, which is critically important to each and every one of us. We are taking a measured approach, with targets and commitments and we are meeting those commitments. We are creating stability in the marketplace, which is buying us credibility. We must focus on providing social support to Canadians across the country.

[*Translation*]

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, today the debate is on a motion intended to congratulate the government on a job well done in the area of government finances. Of course you will realize we do not share that view.

I listened carefully to the hon. member for the Liberal Party who just spoke, and I will get back to what she said later on. In fact, towards the end of her speech, she said she was pleased because people had told her this government did not reduce its deficit by attacking the most vulnerable in our society but by cutting subsidies to business, and so forth.

We will put that in perspective later on, and maybe she should provide some figures or information for the constituent who said that, because the exact opposite is true. The main sectors affected since this government came to office—and I will explain that later on—are transfers to the provinces and unemployment insurance. It is largely these two sectors, as well as some economic growth, that enabled the government to reduce its deficit.

In the case of unemployment insurance, it is an artificial reduction. I will elaborate on all that, but I will also comment on the prebudget consultation process as such. In fact, this is the second year we have had these consultations. I am not so sure the process has improved over time. Perhaps certain technical details such as organizing round table discussions instead of hearings, could be seen as an improvement. However, when we consult people without providing a context, without parameters, as we did this year, there are certain consequences. The groups that appeared before us had to answer several questions formulated by the Minister of Finance, without exactly knowing where the debate was leading and without necessarily having

*Government Orders*

access to updated information which we did not receive until after the consultations. I will talk about all that as well.

I will discuss program review, which is an important element, and the fact that the Minister of Finance just announced there will be a phase II. I will also discuss what happened in the past few days, and I am referring to a proposal from the government of Quebec which was flatly rejected by the finance minister. When Quebec is willing to start a dialogue on a serious and constructive basis with genuine decentralization as the ultimate goal, it is rather surprising that the response to this initiative should be a quick and categorical no. So we are going to discuss that, plus corporate taxation and some of the measures that are in the works. So let us have a look at these items one by one.

First, the prebudget consultations. This was the second year. Last year, the Minister of Finance came to explain his position. He came with a whole launch kit, with his video cassettes and documents. He managed to make these consultations meaningful, up to a point. This year, the process was somewhat delayed, obviously because the Minister of Finance did not want to appear in person before the committee in the middle of the referendum campaign, in October. The minister preferred to postpone his appearance and let the hearings proceed during the whole month of November, without appearing at the beginning of the hearings to tell people what he had in mind.

• (1300)

Therefore, we found ourselves in a situation where, contrary to what was said—well, in some instances, witnesses made proposals that were constructive to a certain extent—many groups came solely to defend their own corporate interests, unfortunately. They said: “Our sector is vital. What we do is important, so do not touch us, but do look at all the rest”. We cannot comment on the rest, because we have neither the knowledge nor the information to do so.

On this point, I agreed with the witnesses. Very often they spoke of overlap and briefly explained the various types, especially in Quebec and western Canada. We heard very little about decentralization and overlap in Ontario.

These people asked us about things and said they could not get hold of studies on the subject. It is unfortunate, because the Minister of Intergovernmental Affairs says he did studies, but never made them public. It is as if the management of public funds does not concern the public. It is as if documents should remain hidden somewhere and used only by cabinet. No, this is not the way things should work. If we want to consult people seriously, we have to inform them. We have a long way to go on this.

If we really want public consultation we will have to do it in some way other than having a committee make a show of touring the provinces telling people it is listening to them, when it is not necessarily the case.

The interim report of the finance committee is not particularly good. It is, obviously, not the final report, but it is not even up to the level of an end of session report or a high school paper. It is really too bad that, with all the expertise of the members and the personnel involved in the committee's work, the result is so ordinary. It is regrettable. Let us hope that the January report will contain more detail. This will not be easy, however, given the way the minister categorizes these consultations, providing no specific objective, no particular direction as to what he wants by way of information really, and so this is the way we end up.

I am disappointed by and rather critical of this process, which, in my opinion, does not provide many positive benefits. I will now address this issue before moving on to unemployment and transfer payments.

I would first like to talk about the program review. The Minister of Finance told us that the program review was about to enter Phase II. This means that every program involving government spending will be assessed as to effectiveness and need.

One of the problems is that parliamentarians face elections every few years. Programs are put in place by different political parties and different governments and their goals set at a specific point in time. In the mid-1970s, for instance, the government decided to create a tax credit to stimulate research in a particular area. In 1995, however, this has become less of a priority. Programs should be assessed more according to their initial goals and to whether they meet a current need. I imagine that a program review does in fact assess the need for a given program.

Our current budget situation requires that we set priorities. This means keeping what we deem most important, and to do so, we need information. All this is done behind closed doors with just a few people. This is no way to achieve a consensus and convince people to make necessary but difficult efforts to improve public finances. Until we give a sense of fairness to these measures and until people feel that everyone is doing his or her fair share, there will not be a consensus. When this information is not made public, people wonder what is being hidden and why. Does the government want to keep some bad programs or eliminate some good ones? Perhaps. To avoid this kind of embarrassment, the government has decided to do everything in secret.

I would like to talk to the minister about the upcoming Phase II.

*Government Orders*

• (1305)

If he is serious about it, he will start by releasing what came out of phase I, and then proceed with phase II. That could make things interesting. I am convinced that there are people who would have interesting things to say on the subject. Their comments could form the basis for the minister's next round of consultations. Instead of using these studies as a basis, he should release them and make them available to groups interested in participating in consultations. That will make for a real budget consultation such process involving public participation.

We do not hear enough from ordinary citizens. It is all well to hear from formal groups, but these already have a voice; they are in contact with the various departments and opposition critics. Regular folks are the least represented in this debate. At hearings, they sometimes end up sitting at the same table as the chairman of the Chamber of Commerce, who has the staff to prepare briefs and what not for him. This forum then becomes intimidating for these people. It is not the kind of forum that attracts ordinary citizens, at least very few of them, and not as many this year as last year.

In time, only corporate interests will participate in this forum. I am not saying that they are all bad; there are a few that are great and quite legitimate in the bunch, but the problem is that we already hear from them. We already know their positions, and these contain very few surprises, because there are other means available to them to make themselves heard. So, this whole issue needs to be reviewed.

Moving to deficit reduction. The Minister of Finance just announced his targets for the years to come and gave us an additional piece of information: this year's deficit will be \$32.7 billion. The deficit will be reduced next year, down to 3 per cent of the GDP, which means that it will be somewhere between 24 and 25 billion dollars. The following year, it will be brought down to \$17 billion. No one can oppose deficit reduction, which is a laudable goal.

However, we can be critical of two things regarding the means used to that end. The first one is the transfer payments. As we know, transfer payments to the provinces are part of federal government expenditures, since it collects revenues and then makes transfer payments to the provinces.

This is the way it used to be done in certain areas such as post-secondary education, health, as well as the old Canada Assistance Plan, or CAP. Now, these transfer payment programs are grouped together under the Canada social transfer. The various transfer payments are combined into a single consolidated category, so that only one payment is made.

In so doing, the minister pursues two objectives. The first one is to make things less transparent, so that he can say: "We put all this together, but we reduced the payment by a certain amount". It then becomes difficult to accuse the minister of making direct cuts in the health, education or social assistance sector, since he

is making a cut in the global payment made for all three areas. He says to the provinces: "It is up to you to cut where you want. You have a choice between health, education and social assistance. I reduced the overall amount paid to you for these areas. You do what you can with what you have and you pay the political price attached to it".

We must remember that this means \$2.5 billion in cuts for 1996-97 and another \$4.5 billion for 1997-98. That is a lot of money. My hon. colleague from the Liberal Party said earlier that cuts to social expenditures were not as steep as those made to business grants. That is just not true. Cuts to business grants made so far and over the next to years amount to about half, perhaps \$1.5 billion, while transfer payments primarily used to fund social services will be reduced by \$7 billion.

There is an order of magnitude there. Cuts to the Canada social transfer alone will be four or five times larger. And that is not taking into account successive UI reforms, which, once again, are much deeper and wider in scope than cuts to business grants. So, let us not draw long bows here and let us be honest. The people should know that the cuts in question were made mainly to government social expenditures.

We could argue to determine whether these cuts were necessary or not. The hon. member may think that they are appropriate. She may think what she wants; she is perfectly within her rights. But she cannot tell people that cuts were not made there. The figures and the facts speak for themselves. The hon. member should set the record straight with her constituents, who believed her when she said that only business grants would be affected.

• (1310)

So, as far as the Canada social transfer is concerned, Quebec alone will bear 26 per cent of the cuts, the first round of cuts. During the first year, there will be \$2.5 billion in cuts, of which Quebec will bear 26 per cent. The following year, we are not quite sure yet how extensive cuts will be because the applicable criteria have not been set.

According to a document issued by the Minister of Human Resources Development, the new Canada social transfer will be distributed on a population basis, which means that Quebec would absorb 42 per cent, or \$1.9 billion, of the \$4.5 billion in transfer payments to be cut in the second year. That is a lot of money. Especially when you think that, if the current criteria were maintained, Quebec's share of the cuts would be \$1.2 billion. That is already a substantial amount. But with the new criteria, Quebec will lose an extra \$700 million.

There have been discussions these past few days and an interesting proposal was put forward, but I will come back to that later, if I have time. The minister will soon have to be more precise about where he stands on this issue. Our point is that, overall, if the federal government reduces transfer payments to the provinces, it does not really spell deficit reduction for

*Government Orders*

ordinary citizens, for the taxpayers, because the problem has only been shifted from Ottawa to the provinces.

In turn, the provinces then have to make cuts and pay the political price for this. They are the ones left with the unpleasant task of explaining to their people what must be done to reduce the deficit. It is no easy task. Here they are washing their hands of it and saying that they are putting their fiscal house in order. Part of this is an illusion.

The other part that is illusory is the UI account. In the last five years, the UI account has been funded by employees and employers, which means that UI premiums are paid by insured workers, through payroll deductions, and by their employers. The government does not make any contributions to the UI fund. It is funded solely by the employees and their employers.

When this funding method was adopted in 1990—during the recession—, the UI account was running a deficit, which the government had to absorb. In the first three years, the fund ran a deficit, thus accumulating a three year debt. Since the 1994 UI reforms, however, the UI fund has run a surplus. This year, this surplus will reach some \$5 billion.

If we look at the five years since employee and employer premiums became the only source of funding, the UI fund will have accumulated a surplus of about \$1.2 billion at the end of this year. The fund therefore did not run a deficit for those five years.

Another \$5 billion surplus is forecast for next year. The accumulated surplus will exceed \$6 billion. The Minister of Finance has not said anything about raising benefits or reducing employee and employer premiums next year in order to stabilize, to contain a surplus that could reach \$11 billion in three years in this account funded by employees and employers.

The government uses this surplus to give the impression of reducing its deficit. Without unemployment insurance in this year's books, the deficit would be \$37.7 billion.

If the fund was balanced this year, for example, the deficit would be \$37.7 billion. A different accounting method must be used, as well as a different account, so that we have a better balanced system and that the government does not use the UI account to create an indirect tax on employment.

We do not agree—and I will end on that note because I am running out of time—with the fact that the government significantly reduced its deficit through transfer payments and changes to the UI account. It will have to truly tackle other issues. It will have to take a hard look at the corporate tax system and conduct a real review of programs, so as to see which ones are no longer essential.

• (1315)

The government will arrive at a more comprehensive, permanent and stable solution that way than by simply making minor changes to its accounting method, or by off-loading the whole problem onto the provinces and never tackling the real issue.

This is why we will try, in our report, to reflect that spirit and ensure that the government will head in the right direction in terms of reducing its deficit.

[English]

**Mrs. Dianne Brushett (Cumberland—Colchester, Lib.):** Mr. Speaker, in February the Minister of Finance set the course of deficit reduction and economic growth. The budget focused on national priorities and set goals of fairness and credibility, goals we have met.

In 1993–94 there was a 5.9 per cent ratio of deficit to GDP. This year it will be 4.2 per cent and we are almost certain to meet our target of 3 per cent deficit to GDP by the year 1996–97. This is good news for Canadians, as we are on course and have achieved our goals.

This week the finance minister set a new two-year rolling target, the goal of a 2 per cent deficit to GDP ratio by the 1997–98 fiscal year. This means the deficit for that year will be approximately \$17 billion. The borrowing requirement will be at its lowest level since 1969. This is credible reality of a finance minister of the government of today.

There are those who say we should go further and faster with cuts like this slash and burn approach but I say the deficit and debt were not created overnight and we cannot change them overnight. We are on a steady course showing results. With an anticipated growth rate of no more than 2.5 per cent next year and with inflation and wages under control we must continue the path we are on to reduce the deficit while stimulating the job creation strategy equation.

We have spent the past few months in committee listening to Canadians. They want us to be fair and show equity in all changes and cuts we make. We will earn our nation's affection and the respect of all Canadians if we as a government remain true to our own Liberal values. Those values of honesty, hard work, fairness, tolerance and compassion must prevail as we look at how to fight Canada's deficit and debt.

Liberals are a political party of the middle road. We will avoid the slash and burn policies of the extreme right wing and balance with compassion those policies of the extreme left. Margaret Thatcher once observed that staying in the middle of the road is very dangerous, as one gets knocked down by the traffic on both sides.

*Government Orders*

The government is not afraid of being knocked down by either side. We will listen to Canadians; we have listened. We will uphold the value of a one level health care system, the values of tolerance and compassion, the values Canadians want and respect, the values of eliminating poverty among our children. Difficult choices were made last year. Unemployment is being reformed this year and our workforce is more competitive. We have had the co-operation of Canadians and I thank them for that.

I share some concerns Canadians expressed to our committee. Many asked why we do not force the Bank of Canada to lower interest rates and manipulate the money supply. Past governments have tried it and it does not work. If we reduce this strangling deficit and the debt we will have a healthy financial picture and interest rates will fall on their own, mortgage rates will fall and the economy will expand.

Economists tell us a 2 per cent reduction in interest rates over four years allows the economy to grow by approximately \$13 billion. Canadians have asked us why we do not set a longer strategy to look at the debt to GDP ratio. We know we must do this, since 20 years ago the total federal debt was 19 per cent of gross domestic product; 10 years ago it was 50 per cent. It was growing even in good times. Today it is close to 75 per cent. We know this ratio must be reduced if we are to compete globally and to remain the best country in the world in which to live. We know our generation must set an attainable strategy for reduction of debt to GDP.

Some recommendations by Canadians deal with the construction industry. It needs a boost. One idea is to renew the RAP, the residential assistance program we brought in last year. This helps low income earners to maintain adequate housing. It helps seniors on fixed income to stay in their home where they remain healthier and happier and it has helped the construction industry. Another suggestion was the use of the RRSP to extend to new construction by extended family members. As an example, a father could use his RRSP without penalty to construct the first new home for his son or daughter. Also, it has been suggested that if we remove the tax incentives that go along with the demolition of buildings we would then indirectly encourage retrofitting and remodelling of older buildings and our heritage properties. This has two benefits. It restores and maintains heritage properties and in most cases it creates twice as many jobs. Renovating creates two jobs for every one of new construction. It does have the job creation factor.

● (1320)

Each one of us elected to this hon. House knows how closely literacy is tied to the economy. Without strong literary skills we cannot read the work manuals or the directions on a piece of equipment, nor can we comprehend the orders of our bosses. Adult literacy is closely linked to employment and income

levels. Since literary requirements are forever on the increase it is important to promote reading.

One way this budget can do this is by removing the GST on books and magazines. It may be necessary to work co-operatively with the provinces and believe the provinces would participate. The marginal lost revenue would be regenerated in more sales. There would be a greater stimulation to Canadian writers and composers. Above all, a society that reads more becomes more knowledgeable and more competitive in a global society.

In last year's budget we taxed the chartered banks some \$100 million over two years. What we saw as a result was an increase in service charges passed on to the consumer. At the same time the banks enjoyed billion dollar profits. It is my recommendation that we take a new strategy. That strategy in simple terms would be for us, the federal government, to establish a community investment strategy and permit it to be funded by the banks in the communities. This forces the banks to do more for small business, more for community economic development and it forces them to leave some of those profits in local communities.

In addition, we have some responsibility to see that the banks lower those service charges. The charges have a negative impact on small business and a negative impact on the consumer. We are constantly told by economists we must adapt to an increasingly competitive world market.

Global competition means something entirely different to workers in small rural communities than it does to the workers at large corporations like Ford. This is where the banks can assist in those small communities often adversely affected by those global market forces.

I want to address labour sponsored venture capital funds. These are fairly new in the Canadian government's portfolio. They have been in existence less than five years and their mandate was to link investment opportunities to small and medium size businesses for the purposes of job creation. These are heavily taxed subsidized dollars with about \$2 billion in venture capital available in Canada today. Very little is earmarked for small companies requiring less than \$250,000 in capital, and still a large portion is invested in secure treasury bills, not helping small business at all.

The individual who invests in these funds get a 40 per cent tax credit in addition to the usual tax deduction if the fund is placed in an RRSP. The time has come to insist these funds be used in job creation or remove the tax credit incentive. This budget can clearly look closely at this area for new revenue.

There has been the opportunity since 1991 to carry forward any unused deduction in the RRSP, and StatsCanada shows that Canadians could pump up to \$154 billion this year, which is not likely to happen because Canadians do not save that much money. There will be an opportunity in the 1997-98 fiscal period to look at setting a ceiling on RRSPs somewhere around



the \$8,000 to \$10,000 mark for individuals. We will also have the opportunity to look at changing it from a deduction on the income tax page to a tax credit.

• (1325)

By changing it to a tax credit, we would give a greater incentive for low income earners to invest in an RRSP because a tax credit would give them more dollars in their pockets rather than a deduction at that low level. We would seal it for high income earners so the advantage would be more equal in the incentive process.

There are many more things I could talk about in the budget process such as our training programs, our education facilities, needs such as the national highway strategy, and on and on.

We have heard Canadians speak and they have told us clearly their needs and wants. With political stability in the country we can create a dynamic federalism wherein we have sustainable financial resources, sustainable economies and a sustainable environment. What more can we give our youth but a country in which they can live and fulfil their dreams?

**Mrs. Karen Kraft Sloan (York—Simcoe, Lib.):** Mr. Speaker, Canada has been declared the second wealthiest nation on earth and yet far too many of Canada's children live in poverty. There has been a steady and alarming increase in child poverty in Canada over the last decade and a half.

According to the Canadian Institute of Child Health, the poverty rate for children rose 60 per cent between 1981 and 1991. The most recent Statistics Canada figure indicates that 1.447 million children in Canada under 18, some 21 per cent, now live in poor homes.

The majority of low income children live in two parent families at 54 per cent, but a rising proportion live in one parent families. Almost two-thirds of single parent families headed by women live below the low income cutoff line. It is estimated that over half of native children grow up in poverty.

The effects of poverty on children are many. Poor children are more likely to get sick, suffer injuries and are twice as likely to die from injuries in comparison to better off children. Their academic performance suffers, as poor children demonstrate behavioural problems, reduced attention spans, poor attendance and low self-esteem. Weak academic performance is often simply due to hunger. Due to their parents' inability to afford the associated costs, poor children cannot participate in simple things like recreational and extra curricular activities that children in better off homes can take for granted.

### *Government Orders*

They miss out on the camaraderie in sharing healthy activities and the pleasure in self-discipline and attendant self-confidence which are so necessary to later life successes. Poor parents simply do not have the room in their household budgets to afford some of the extras that make such a difference in young lives. Their children are often left to their own devices in the home or on the street.

Disadvantaged children grow up to be disadvantaged adults. It is impossible to measure the social costs in unfulfilled lives but it has been estimated that between 1990 and 2010, high school dropouts will cost Canada approximately \$33 billion. This figure includes lost tax revenue, lost income, lost unemployment insurance contributions, increased UI benefits and increased social assistance benefits.

Our social security is strongly linked to nationhood. It is through our values reflected in our social programs that Canadians from coast to coast often define themselves. Canada has always been a society committed to social equity. We have always tried to reduce the disparities between regions, between men and women, the young and old, and among the social classes.

Poverty is growing. As poverty increases so does economic insecurity. Economic insecurities threaten families and communities. When a society becomes polarized economically, great social costs must be paid. We pay for more crime prevention, attending to different acts of violence and loss in human capacity. All of this can lead to slower economic growth. Poverty is a real threat to Canada.

I have an article written by Michael Valpy dated Thursday, November 2, 1995. In it he quotes Edward Newall, chief executive officer of Nova Corporation in an address to the Business Council on National Issues. In his speech Mr. Newall refers to two issues that must be moved to the front burner, issues that will be positive if we succeed and hugely negative if we fail.

One of the issues he addressed was poverty in Canada and our lack of a national game plan to cope with it:

I think this is . . . a time bomb that is just waiting to go off because we are failing profoundly to deal with the issue. Almost as bad, most of the leaders of our country are not even seized with this issue. We don't understand it. We don't devote any effort to dealing with it.

The fact that poverty is a major problem in the country is not subject to debate—it is a fact.

In 1993, when our economy once again outperformed most of the developed world, Statistics Canada reported that an additional 348,000 Canadians had income which put them below the poverty line. More than three million Canadians are on welfare or social assistance. By some definitions, more than 20 per cent of our citizens are below the poverty line.

Poverty is the overwhelming issue for Canada's single parent families. It contributes to the almost unbelievable high dropout rates from high schools in

*Government Orders*

Canada—To what extent is this massive problem of poverty creating conditions which will seriously undermine the quality of life for all—We do not want our future to resemble what we now witness in most U.S. cities.

Make no mistake, real poverty is our largest—unresolved problem in Canada—Let there be no misunderstanding. We business leaders will be judged to have failed in meeting our responsibility to Canadian society if we do not have Canada address the issue effectively.

• (1330)

With great respect to the House, as members of Parliament we too will fail Canadians if we do not effectively act on this issue.

On November 24, 1989 the House passed a unanimous motion to eliminate child poverty by the year 2000. However between 1989 and 1993 the number of children in low income houses grew by almost a half a million. Children are a gift to us for the future. All of us must take the responsibility to ensure that we live up to our declaration to eradicate child poverty.

The problems of poverty are complex; the solutions are multi-faceted. My reason for speaking on this crucial issue in my prebudget speech is to ask the government, when preparing the 1996 budget, to remember that the House has pledged to eradicate child poverty and that government spending priorities should be set to work toward this end.

There are many powerful lobbies, interests and misconceptions that can work to thwart attempts to act on eradicating child poverty.

We also hear from politicians on both sides of the House who say they must do as their voters wish. As members of Parliament they represent voters. We must always remember that even though children do not vote we represent them. As members of Parliament we must act in ways that honour and respect the needs of children.

**Mr. Ray Speaker (Lethbridge, Ref.):** Mr. Speaker, having spent my first two years in Parliament as part of the finance committee and the chief finance critic, I certainly appreciate the opportunity to speak today on the finance report. For me, and I am sure for many others, the state of the nation's finances is a matter of utmost importance and certainly the number one issue that must be dealt with.

In the time I have today I will ask some simple questions: Where are we now and how did we get there? Who do we point at to answer those questions? Only after we have answered the where and the how can we tackle the most important question: What do we do next?

Let us begin with where we are now. The government is still going into debt but not as fast as before. It still overspends but not quite as much. It still overtaxes but it is more clever in disguising that fact.

In 1996–97 the government will spend \$25 billion more than it has. In 1997–98 it will spend \$17 billion more than it has. Sadly some people call this progress. I call it irresponsibility.

The finance minister is lowering the deficit but not quickly enough. Yes, he is making cuts but in 1997, not today. Yes, he is making an effort to put our house in order, but it is a half-hearted effort that could come undone with the blink of an eye.

The government is playing a risky game with its go slow fiscal criteria and agenda. A recession, a secession crisis that could happen or rising interest rates, any one of those events could unwind three years of progress in a matter of days, sending us right back to where the government started at the beginning of the 35th session of Parliament, with a \$40 billion to \$44 billion deficit.

• (1335)

The government is deeply in debt, uncertain of its course, lacking in conviction and drifting at sea. How do we explain it? What accounts for this uncertainty, this sense of drifting and this ocean of debt that is drowning the federal government?

I have observed the following. The Liberals who came to office in 1993 were believers. They believed in the ideology, the philosophy and the cause of Liberalism. I must say when I compare the environment of the House of Commons with the environment of the Alberta legislature, in which I spent 28 and a half years, Liberalism was not alive in the Alberta legislature. However Liberalism is alive in the House of Commons. I cannot believe that Liberalism exists in the country in the way it does.

The Liberals who are leading the country believe in the same cause as their predecessors. The Trudeaus, the Martins and the Pearsons constructed a massive social welfare state, attempting to coddle all their citizens from cradle to grave.

What did these welfare Liberals really believe? They believed in governing from the top down instead of the bottom up. We are suffering from that. They believed in centralizing control instead of keeping it close to the people. They believed in governments running people instead of people running governments. The results of this approach were very predictable.

First, social programs fostered dependency rather than self-reliance. Business subsidies tilted the playing field instead of fostering competition. Paternalistic policies stifled initiative instead of creating opportunity. Because they believed that government could do a better job of managing people's lives than the people could, the welfare Liberals never hesitated to fund social engineering through higher and higher tax rates.

That is the legacy the Liberals inherited upon their election and are continuing to build on: an outdated, discredited welfare state that could no longer afford the vision of its creator. Yet the Liberals who campaigned on the red book in 1993 were the

*Government Orders*

children of that legacy. They believed in this vision. They came to the House believing that it worked. They believed it wholeheartedly even after it was proved to be wrong.

In reality it cannot be avoided forever, even in Ottawa. When the truth of my last statement finally sank in, when the truth of chronic unemployment, economic dependency and runaway debt became too indisputable to deny, they discovered they had lost their bearings.

These fervent believers who sailed into office on the HMS red book discovered that the Liberal philosophy which had anchored their beliefs was gone, discredited and sunk. They awoke to find themselves drifting, lost at sea and drowning in an ocean of debt. That is why the government spent its first two years in office doing nothing. Discovering that the welfare state had crumbled under its own weight, they found they had no other vision to take its place, nothing at all, no replacement.

Now they have become half-hearted warriors, deficit fighters by default. They reduce the deficit without conviction or understanding. They do it without a vision or a goal. They do it not because it is the right thing to do, but because they do not know what else to do.

The finance minister spent two long years on the road to Damascus before he had his own fiscal conversion, two years of continuous warnings from the Reform Party, international investors, academics, the IMF, the auditor general and the Bank of Canada, just to bring him to grips with fiscal reality. He believed that those bodies were not authorities that knew what they were doing. They did. While he has now experienced a half-hearted conversion to the benefits of deficit reduction, he is rowing against the tide in his own Liberal caucus. That is most unfortunate.

Tax and spend dinosaurs like the Deputy Prime Minister, the Minister of Human Resources Development, the Minister of Public Works and Government Services and the Prime Minister are still clinging to the wreckage of their ideology like a drowning man clings to driftwood.

• (1340)

The finance minister is desperate to keep his government's head above water, yet these 1960s Liberals are hung around his neck like an albatross, dragging him down. They will certainly drag the country down fiscally as well.

There is a bitter irony here. These children of the welfare state are drowning in an ocean of debt that they themselves have created.

Let us look at the alternative, and there certainly are some alternatives. It is the Reform Party. What do we present to Canadians? Reform knows what to do and we know why it must

be done. Reform has an end vision. We know why deficit reduction is important and where it will lead. It will lead to jobs and business opportunities in Canada.

Reform's vision includes the elimination of deficits and a reduction in debt. It is unbelievable that our debt grows at \$1,000 per second. Can anyone imagine putting \$1,000 on the table every second of the day and night? It is beyond belief that happens but that is the kind of debt we have. It expands at the rate of \$1,000 per second.

We believe in lowering borrowing costs both for the government and the people and in lowering tax levels, leaving more money in the pockets of Canadians. We believe in social programs that offer a hand up, not a handout. We believe in a society where everyone believes they have an opportunity to grow, prosper and learn in a safe and secure environment.

That is the vision Canadians so desperately need. That is the vision of the Reform Party and that is the vision the Liberal government does not have.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I am also pleased to rise to debate the economic and fiscal update tabled by the Minister of Finance for us to take a look at as we begin our prebudget consultations.

The unfortunate part of the document, if I can recall back to last year, is that the Minister of Finance has laid it before us and said: "Here is the problem. Here are the facts. This is where we are". However he did not give us any idea what he has on his mind about where we are going. He did not lay out any options. He did not give any indication of his preference. He did not say we should explore this avenue or ask what we think of a particular suggestion.

As a result, when I attended the finance committee hearings on occasion as an associate member, I heard continuous rounds of presentations that indicated: "We have a problem in this country. We concur with the Minister of Finance. Therefore we should raise taxes, but don't raise mine". We also heard: "We agree with the Minister of Finance that we have to cut spending, but don't cut me". That was the general theme throughout the presentations.

Because the Minister of Finance did not use the power of his office to give any general direction on the kind of thinking he had in mind, much of that unfortunately did not actually produce a great deal of substance.

The Minister of Finance could have given us some idea about what he has in mind, the general direction in which he would like to go. The country would soon focus and either give him thumbs up or thumbs down. Then he would be able to plan his budget in accordance with the wishes of the people.

*Government Orders*

I am fairly convinced we will find in this round of prebudget consultations a repeat of last year: "Yes, we have a problem. Raise taxes but not mine or cut spending but don't cut me". If that is applied across the board the status quo would remain, which is not what the minister had in mind.

Looking at the document we see it is fairly detailed and substantial not only in its content but also in its omissions. I looked at annex No. 1 which states where the government spends its money. It goes through department by department: human resources development, citizenship, health and so on.

• (1345)

I was looking for finance. There is no annex on finance because it is going to spend \$50 billion on interest on the debt. However we really do not want to highlight that. I am not sure if it was an omission by oversight or by design, but all of a sudden I find that this country's major expenditure, which is interest on our debt, is absent. While it is a good document for what it says, it is a good document for what it does not say as well.

On page 91 the document mentions budgetary revenues. We all know how strong the Minister of Finance is about wrestling this deficit down. He said: "I am going to bring it down to 3 per cent of GDP and now it is 2 per cent of GDP and no doubt it will be the magic number of 1 per cent of GDP". He never really tells us how, just that he is going to do it.

When we look at budgetary revenues on page 91 of the document, we find revenues from 1994 at \$123.3 billion rising over two years to \$136 billion. If my math is correct that is an increase in revenues of \$12.7 billion.

The Minister of Finance has never wasted an opportunity to tell us that during that period he is going to reduce the deficit down to \$24 billion or 3 per cent of GDP. The public accounts were tabled a few weeks ago and the deficit for 1994-95 was \$37.5 billion. In the next two years the finance minister is going to wrestle it down to \$24 billion, a decrease of \$13.5 billion. We say: "Right on".

However he has now squeezed another \$12.7 billion out of taxpayers along the way for a net savings of \$800 million, or \$.8 billion. That is the total savings by the government which tells us at every opportunity that program spending is coming down and that all kinds of opportunities are being used to cut the deficit. He is not cutting the deficit. He is taxing Canadians. That is what the finance minister is doing. He is taxing Canadians more because every dollar by which he wants to reduce the deficit is a dollar out of the pockets of Canadians not a dollar out of the government's pockets.

That is the clear point we want to make. Unfortunately it requires doing a little bit of math because it just does not stand out in the presentation of the documents. Again let me compli-

ment the government on what it has produced, but let us not ignore what is not here either.

On page 91 there is tax on personal income which is about the closest the government gets to recognizing what it is doing. It states: "In 1993 tax on personal income in Canada stood at 15.4 per cent of GDP on a national accounts basis and was higher than in all other G7 countries except Germany". At first glance we think we are bad but we are not the worst. However, if we read on: "Relative to other G7 countries, Canada relies to a much greater extent on personal income taxes which were 13.5 per cent of GDP and social security taxes represented 1.9 per cent of GDP, the lowest share among G7 countries".

Let us take the two points together. Apart from Germany, we have the highest personal income tax as a percentage of GDP of any country and we have the lowest amount of social security taxes, those being Canada pension plan, UI, the things we return back to the constituents. We are the lowest on that, yet we are the highest on taxation which means that the money is being drained out of the pockets of Canadians and is being passed over on other issues.

• (1350)

Let us look at page 82 of the document. The only increase is transfers to individuals, which I can talk about later. Here we have on annex table 30, distribution of net federal elderly benefits by household income 1995.

Remember, as taxation goes up new families are being created and they are trying to buy a house. The spouse has to go to work. The Minister of Human Resources Development just announced \$700 million for day care to help them over the hump because their finances are in difficulty. Canadian families are in trouble because of high taxation. We need to try to improve the prosperity.

Here we have on page 82 that we are giving \$630 million to households that have incomes over \$75,000 and we are spending another \$500 million on households whose incomes are between \$60,000 and \$75,000.

I could go out on to Wellington Street in Ottawa, Jasper Avenue in Edmonton or any other main street to stop a young couple who is trying to find some money to buy Christmas presents and ask: "Do you realize that a lot of your tax money is going to pay \$1.1 billion to families whose incomes are over \$50,000?" Should the Minister of Finance not be taking a look at that? If he did he would find that there is room to cut spending. That is the Reform Party's platform: to cut spending rather than tax Canadians more. That is a big difference.

We can go through the document and find all kinds of references. Unfortunately the bad news has to be dragged out but the good news of course just hits us right in the face. It is a good document but the presentation on the bad news could be improved in another year. We do talk about the debt and deficit.

*Government Orders*

The other day the Governor of the Bank of Canada appeared before the public accounts committee. I would like to bring to members' attention some of the things he said in his opening statement. He said: "At a minimum, this calls for action to stop the ratio of public debt to gross domestic product from rising. It is time we got the debt under control". He said further: "Just stabilizing the debt to GDP ratio may not be sufficient. Lower ratios may be needed". He concluded his remarks by saying: "We need a debt to GDP ratio for Canadian governments in total that is lower than it is now".

I am not saying that the Minister of Finance has an easy job. We all know how difficult it is. However, let the Minister of Finance stand up and tell Canadians that it is the Liberal Party's policy to tax Canadians more, not to cut spending. Let us recognize that and let us get that point out.

The finance minister still has a long, long way to go before he balances his budget. If it is the intention of this Liberal government to do it totally and absolutely on the backs of taxpayers without cutting one nickel of government spending, Canadians will have something to say at the next election.

**Mr. Gar Knutson (Elgin—Norfolk, Lib.):** Mr. Speaker, it is my pleasure to join the take note budget debate and offer my views to the Minister of Finance.

When talking about the budget the first issue we have to deal with is the debt and the deficit. We have to come to some sort of understanding on how big a problem it is. Once we come to grips with how big a problem it is, then we can say how much cost we are willing to bear to get it under control.

My own view is to move aggressively as reasonably possible to a budget surplus. I use the word surplus as opposed to a balanced budget. A balanced budget does not solve the problem of too much debt. A surplus would allow for the lowering of that debt. In the lowering of that debt there would be a number of factors that would compound positively for the Canadian economy.

There would be a lessening of interest rates as money lenders would see less of a risk in lending money to Canadians. They would lower the cost of the money that they lend. There would be less of a currency risk which would again compound to lower interest rates. Consumer confidence would go up and investor confidence would go up.

• (1355)

All of those factors would provide some possibility of tax relief which again would be good news for the economy. All of those factors combined would increase economic growth, increase jobs, increase opportunity and would be good for the Canadian economy overall.

However the goal to eliminate the deficit must not be our sole purpose. We must acknowledge the linkages within the econo-

my. To simply slash government spending would from a macroeconomic point of view lessen aggregate demand and risk putting the economy into recession.

Furthermore, we need to acknowledge there are pressing needs within Canadian society. The issue then becomes: Can the government maintain or even improve social spending or social programs while reducing overall spending? The answer is yes it can by making adjustments or deeper cuts in other areas. By establishing priorities we can consider new initiatives to meet urgent needs.

Let me bring the attention of the House to what I believe should be this country's number one social priority for the upcoming budget, the issue of child poverty. There has been a steady and alarming increase in child poverty in Canada over the last decade and a half. According to the Canadian Institute of Child Health the poverty rate for children rose 60 per cent between 1981 and 1991. The most recent Statistics Canada figures indicate that 1.4 million children in Canada under the age of 18 now live in poor homes. Poverty among single mothers remains stable and tragically high at 56 per cent.

According to the United Nations Children's Fund, among the OECD nations Canada has one of the worst records on child poverty, second only to the United States. Given the UN has also rated Canada as the top country in the world in overall quality of life, our failure to deal with child poverty is all the more glaring. To those who might insist we cannot afford it at this time, we have to ask why our OECD partners faced with similar fiscal challenges have been able to do a better job for their nation's children. I believe it is a matter of setting priorities.

I would also like to point out that in solving the child poverty problem we also address a number of other problems. We would improve the country's productivity. We would spend less money related to crime and crime prevention. We would lower our health care costs. All of these factors combine to make a better country.

The solution in part can be found through an income supplement program. I am recommending to the Minister of Finance that he put in his budget a \$500 million program called the working income supplement. I will not bore this House with the details of the proposal but would point out that it was described most adequately in a supplement to the green paper in a paper called "Income Security for Children".

One might ask: "If this fellow believes in cutting the debt and cutting the deficit but he wants to invoke a new social program, where does he think we are going to get the money from?" I would like to talk for a moment about the defence budget because I think the defence budget needs to be cut, it needs to be cut not only to free up money for debt and deficit reduction but also for social programs such as child poverty.

*S. O. 31*

Canada's current military budget is approximately \$11.4 billion. Peacekeeping accounts for only 5.5 per cent of this budget. Canada currently has the 12th largest military spending in the world. We are the sixth largest spender among NATO's 16 members. Military spending has been declining significantly around the world for several years. However, Canadian military spending has been an exception to this pattern.

By 1994 world military spending was 29.6 per cent lower in real dollars than it was in 1985. Military spending by countries that are not members of NATO was a whole 42.5 per cent lower. However, Canadian military spending remained 3 per cent higher in real dollar terms than it was in 1985. As a result Canadian military spending rose by 46.2 per cent relative to world military spending. I ask my colleagues to check the facts which I believe they will find accurate.

The pattern is even more striking if we look back to 1980. Although it grew substantially during the early part of the 1980s, by 1994 world military spending was 16.5 per cent lower in real dollars than it was in 1980. However, Canadian military spending was 36.2 per cent higher. As a result Canadian military spending rose by 63 per cent relative to world military spending.

• (1400)

The Canadian government has begun to make real cuts in military spending since 1994. I acknowledge those cuts and I applaud them. The reductions, begun in 1994, are expected to total about 19 per cent—

**The Speaker:** My colleague, you still have five minutes in your speech. The Chair will recognize you when we return to debate. Right now we will go to Statements by Members.

---

## STATEMENTS BY MEMBERS

[English]

### DRUG ABUSE

**Mr. Bill Graham (Rosedale, Lib.):** Mr. Speaker, the use of drugs is one of the most corrupting influences in our inner cities, producing poverty and crime.

In Rosedale riding the Regent Park community centre has set up the Regent Park community coalition against substance abuse to fight this menace. Its program involves youth making videos on such issues as drug and alcohol abuse and how to resist peer pressure encouraging smoking, drugs and alcohol.

They promote a healthier community by promoting a healthy lifestyle and set an example for their peers. At the centre young people are given an opportunity to explore these issues and reflect their thoughts in video form. In making these videos they

also learn skills that will prepare them for future employment and access to the work world.

I would like to pay special tribute to the Regent Park focus coalition and its leader, Adonis Huggins, for bringing together young people and empowering them to say no to substance abuse of all kinds.

\* \* \*

[Translation]

### SAME SEX SPOUSES

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Mr. Speaker, a few days ago, Treasury Board made a major move to recognize same sex spouses.

By relaxing the interpretation of its collective agreements, Treasury Board granted six benefits to employees living with a same sex spouse.

These benefits include bereavement leave, family leave, leave for the relocation of the spouse, as well as the reimbursement of travel and moving expenses of the spouse of a diplomat posted abroad.

These provisions apply to 200,000 federal public servants. The logical thing to do for the government would now be to grant same sex spouses the other benefits to which are entitled all federal public servants.

\* \* \*

[English]

### THE CONSTITUTION

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, yesterday December 13, 1995 was a black day for Canada. Canadians remember the Charlottetown accord.

In the end, even Mulroney had the decency to consult the people on constitutional change and abided by the results of the referendum.

What was the lesson the Liberal government learned from Charlottetown? Do not give the Canadian people the right to vote on their Constitution; they might not vote the way you want them to.

We saw the same arrogance last night. Despite the pleas for help from the majority of Quebecers who voted no in the referendum, the government turned its back on them and granted a veto to the separatist Government of Quebec.

I believe any veto over constitutional change should be given to the people through referenda, not to politicians, not to provincial legislatures.

Yesterday the government defied the expressed wishes of all Canadians who voted down Charlottetown. The Liberals have made a mockery of democracy.

### LUNENBURG

**Mr. Derek Wells (South Shore, Lib.):** Mr. Speaker, it is with pleasure that I rise in the House today to acknowledge the designation by UNESCO of old town Lunenburg in my riding of South Shore as a world heritage sight.

There are only 12 such designated areas in Canada. It is a great honour to have Lunenburg as one of them. Lunenburg's unique historical architecture and its traditional settlement pattern are known to everyone who has visited the town.

The old town's historical integrity is depicted in its streets, public spaces, buildings and daily life. The Lunenburg Academy, which is still operational, celebrated its 100th birthday last summer and has been featured on a commemorative stamp.

Lunenburg's popularity as a tourism destination is constantly growing due to its role in history as home of the *Bluenose* and the Fisheries Museum of the Atlantic as well as the continuing efforts made by residents and businesses alike.

This designation is an honour to South Shore and depicts the pride our people have in Lunenburg.

\* \* \*

### NUCLEAR TESTING

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, Don Francis of the coalition against nuclear testing and many of my constituents are outraged at the French's nuclear testing in the South Pacific. They are calling for a ban on the sale of uranium to any country which produces or tests nuclear weapons.

This year marks the 50th anniversary of the dropping of atomic bombs on Hiroshima and Nagasaki and has become an important reminder of the human potential for global destruction. Conflicts throughout the world continue to be resolved through peaceful measures, and the decision of the Government of France to resume nuclear weapons testing has seriously damaged this commitment.

On December 12 at the United Nations plenary session Canada voted in favour of a resolution strongly deploring nuclear testing.

• (1405)

I share the concerns of my constituents. As a society we must take all necessary steps to ensure our world is free of nuclear weapons.

\* \* \*

### PORNOGRAPHY

**Mr. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, like many members, I recently received numerous white ribbons from people in my riding. These white ribbons signify their concerns about the effects of pornography in communities across Canada.

### S. O. 31

A number of churches in Halifax West have been actively involved in the white ribbon against pornography campaign. By distributing information pamphlets to encourage discussion and action, by wearing white ribbons during the WRAP campaign and by bringing their concerns to our attention, my constituents are taking a strong stand against pornography.

As the social action committee of the Bedford United Baptist Church stated, people acting together can make a difference. My constituents are acting together to limit the production, distribution and sale of pornography. I commend their efforts.

\* \* \*

[Translation]

### MINISTER OF HEALTH

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, day after day, the Minister of Health keeps fumbling and getting bogged down because of the wishy-washy and clumsy way she manages her department. Remember the hepatitis C issue. The minister was so casual about the whole thing that she had to apologize to those concerned.

In her tobacco control strategy, the minister does not answer the legitimate questions raised in recent days by concerned organizers, in Montreal, of cultural events sponsored by tobacco companies. This is just the most recent in a series of blunders on the minister's part. Whether she was dealing with the tainted blood issue, somatrophin, AIDS, breast cancer or other issues, the minister showed that she was totally incompetent. Rarely has the behaviour of a government member had such a devastating effect on its reputation. Therefore, instead of making recommendations to the Leader of the Opposition regarding my future, the minister should ponder her own future.

\* \* \*

[English]

### CANADIAN UNITY

**Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.):** Mr. Speaker, the basic principle of any democratic society is equality for all its citizens. However this principle has been abrogated by the government in giving a distinct society clause to Quebec.

The principle of equality is something that Canada stands for and is something Canadians have fought for and died for. It is the basic tenant of our society, one Canadians hold in the highest esteem. The course the government has taken violates this principle of equality.

As we prepare to rise for the Christmas break, the message I would like to send to the people of Quebec and to the rest of Canada is this. We are a nation with a proud and diverse history, a nation based on tolerance and respect. Our differences are not something that need to divide us but something that can bind us together. If we are to have unity we must think of ourselves as Canadians first and not as hyphenated Canadians.

*S. O. 31*

A strong and united Canada is our destiny, something we must and can pursue. As we gather with family and friends during this holiday season I encourage all Canadians to reflect on how lucky we are to live in this beautiful country.

\* \* \*

**CHILD CARE**

**Mr. Chris Axworthy (Saskatoon—Clark's Crossing, NDP):** Mr. Speaker, the child care initiative announced yesterday by the Minister of Human Resources Development is a small step in the right direction, but only 12 per cent of Canadian children who need licensed child care have access to it, compared with 80 per cent in many European countries. The 362,000 regulated child care spaces in Canada barely scratch the surface, as there are 3.1 million children in need.

The Liberal government is using budgetary restraint as an excuse for not developing a real national child care program and it has already slashed \$7 billion in social programs, thus compounding the problems the less well off children in Canada face.

The government has also chosen to download its responsibilities on to the provinces, which are already strapped for cash. Plainly some provinces will not be interested in participating in this offer of child care partnership, and then what will become of the children in those provinces?

Unfortunately the government does not understand our children are our future and that now is the time for real and full commitment to Canada's greatest resource in the form of universal, accessible and non-profit child care.

\* \* \*

**LEADER OF THE REFORM PARTY**

**Mr. Roger Gallaway (Sarnia—Lambton, Lib.):** Mr. Speaker, in the spirit of the season, the clarion call of the leader of the third party to His Excellency the Governor General of Canada, demanding the removal of the Prime Minister, no doubt will bring love and joy to the House.

• (1410)

Like elves and flying reindeer, surely the leader of the third party has had a vision. Canadians must be asking what is dancing in his head. Is the cause too much refined sugar or half-baked turkey?

This Christmas season we government members of the House are full of goodwill. Surely the recent actions of the leader of the third party can be described in the last words of the last line of

the Polish "Carol of the Bells": Merry Christmas, ding, ding, ding, dong.

\* \* \*

**REFORM PARTY**

**Ms. Hedy Fry (Vancouver Centre, Lib.):** Mr. Speaker, I have a confession. I have a 25-year habit I cannot kick, thinking like a physician.

I have observed the Reform Party with clinical interest over the last two years. My diagnosis: collective schizophrenia evidenced by irrational behaviour, delusions of grandeur and loss of touch with reality.

Observe a party that emoted over the 14 women gunned down in Montreal yet which opposes gun control; a party that claims to support universal medicare but wants a two tier U.S. style system; a party that said it supports Canadian unity but was absent at the Montreal rally and stands unanimously with the Bloc on every issue of Canadian unity.

It called for a B.C. veto and then sided with the separatists against any region's getting a veto; a party whose leader so desperately wants to be Prime Minister, a position denied him by the people of Canada in the last election, that he committed the ultimate irrationality of asking the crown to remove a democratically elected Prime Minister from office.

Actually this is not schizophrenia, it is coldly calculated political opportunism; a party willing to sacrifice Canada's future to advance its own political position.

As Ebenezer Scrooge would say: "Bah, humbug".

\* \* \*

[Translation]

**CANADIAN UNITY**

**Mr. Denis Paradis (Brome—Missisquoi, Lib.):** Mr. Speaker, tomorrow, it will be seven weeks since Canadians from all the provinces came to Montreal to show their support for Quebecers on the eve of the referendum. Only seven weeks.

Today, we are proud of the message the government has sent to Canadians by having this House adopt the motion on distinct society and the veto bill, and all this less than seven weeks after the referendum. This is a very important step.

Quebec members of the federal Liberal caucus have already advised the Minister of Intergovernmental Affairs of their thoughts on future changes. The minister, who chairs the Committee on Canadian unity, is to make his recommendations to the Prime Minister two weeks from today.



I would like to take this opportunity to say that I hope 1996 will be a year of peace, prosperity and unity for all members of this House, for all my constituents in Brome—Missisquoi and for all Canadians who want to build the Canada of tomorrow.

\* \* \*

#### TRANSFER PAYMENTS

**Mr. Gilbert Fillion (Chicoutimi, BQ):** Mr. Speaker, today the federal government monopolized a full page in Quebec's daily newspapers to announce that Quebec receives 31 per cent of federal transfers.

Of course the federal government has skewed the facts by including transfers of tax points in its calculations. It also overlooks the fact that, although Quebec represents 25 per cent of the population of Canada, it receives only 19 per cent of federal spending on goods and services, 18.5 per cent of federal spending on research and development, 17 per cent of federal capital spending, and so forth.

As a result of this shortfall in structural spending by the federal government, Quebec has to do without 55,000 direct jobs it would otherwise have.

As far as Ottawa is concerned, economic development is for Ontario and unemployment and welfare for Quebec. If cutbacks continue at their current rate, four years from now Ottawa will no longer finance Quebec's social programs.

\* \* \*

[English]

#### ATHABASCA TAR SANDS

**Mr. David Chatters (Athabasca, Ref.):** Mr. Speaker, I bring to the attention of Canadians the outrageous report tabled this morning by the environment committee. This report is a direct attack on Canada's resource industry and could put the proposed tar sands expansion project in my riding in jeopardy.

The proposed tar sands expansion will generate 44,000 new jobs all across Canada—real jobs, not the imaginary ones created by the minister of public works—and will add directly to government balances \$97 billion.

This report makes outrageous statements about how environmentally damaging the tar sands are. The companies which extract oil from the tar sands have continually demonstrated an unwavering commitment to the goals of sustainable development and are voluntary participants in the government's CO2 reduction program. They are leading the way on environmental issues.

*S. O. 31*

• (1415)

I urge the finance minister to reject these report recommendations as extreme and seriously consider the recommendation of the tarsands task force on the basis of the benefits to flow to all Canadians.

\* \* \*

#### REFORM PARTY

**Mr. Raymond Bonin (Nickel Belt, Lib.):** Mr. Speaker, yesterday Canadians witnessed again the Reform leader's true loyalty and contempt for Canadian democracy.

The Reform leader said he wants to impeach the duly and lawfully elected Prime Minister of Canada, not for wrongdoing, but because he does not agree with his policies.

In a democracy, disagreements are settled in general elections and by the majority of votes in the nation's democratic institutions, not by trying to eliminate or silence by any means those with whom we disagree.

After two years in the House he should know and respect the democratic procedures of Parliament. How far is the Reform leader willing to go in his quest for power? We do not know. However the defenders of democracy must be on guard.

If the Reform leader does not agree with policy, let him come to the House, present his views and let the elected members vote. He will then see that the majority does not share his vision of a divided Canada. If he wants to launch an American style impeachment, let him agree to a vote in the House on whether he should resign. I am sure the result will be more than a 50 per cent plus one split.

\* \* \*

#### REFORM PARTY

**Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, what do you call a political party that came to Ottawa advocating a new way of doing parliamentary business and then makes a fool of itself in Parliament?

**Some hon. members:** Reform.

**Mr. Boudria:** What do you call a party that asked for a constitutional veto for British Columbia and then voted against it?

**Some hon. members:** Reform.

**Mr. Boudria:** What do you call a party that debated a supply bill for five days and then asked why it had not debated the supply bill that it had just debated?

**Some hon. members:** Reform.

**Mr. Boudria:** What do you call a political party asking for parliamentary committees to devise a procedure to defeat the government when such a procedure has been in existence for 128 years?

*Oral Questions*

**Some hon. members:** Reform.

**Mr. Stinson:** What do you call a party that does not let its members vote? Liberals.

**Mr. Boudria:** What do we call a party that thinks everyone else is crazy except itself?

**Some hon. members:** Reform.

**Mr. Boudria:** Well, need I say more?

---

## ORAL QUESTION PERIOD

[*Translation*]

### CHILD CARE

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, at the same time that the Minister of Finance was vainly trying to reach an agreement with the provinces on the distribution of the drastic cuts in social programs announced by Ottawa early this year, the Minister of Human Resources Development was freeing up \$720 million for a new national child care strategy. Surprisingly, the Minister of Finance was totally in the dark about the announcement.

What explanation can there be for the Minister of Finance knowing nothing, at the very moment when he was discussing significant cuts in social programs with the provinces, about his Human Resources Development colleague's initiative, his decision to inject \$720 million into a new daycare package?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, yesterday and the day before that, at the meeting of ministers of finance, there were most definitely discussions on putting public finances on a more sound footing, as well as of the necessity for both levels of government to set priorities.

Several provincial representatives therefore spoke to the Minister of Human Resources Development concerning daycare. The British Columbia Minister of Social Affairs also made a statement on her wish for such a program.

The federal government therefore needs to respond to the wishes expressed by the provinces. What we confirmed yesterday with the ministers of finance was the absolute necessity of setting priorities.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, will the Minister of Finance admit that by cutting back the general transfers to the provinces for social programs, and ploughing part of the cuts back into child care, the federal government is imposing its choices on the provinces, which is diametrically opposite to the Prime Minister's promises of decentralization?

• (1420)

[*English*]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, as the Minister of Finance has already explained, one of the great advantages of the new transfer program is that it allows provincial governments the flexibility to set priorities to determine what is the most important investment to make in this area of programming.

We are suggesting and promoting the notion that if we want to get people back to work that we have to be able to provide for the proper care of children along the way, a point of view shared by many provincial governments.

All we are trying to do in this case is to ensure that there is support in those areas, so that they can exercise the new flexibility and the priorities that they have under the new social transfer.

[*Translation*]

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, I understand the minister's response perfectly but it does nothing to change the fact that, on the one hand, the federal government is cutting general transfer payments to the provinces, which they are given to organize their own social services, and is then reinvesting that money into a child care package. That is called ramming your choices down the other's throat. If the federal government does not want to impose its choices on the provinces, all it needs to do is stop making cuts in general transfer payments to the provinces. That would be a good way to give the provinces some help.

How can the provinces count on federal funding, when they can only be sure of it for three to five years? The need will still be there after that but the federal government can pull out unilaterally, again leaving the provinces to foot the bill, as it has with the transfer payments?

[*English*]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, it is unfortunate the hon. member gets his facts from the pages of a newspaper and does not try to seek out the real information.

The real information is that when writing to the provincial ministers, after extensive discussion with ministers and their officials over the past several months, we indicated the initial investment to help augment the supply of quality child care. Once that initial addition for augmentation takes place, we are committed to the ongoing support and maintenance of those facilities.

It would seem that the hon. member for Roberval might want to talk to his colleague, the hon. member from the constituency of Quebec, who on February 9 said: "Does the government

intend to make available to the provinces the financial resources to go ahead with developing child care?" Again on February 24, she said: "Is the government prepared to act on its commitment respecting quality child care?"

It seems that on the one hand, the Bloc Québécois is asking for a commitment and, on the other hand, the member for Roberval does not want us to hold to that commitment. Which voice of the Bloc Québécois should we listen to?

[*Editor's Note: Whereupon a visitor in red entered the Chamber.*]

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

**The Speaker:** Colleagues, we only have a few more hours to go.

• (1425)

[*Translation*]

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, my question is for the Deputy Prime Minister. The Minister of Human Resources Development announced yesterday a national daycare strategy costing \$720 million over five years, on the condition that the provinces match the amount and meet national standards that Ottawa may set.

Does the Prime Minister realize that, by making the federal contributions contingent on a matching investment by the provinces, it is favouring the wealthier provinces, which have greater financial capabilities, over the poorer provinces such as Quebec?

[*English*]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, we have gone from Santa Claus to Ebenezer Scrooge in 30 seconds.

It is really surprising that the hon. member for Quebec, who last February was on her feet in the House demanding in no uncertain terms that the government live up to its commitment, has now fundamentally changed her mind, reversed her position and no longer is committed to the government helping children and their families get proper care.

It really is a very sad day when the hon. member who has had such a good reputation in the House for supporting the cause of children has now bought into some kind of partisan attack against a program that is designed primarily to make sure that children get good quality care.

[*Translation*]

**Mrs. Christiane Gagnon (Québec, BQ):** Mr. Speaker, the minister is intervening after cutting aid to the provinces. That is not what I meant in my letter.

### *Oral Questions*

Will the Minister of Human Resources Development acknowledge that he is preparing once again to use his spending power to meddle hamfistedly in the daycare sector, which is under Quebec's jurisdiction exclusively, while imposing national standards; and that, if he really wanted to react or to effectively resolve the daycare problem, he would do well to transfer federal funds to Quebec so they could be managed according to our interests? That was the gist of my letter.

[*English*]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, it is really a great regret that the hon. member has made such a major reversal in position in so short a time.

In the letter sent to provincial ministers we made it very clear that the provincial governments should respond to us. We said: "It is within your jurisdiction. You propose what kind of program you would like to see happen". It is entirely within their discretion, entirely within their authority to decide how they respond to this. No one is interfering. No one is providing direction in terms of specific programs. That is entirely and thoroughly within the orbit of the provinces to manage.

We are going to ensure that in the very crucial question of ensuring proper care for children and the equally important providing of support for the employment of their parents so that they can go back to work, that we are prepared to help share the burden with the provinces and hopefully they will respond in a like kind.

\* \* \*

### THE CONSTITUTION

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, in the interest of efficiency and generosity on this last day before the break I have a very straightforward question for the Minister of Intergovernmental Affairs. This is a question we have had difficulty getting a straight answer on but I hope that today we may receive it.

Will the minister tell Canadians in plain language how granting the separatist government of Quebec a veto over the Constitution of Canada enhances the cause of national unity?

**Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.):** Mr. Speaker, when the people in Quebec voted to elect the Bloc Québécois we had to accept their democratic verdict. When they decided to elect the Parti Québécois in Quebec we also had to respect their verdict because this is democracy.

*Oral Questions*

When we give a veto to British Columbia we give it because we believe this is in the national interest. When we give a veto to Quebec we do it because we believe it is in the national interest.

I would hope that the leader of the third party would respect the democratic wishes of the population of Canada.

• (1430)

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, the minister provides no rational answer because there is no rational answer.

Any government that can talk itself into believing that a separatist veto over the Constitution of Canada helps national unity can talk itself into any other kind of concession. It is the Neville Chamberlain approach to constitutional negotiation: unity in our time through irrational concessions. When Winston Churchill was asked how to deal with a Prime Minister taking that approach, he replied: "If the Prime Minister trips, he must be sustained; if he makes mistakes, they must be covered; if he sleeps, he must not be wantonly disturbed; but if he is no good, he must be poleaxed".

Does the minister see the wisdom in Winston Churchill's position on how to deal with any minister who undermines the national interest by irrational concessions?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, in the justice system there is a provision whereby a judge can order somebody to be sent for a mental examination for a period of 30 days. Mr. Speaker, I was thinking that we might give you that authority and that the leader of the Reform Party be the first candidate for that procedure.

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

**The Speaker:** Colleagues, between poleaxing on one side and medical examination on the other, you are putting your Speaker in a very precarious position. I would ask you to be very judicious in the choice of your words and symbolisms on this day.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, any question of sufficient import to wake up the solicitor general must have had some substance to it.

My final question today is what lawyers call a notwithstanding question. Notwithstanding the desire of Reformers to see the entire government replaced, notwithstanding our desire to see the cabinet shuffled and the Prime Minister impeached, notwithstanding our desire to see the Deputy Prime Minister go on an extended tour of Antarctica, will the government House leader please convey to the Prime Minister, Madam Chrétien and the Prime Minister's colleagues the best wishes of Reformers and our constituents for the season and for the New Year.

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, I will say nothing to impeach the good wishes that were expressed by the Reform Party. We accept them in a very positive, forthcoming and gracious spirit. I hope that in the future members of the Reform Party will join with us in our commitment to national unity and abandon what seems to have been their previous obsession with separatism.

\* \* \*

[Translation]

**CANADIAN FEDERATION**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, unable to keep his referendum promises, the Prime Minister, in desperation, announced the establishment of two committees, one on the Constitution and the other on the economy. They were to report back to him with recommendations for changes by Christmas.

Would the Acting Prime Minister tell us whether he has received the final reports of these committees, one a phoney, the other a phantom, on changes to be made to the federation?

• (1435)

[English]

**Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, with respect to the responsibilities I have in chairing the jobs committee which was referred to by the hon. member in his question, I can assure him that members of that committee have taken their responsibilities very seriously. Our work is ongoing. As the Prime Minister requested, we will have a report to present to him before Christmas.

[Translation]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, I am sure the Prime Minister will be getting fine gifts.

Could the Acting Prime Minister tell us what the reports of these two committees will add to his purely symbolic initiatives on the distinct society, the veto and decentralization?

[English]

**Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, obviously I am only in the position to comment with respect to the contributions to be made by the committee which I have the honour to chair.

I would point out to the hon. gentleman that one of the very finest things that can be done to contribute to the spirit of unity in this country is an ever strengthening Canadian economy generating more and more good solid Canadian jobs.

## CHILD CARE

**Mrs. Jan Brown (Calgary Southeast, Ref.):** Mr. Speaker, two years of effort have resulted in failure as the Minister of Human Resources Development does not have one single province signed on to his day care package. Yesterday despite this failure he announced his day care package. The provinces cannot afford this program and the minister knows it.

Why does the minister not admit that he intends to blame the provinces when his day care package goes up in flames?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, why am I not surprised that the hon. member for Calgary Southeast is opposed to a major program to help children across Canada? It comes as part of the general philosophy where her party simply has no interest.

I would like to provide for contrast what the minister for women's equality for the Government of British Columbia said yesterday in her press conference. She said that she is glad the federal government is going to share and is prepared to commit funds to help with children's care. She will be contacting her provincial colleagues to encourage them to support the offer and to work with the federal government.

It shows that the British Columbia minister understands far better than the member for Calgary Southeast the important investment that can be made in child care in helping parents go back to work and in helping to make sure children are well looked after.

**Mrs. Jan Brown (Calgary Southeast, Ref.):** Mr. Speaker, the hon. member did not huff and puff like Santa Claus going down the chimney but he just about did.

The government is offering over 720 million taxpayer dollars for its ill thought out day care package. The Reform Party believes the Liberal package discriminates against stay at home parents. It provides funds for those who choose to leave child care to others.

Will the minister commit to providing tax relief for stay at home parents?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, with questions like that, the hon. member for Calgary Southeast is going to give the Grinch a bad name.

I would like to point out to the hon. member that in developing our child care proposal, the first thing we have done is to sign an agreement with the aboriginal people to provide 6,000 additional spaces for the group in the country who probably needs them

## Oral Questions

most. That is not a failure but a major investment. Also, because we want to recommend, recognize and respect provincial jurisdiction, we have made a similar offer to the provinces to which we hope to have a positive response.

To answer the question specifically, I would like to quote from a sometime distinguished member of the House who represents the constituency of Calgary Southeast. On October 16 she said: "We can do more as federal legislators to foster hiring and employment such as supporting new day care facilities". From time to time we are prepared to listen to the advice of the hon. member for Calgary Southeast. It is too bad she herself cannot remember what she said just a few short months ago.

\* \* \*

● (1440)

[Translation]

## RADIO CANADA INTERNATIONAL

**Mr. Stéphane Bergeron (Verchères, BQ):** Mr. Speaker, my question is for the Minister of Canadian Heritage.

In a letter sent to an RCI employee in January 1991, the Prime Minister, who was Leader of the Opposition at the time, pointed out that Liberal members had moved an amendment in the debate on Bill C-40 to have Radio Canada International designated a permanent service in order to ensure its survival. During the same period, the current secretary of state for the status of women went so far as to ask, on behalf of the Liberal Party of Canada, that full funding be restored for Radio Canada International.

How does the minister explain that, five years after stating its unconditional support to RCI, his government suddenly decided to put an end to RCI's operations?

**Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.):** Mr. Speaker, I have already told this House that no decision has been made about Radio Canada International. The government is waiting for the mandate committee to table its report, which will contain recommendations on the future of the CBC, including its international operations. Then, we will be able to make a decision.

**Mr. Stéphane Bergeron (Verchères, BQ):** Mr. Speaker, the minister seems to keep forgetting that the employees have already been handed their pink slips.

How can the minister explain such an about-face when, in the new foreign policy statement issued by the government just ten months ago, Radio Canada International was said to be a cornerstone of its foreign policy?

*Oral Questions*

**Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.):** Mr. Speaker, how can we do an about-face when no decision was made? Once a decision has been made, our colleague will be in a better position to comment.

\* \* \*

[English]

**TRANSFER PAYMENTS**

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, last winter the finance minister committed to bring together the provincial finance ministers to set the new terms for the Canada health and social transfer. They came together this week and could only agree on a dinner menu and that was about it.

Why in the world did the minister wait until three months before the decision was to be made to bring the ministers together? What is his game plan now if the provinces cannot agree? It certainly looks like that is the case.

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, officials from the provincial and federal finance departments have been meeting regularly for quite some time.

The meeting that was held had been scheduled and follows the normal schedule of such meetings. I made it very clear that we did not expect to come out of that meeting with a final decision but that at the ministerial level we would engage in a discussion by the officials that would continue for quite some time.

In fact, the meeting ended up roughly where one would have expected. That is, those provinces which are contributing were seeking one formula and those provinces again by another formula were seeking to protect that position.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, we have equalization payments that serve to equalize the services that are provided across the country.

The initial distribution of the Canada health and social transfer discriminates against Alberta, B.C. and Ontario. Furthermore, Quebec gets more than Newfoundland on a per capita basis.

Is it the minister's intention to continue his discrimination against some provinces? Will he favour a distribution of the CHST that results in per capita transfers to all the provinces and all Canadians on an equal basis?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, the position of per capita payments was certainly discussed.

• (1445)

In terms of equalization and therefore obviously the derivative effect on the CHST, all provincial finance ministers, regardless of whether they were from a recipient province or a province that was contributing, discussed the issue with a great deal more understanding, a great deal more compassion and a great deal more vision in terms of what Canada is all about than has been expressed by the member of the Reform Party.

\* \* \*

[Translation]

**TAX POINT TRANSFERS**

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, yesterday, when questioned about the federal government's refusal to withdraw from health, welfare and education as requested by Quebec, the Prime Minister said that he found Quebec's tax point transfer proposal unacceptable because this formula would not give the federal government enough credit with Canadians.

My question is for the Minister of Finance. Does the Minister of Finance agree with his Prime Minister and is he also more interested in ensuring the federal government's visibility than in reducing overlap and improving services to the public?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, the Quebec government's proposal will not eliminate overlap and duplication. Mrs. Marois was proposing a tax point transfer that, given Quebec's expenditures, would be exorbitant.

At the same time, if we look at the possibility of transferring tax points to all the provinces, it must be said that Quebec would lose out. This formula would benefit wealthier provinces such as Alberta and Ontario, but not Quebec. I should add that Mrs. Marois did not talk about equalization, which is a very important element of federal transfers to Quebec.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, the Quebec finance minister's proposal has but one objective: to stop this government's drastic cuts on the backs of the most disadvantaged in our society. That is all.

If it is not to ensure visibility at the expense of services to the public, how does the minister explain that, in the area of job training, his government's decentralization effort is limited to sending cheques clearly identified with a maple leaf directly to the unemployed, thus bypassing the Quebec government?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, I am a little surprised that the hon. member has raised the issue of training, since the Minister of Human Resources Development met with his counterpart, Mrs. Harel, only yesterday to discuss the offer. This is a

very open and practically revolutionary offer from the federal government, not only to transfer responsibilities to Quebec, but also to really work together to better train our workers.

\* \* \*

[English]

#### RADIO-CANADA INTERNATIONAL

**Hon. Warren Allmand (Notre-Dame-de-Grâce, Lib.):** Mr. Speaker, many Canadians are upset by the announced closure of Radio-Canada International.

I would like to ask the Minister of Heritage: What is the justification for this closure and how will the government replace this excellent means of publicizing Canada in eight languages in 126 countries for only \$16 million per year? What can the minister do to save this important service?

**Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.):** Mr. Speaker, the CBC has made its position known with respect to RCI in the context of budgetary restraints.

The government, however, is waiting for the mandate review committee to report. The report will make decisions both on the future of international activities of the CBC and on the future budget of the CBC.

\* \* \*

#### IMMIGRATION

**Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.):** Mr. Speaker, this morning when the minister of immigration announced the government's plan to deal with the defaulted sponsorship obligations, he said that he did not support the use of bonds as it was unfair to require the money in advance, up front.

However, the minister did not address the use of non-cash surety bonds. Considering the great expense for the taxpayer in pursuing defaulted sponsorship through the courts, would the minister not agree that the use of these bonds would be a more cost effective way of ensuring compliance with the terms of sponsorship?

**Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, the member started her press conference by suggesting that the government's package and the government's actions were very much on the right course. After some reflection and after some hint, she comes to the House of Commons and suggests that perhaps a bond is the way to go.

• (1450)

We have the right package, the right mix. We reflected on the bond and believe it is far preferable to proceed with this

#### Oral Questions

package, keeping in mind that some 85 per cent to 90 per cent of sponsors who undertake a sponsorship agreement live up to their end of the bargain. The question became: How do we address the remaining 10 per cent, the few who abuse, and try to make the few fewer?

That is why we are tightening eligibility. That is why we are tightening abuse to social programs. That is why we are enforcing the enforcement side of the procedures. We also said that should these procedures not work, and we believe they will, at that time we can contemplate additional action.

**Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.):** Mr. Speaker, while the minister states his government's intentions to deal with defaulted obligations, he still faces a very major hurdle with the IRB, the Immigration and Refugee Board. I remind the minister of a decision it made with Mohammed Assaf, who was permitted to sponsor his second wife despite being \$32,000 in arrears.

What is the value of the initiative that he announced earlier today when the IRB is deliberately undermining his department's objectives?

**Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, one case does not make a good law.

The member agreed with the direction of the government's package today. We consulted all the provinces. We always hear from that side of the House, the apologists usually for the provinces. In this case each province suggested that the federal government not introduce a bond at this time.

Therefore, in the best interest of co-operative federalism, this package was developed in concert with the provinces, which the hon. member always suggests we do. I wish her and her colleagues a merry Christmas.

\* \* \*

[Translation]

#### TELECOMMUNICATIONS

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ):** Mr. Speaker, my question is for the Minister of Industry. Recently, the industry and heritage ministers took drastic measures to create a competitive environment in the satellite broadcasting industry.

Next week, the government must render its decision regarding the appeal filed by the Stentor group, which is asking for the elimination of the privileges provided in the regulations and tariffs for other telecommunication companies affiliated with American giants such as Unitel, Sprint, Fonorolla, regarding competitive services, including long distance calls.

*Oral Questions*

Will the government take measures to ensure that companies that are 100 per cent Canadian can enjoy the same regulations and tariffs as companies affiliated with an American partner?

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, I am not sure I understand the question as it relates to competition. As the hon. member knows, our policy is to promote competition. We set up a system for satellite and telephone services that promotes competition, so as to reduce costs for users and improve the choice of services for consumers.

[*English*]

In the next short period of time we will be moving to license companies that will be introducing a new range of personal communication services. It will provide additional competition not just in those new services but for existing cellular providers as well.

[*Translation*]

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ):** Mr. Speaker, obviously the minister did not understand my question.

I asked him if the government would pledge to ensure that companies that are 100 per cent Canadian would be subjected to the same regulations and tariffs as American companies concerning long distance calls, without having to go to the CRTC.

• (1455)

I have a second question I would also like him to answer. Why is it that Canadian companies do not have access to the American market in the same way that American telecommunication companies have access to the Canadian market, and will the minister pledge to contact his counterpart, Mickey Kantor, to settle the whole issue?

[*English*]

**Hon. John Manley (Minister of Industry, Lib.):** Mr. Speaker, first let me thank the hon. member for her question. In fact she highlights the point that Canada has one of the most open and liberal telecommunications markets in the world.

Just last spring the vice-president of the United States stated that the U.S. was prepared to offer reciprocal treatment to countries with an open investment climate. For our part, we have allowed 20 per cent foreign control at the operating company level and 33.3 per cent at the holding company level. We are still awaiting reciprocity from the United States.

The member will know that international forum discussions are under way, leading to a general agreement on trade and

services. I assure her that the government stands committed not only to open trade in telecommunication services but to ensuring that Canadian firms have as much access to the U.S. market as U.S. firms have enjoyed to the Canadian market.

\* \* \*

**CORRECTIONAL SERVICE CANADA**

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, my question is for the Solicitor General of Canada. I have been reviewing the latest Correctional Service Canada amended version of the commissioner's directives. Apparently inmates who are "unemployed because no program assignment is available" are entitled to level one pay.

While ordinary Canadians receive a lump of coal for Christmas by way of UI cuts, I would like to ask the solicitor general why awarding his own special UI for murderers, rapists and other prisoners behind bars is such a sensible thing.

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, the system for the pay of inmates is currently under review. It is the intention to make changes in the levels of pay available to prisoners, which is basically something based on the work they do and the courses they take.

I thank the hon. member for his point. I will certainly see that it is brought to the attention of the staff of Correctional Service Canada.

**Mr. Randy White (Fraser Valley West, Ref.):** Mr. Speaker, it is hard to trap this fellow.

Pay for no work is a very poor example to set in prison. However I have another quote from the commissioner's directives. It comes under the inmate pay category and reads:

Overtime shall—be awarded where no other reasonable alternative exists.

Would the solicitor general tell us poor Canadians why this ridiculous overtime policy for prisoners is in place?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, this is the same question the hon. member asked my parliamentary secretary the other day. I have asked for a report from Correctional Service Canada on the justification for it. I will be happy to bring the information to the attention of my hon. friend.

I might also say in this connection that I want to make sure my hon. friend and all his party recognize that we appreciate very much his leader's good wishes of a few minutes ago, but of course we reject the unacceptable premise to his leader's question.



*Oral Questions***EMPLOYMENT INSURANCE**

**Mr. Guy H. Arseneault (Restigouche—Chaleur, Lib.):** Mr. Speaker, the Minister of Human Resources Development has undertaken a number of important actions to stimulate job creation.

With regard to the employment insurance package it has become evident there is a problem when calculating the benefits of employees who have a gap in their work weeks or a break in their employment record because of seasonal work.

What does the minister intend to do to address this inequity in the system?

• (1500)

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification, Lib.):** Mr. Speaker, I thank the member for Restigouche for the question and particularly for the concern he and other members have expressed.

I said in the House on Monday when we had the resolution and we referred the bill to committee that where there are particular problems or difficulties, such as the gap the member identified, it is a problem that can be fixed.

With the constructive help of members of Parliament and others the committee, when it begins its hearings on January 6, can be seized of the problem. I commit to working very closely with the members of Parliament on that committee to make sure a solution is found.

\* \* \*

**TRANSFER PAYMENTS**

**Hon. Audrey McLaughlin (Yukon, NDP):** Mr. Speaker, my question is for the Minister of Finance.

The Minister of Finance has been meeting with other ministers of finance of the provinces and territories. I think the minister will agree there is no doubt that the Canadian health and social transfer is a major restructuring of programs and relationships between the federal government and the provinces and territories.

Seven out of ten Canadians in a recent survey said they felt social programs were essential to the Canadian identity and over 70 per cent supported national standards. This interest by Canadians is substantial. Over 70 per cent of Canadians feel very strongly about social programs being part of Canada.

What steps will the minister take as the federal minister to encourage the provinces, territories and the federal government to make a more transparent process available so that all Cana-

dians can know exactly what the Canadian health and social transfer agreements are and will be in the future?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, as the hon. member knows, the Minister of Human Resources Development is engaged in discussions with his provincial colleagues on establishing a common vision, a common set of values and objectives in terms of the protection of our social programs and the direction in which they would like to see these go. This is a very important forum. Indeed it is a very important process as Canadians in the 1990s take a look at themselves and what the basic values are that they would hold to.

In addition, the hon. member will remember that in the budget announcement we set out that the principles of the Canada Health Act would remain intact. In fact this government intended to go to the wall to protect those. At the same time we established the principle that one could not impose a residency requirement in terms of welfare. The wisdom of that has already been demonstrated by the Minister of Human Resources Development in events of which the member has full knowledge.

It is very important to note that the Prime Minister, the Minister of Health and I have stated unequivocally, and I repeated this yesterday in a meeting with the finance ministers, our intention to not allow that the cash would eventually run out to nothing as is currently the case. Our intention to stabilize the cash component of the CHST is a very important component.

**The Speaker:** My colleagues, in just a few minutes I am going to hear a point of privilege but there are three housekeeping statements I would like to make.

The first has to do with one in our midst, as he has been for a number of years. We have a member of the class of 1943. I refer of course to Mr. Stanley Knowles. I wonder if you would join with me in wishing this table officer of ours a very pleasant holiday season, very, very good health and a very happy Christmas with his family.

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

• (1505)

**The Speaker:** Second, if today is really the last day we will assemble as a House of Commons, every year at this time your Speaker has a very small reception to which I very cordially invite all of you to attend, of course your duties permitting. This will take place after question period.

Third, we as a House of Commons and we as a nation have come through a very stressful period for ourselves, for our families and for our fellow citizens. I do hope all of you will be able to get a good rest and come back—no pun intended—ready to do battle again when the House reconvenes.

*Privilege*

As for myself, I do wish all of you who are here a very joyous Christmas and a very blessed New Year. I thank you very much.

\* \* \*

[Translation]

**BUSINESS OF THE HOUSE**

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, in the holiday spirit may I offer my best wishes to all of the members of this House, inquiring at the same time of my good friend the Leader of the Government in the House what he has in mind for us next week, outside of holidays?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, I am most pleased to respond to my esteemed colleague.

[English]

Mr. Speaker, I also wish to reciprocate on behalf of all members of the House to your very good wishes. We appreciate your efforts as Speaker and as the visible manifestation of the dignity of the House of Commons. Mr. Speaker, in that regard even though you tell us to be ready to do battle when we come back, we will also remember your admonition a few minutes ago that we avoid any efforts at poleaxing.

The House will sit into this evening to consider the preliminary prebudget report of the finance committee. It will then adjourn until February 5, save for one or two royal assent ceremonies that may be required in the interim.

On February 5 it is our intention to call report stage of Bill C-101, the transportation legislation. We will treat this bill as our first priority with a view to obtaining early passage. We would then turn to the other items that are at advanced legislative stages, including: Bill C-52, the public works and government services reorganization bill; Bill C-78, the witness protection bill; Bill C-88, the internal trade legislation; Bill C-94, the fuel additives legislation; Bill C-95, the health reorganization bill; and any bills that might find their way back from the other place for our further attention. We will consult our friends opposite about the exact order of this business closer to the event.

Finally, this work is however well ahead of us. We have now finally reached the time of year when members of Parliament are permitted to be as joyful as everyone else in the country. Therefore, I think it appropriate to conclude by thanking members on all sides of the House for their co-operation during the year, to thank our hard working staff for their faithful service and to wish everyone a pleasant holiday season and a happy, healthy and prosperous New Year. Thank you, Mr. Speaker. *Merci beaucoup à tout le monde.*

**PRIVILEGE**

COMMENT DURING DEBATE

**Ms. Marlene Catterall (Ottawa West, Lib.):** Mr. Speaker, I rise on a question of privilege. I regret to delay your annual reception of the season but this is a matter which I take quite seriously. This point of privilege arises from the debates of December 12, 1995, page 17557 of *Hansard*.

• (1510)

I was delivering a speech on Bill C-110 and talking about the importance of the two founding peoples of this country. My last sentence was: "Without the French settlers and explorers who came to this country we would not have what we have today". A member of the Reform Party chose to intervene by saying: "We would have something far better". I found that to be a most regrettable racist slur against certain citizens of Canada based on their—

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

**The Speaker:** My colleague, I have a copy in hand of the *Hansard* to which you referred. Although I find that the statement may be objectionable to you and perhaps to other members, I had a chance to look it over earlier today in anticipation of what might be said.

I wonder if the hon. member could go directly to the specific point that she thinks her privileges have been infringed upon.

**Ms. Catterall:** Mr. Speaker, if I may I would like to go to the point of the privilege of the House and myself as a member of the House rather than as a personal affront to me as an individual member.

I find that kind of remark being made in the House derogatory to the dignity of the House. It calls into question the honour, integrity and character of this House.

**The Speaker:** My dear colleague, I can understand that some hon. members will take offence in the course of the debate. We in this House have been elected to speak for our constituents and we have very strong feelings.

In this case, I find it difficult to zero in precisely in that the House itself has been offended by the language. We have heard language even today, my dear colleague, which was very strong. It would be the intention of your Speaker to give within the bounds of dignity and decorum as much leeway as we can to hon. members to express themselves.

I would rule that although the hon. member would surely have a point where she is feeling badly about something being said, at least at this point from what I have read this is a point of debate and not a question of privilege.

**Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, Beauchesne's citation 26 states, and I read selectively: "A question of privilege is a question partly of fact and partly of law, the law of contempt of Parliament". It is in reference to that section that I believe the hon. member's comments should be thought of this afternoon.

The law of contempt of Parliament has been applied on several occasions by Speakers when people have made comments in regard to particular groups, such as derogatory comments against women and derogatory comments against others. I suggest very respectfully that the Speaker in the past has identified those comments as being unacceptable and offensive to the dignity of the House. Similarly as it applies to courts of law, a very senior judge of this country for having made equally unacceptable remarks only days ago was told promptly by Canadians and by our Minister of Justice that remarks of that nature were not acceptable.

For that reason and for the offence to the dignity of the House that I referred to in the citation of Beauchesne, I feel that the hon. member for Ottawa West is quite appropriate in bringing this unacceptable comment to the attention of the House.

The member in question who made the comment, in order to restore the dignity of this House, should be rising now and withdrawing the remark. We could all then turn the page as we have done on many occasions in the past and restore the dignity of this Parliament.

• (1515)

**The Speaker:** The difficulty your Speaker has, and I refer of course to *Hansard*, is that following the statement by the hon. member for Ottawa West it reads: "an hon. member". We could have something far better. I do not have the name of an hon. member.

If the government whip is suggesting that I should encourage a greater choice of words, I wholeheartedly agree. Time and time again I have risen in the House to ask you to be very judicious in your choice of words. These types of words are offensive to many members of the House of Commons. But your Speaker has no recourse to any specific member.

Again I make the admonition, the encouragement if you will, of the government whip that I am sure other members would want to say in the House.

I encourage members once again to choose carefully their words. Your choice of words can be very cutting and very inflammatory. That is why, my dear colleagues, I encourage you to be very judicious in your choice of words. I hope this type of thing will not arise again in the House.

**Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.):** Mr. Speaker, a point of order.

### *Government Orders*

There have been discussions among political parties in the House. If you were to seek it, I believe you would find unanimous consent to revert briefly to presenting of reports from interparliamentary delegations. I understand that one delegation was not ready this morning and that a member from that delegation would like to report briefly.

**The Acting Speaker (Mr. Kilger):** Is it agreed?

**Some hon. members:** Agreed.

---

## ROUTINE PROCEEDINGS

[*Translation*]

### INTERPARLIAMENTARY DELEGATIONS

**Mr. Raymond Bonin (Nickel Belt, Lib.):** Mr. Speaker, pursuant to Standing Order 34, I have the honour to present to the House, in both official languages, the report of the Canadian section of the Assemblée internationale des parlementaires de langue française concerning the seminar exchanging views and information on parliamentary democracy in action, held at Port-au-Prince, Haiti, November 16 to 19, 1995.

---

## GOVERNMENT ORDERS

[*English*]

### FINANCE

#### INTERIM REPORT OF STANDING COMMITTEE

The House resumed consideration of the motion.

**The Acting Speaker (Mr. Kilger):** The hon. member for Elgin—Norfolk had approximately four minutes remaining.

**Mr. Knutson:** Mr. Speaker, for the benefit of those who were not listening when I was interrupted by question period, let me briefly summarize what I had said in the first half of my speech.

The first point I made was that the deficit needs to be addressed aggressively. We need to go to a balanced budget and then to a surplus budget as quickly as possible.

However there are pressing and very urgent social problems within our country, the primary one being child poverty. I would like to encourage the Minister of Finance to put in February's budget approximately \$500 million for a child poverty program through the tax system, called a working income supplement which would put approximately \$1,000 a year in the hands of the poorest working families with children. I am sure this money would be well spent.

The question then arises, if we believe in cutting the deficit, balancing the budget and in spending more money on child poverty, where does the money come from? I would suggest that one area is the defence department.

*Government Orders*

Let me say before I get to my main point that I do not disagree with defence spending per se, only some parts of defence spending. We need to look at the defence budget and decide that we cannot have a military that tries to be all things to all people.

For example, we should get out of the submarine business. Recently, members may have read in the newspapers that Canada's three submarines which represent our fleet were in Halifax for maintenance. I do not know if any of us felt any less secure knowing the submarines were in Halifax. I do not know if any of us will feel less secure tomorrow if we got out of the submarine business.

Certainly we do not need to buy old British submarines for Canadian defence. We do not need the subs to hunt subs. Since the cold war ended there has been a shortage of submarines to hunt as the Russians are mothballing their subs.

• (1520)

We do not need subs to patrol our coastal waters. Our existing frigates and destroyers, brand new coastal patrol vessels, underwater sensor sites, radio intelligence sites and non-military assets such as the coast guard and fishery patrol vessels are more than capable of doing the job.

We do not need the subs to monitor UN embargoes. The frigates and destroyers can do that already and they can do it more effectively.

We do not need subs to patrol Arctic waters. The sub DND wants to buy cannot operate under the ice.

Cutting defence spending is only one example of where money can be found to not only address the deficit but also address child poverty. Another example is the whole issue of tax expenditures.

The finance department and the Minister of Finance need to understand that a tax expenditure is just like an expenditure in any other area. For example, the money we spend on subsidizing RRSPs or RPPs, which are retirement savings plans, through the tax system unduly benefit the well to do. They do little to improve the life of the middle class and lower economic classes. In short, they are a benefit primarily for the rich.

I want to make a very modest proposal. We should lower the limits for RRSPs and RPPs to \$10,500 from a current level of \$13,500, a level that is set to rise to \$15,500. This very modest proposal would not affect anyone making less than \$70,000 a year annually and, by the department's calculations, would raise approximately \$550 million for the national treasury. This is exactly the amount of money that I suggest the government spend on a child poverty program.

At this time of Christmas I want to ask Parliament, the Minister of Finance, the government and all Canadians to look at our country and recognize that we have many assets to build on. I am optimistic for our future. I recognize that not all Canadians are participating in the economic recovery and the ones who are most vulnerable are children and children going hungry. Notwithstanding that we have other urgent and pressing concerns like balancing the budget, we should address the needs of those children in this year's budget.

**Mr. Peterson:** Mr. Speaker, I rise on a point of order. A petition has just come into my hands and I would like to ask for unanimous consent to table it quickly.

**The Acting Speaker (Mr. Kilger):** Is that agreed?

**Some hon. members:** Agreed.

---

## ROUTINE PROCEEDINGS

[English]

### PETITIONS

SRI LANKA

**Mr. Jim Peterson (Willowdale, Lib.):** Mr. Speaker, I have a petition signed by many citizens of Ontario asking Canada to use its good influence to ask the Sri Lankan government to abandon the military option and instead go to political negotiating with the LTTE as equal partners and to intervene immediately to have Manickavasagam Suresh released from prison.

Thank you very much, hon. members.

---

## GOVERNMENT ORDERS

[English]

### FINANCE

INTERIM REPORT OF STANDING COMMITTEE

The House resumed consideration of the motion.

**Mr. Gary Pillitteri (Niagara Falls, Lib.):** Mr. Speaker, this is my first opportunity to address Canada's 35th Parliament. It is a special day for me and the constituency I represent. I would like to take a moment to thank the people of Niagara Falls who two years ago elected me as their federal representative.

It is with great pleasure and eagerness that I take part in today's debate, a debate which focuses on pre-budget consultations that the finance committee, of which I am a member, held across Canada.

The consultations began in Ottawa on September 19. Since that time the committee has listened to testimony from Canadians from coast to coast. The committee chose to use round table discussions to allow as many groups and individuals as possible to participate.

On the agenda, among other specific subjects, were the charitable sector, agriculture, monetary policy, education, health, the hospitality industries and tax expenditures.

The committee heard from labour unions, business and health organizations, charitable and community groups and also from many individual Canadians.

This year I was part of the group which heard from people in eastern Canada. The people who appeared before the committee offered sincere, diverse and far-reaching advice. One thing struck me: the eastern Canadians who made presentations to the finance committee expressed the same concerns, aspirations and dreams as the people in my beautiful constituency of Niagara Falls—Niagara-on-the-Lake. Their hopes and dreams are for a better future; a future in which unemployment will decrease, the economy will turn around and their children, when they graduate from high school, college and university, will find gainful employment. There is widespread agreement among Canadians to work together to achieve a better tomorrow.

• (1525)

Spending has to be cut, but at what price? We do not want to hurt those who can least afford it, as we see happening in Ontario. Canadians are ready to make sacrifices in order to have a better future.

By the end of the third year of the Liberal government's mandate the Minister of Finance will have fulfilled the party's election pledge. The finance minister will have shaved \$18 billion off the deficit we inherited in 1993-94. We will have been successful in cutting the deficit almost in half, from 5.9 per cent to 3 per cent of the GDP.

We know that mindless cuts without concern for the consequences or the need for adaptation may result in short term savings but they can also result in long term costs.

The third party presented to Canadians a slash and burn approach in its shadow budget which considered the elimination of the deficit in one year. At what cost? Canadians know that the Liberal government is proposing a lean but not mean approach. The government is committed to ensuring that the most vulnerable in our society will be protected. The fundamental problem remains a debt that is growing faster than the economy. Reducing the deficit remains paramount for job creation and growth.

There can be no more effective job creation program than getting interest rates down. In turn, there is no more effective way to get interest rates down than to decrease the deficit. A stronger economy contributes to the reduction of the deficit and the debt burden. The benefit is mutual and it will continue to grow with time.

### *Government Orders*

Our strategy has been to apply a steady, significant, but orderly reduction of our deficit. We have seen the results. Today we have learned that the inflation rate is steadily declining. That is good news for all Canadians. However, we must remember to be careful. We must remember that transfer payments to provinces and to seniors amount to approximately 20 per cent of program spending. The most important thing remains the changes we have put in place to reduce the deficit. Those changes have been structural and have resulted in a lasting improvement in the way government does business.

In the 1995 budget we made a commitment to reduce the size of the unemployment insurance program by 10 per cent. We have done that. Once the reform of the unemployment insurance program is fully implemented, the cost of benefits will be reduced by approximately \$2 billion a year. More important, \$800 million will be reinvested in employment benefits to help Canadians get back to work.

When the system is fully implemented the reform will create approximately 100,000 to 150,000 jobs per year. In high employment areas, such as the riding which I represent, the new system will be phased in to ensure that individuals and communities have the time to adjust. These reforms are about fairness. They are about helping people get back to work.

We recognize, with understandable satisfaction, that 500,000 full time jobs have been created since the election, but we know that much remains to be done. Government alone cannot create jobs. We can, however, generate and foster the right environment in which the private sector can grow and create desperately needed jobs.

In last year's budget we stated clearly that one of the main objectives was to ensure the affordability of a public pension system. We know that over the next 20 years Canada will undergo big demographic changes. If we want to maintain our pension system well into the next century we need to start planning now for future changes.

• (1530)

The government has started discussing with the provinces how best to secure the future of the Canada pension plan. We have to ensure this key part of our social fabric be sustained well into the future.

In the 1995 budget the government reduced subsidies to business by 60 per cent, or \$2.3 billion. Most of the remaining assistance is in agriculture where it takes the form of contributions to insurance schemes.

The government will continue to examine spending on subsidies so as to ensure that it is limited and, most important, justified.

*Government Orders*

I would like to talk about a subject that is on the mind of every Canadian, our tax burden. We all agree taxes are too high. However, our present economic situation does not permit us to reduce taxes.

We must realize that difference in tax burdens with other G-7 countries reflect differences in the composition of tax revenues. Some countries rely more heavily on revenue such as payroll taxes than Canada does.

Higher taxes in Canada have always reflected a higher level of public services. We may say without hesitation we have the best social programs in the world. These programs have without doubt contributed greatly to the fairness and quality of life enjoyed by all Canadians.

For this reason we must ensure everyone is paying his or her fair share of taxes. Again, the Liberal government has taken steps to ensure this is the case, first by enhancing enforcement efforts in the underground economy through increased audits and reporting requirements; and by eliminating tax advantages that do not meet the standards of fairness expected by all Canadians.

As Canada moves forward we have the duty to help Canadians better understand the value they receive for their dollars and how that value contributes to defining Canada as one of the best countries in the world.

We have to prove to Canadians their government is becoming more efficient. Canadians will expect us to balance the budget as well as lay out our vision for addressing the national debt. They want us to be frugal. They want us to end costly duplications in our programs.

I believe, as does my government, that Canadians want us to act, to show leadership and courage, to do what is needed while still maintaining the Liberal philosophy.

We must be successful. We must meet the expectations of Canadians. Only in this way will we achieve the stability and confidence level that Canada must enjoy to sustain economic growth, to meet the challenges of the 21st century and create lasting jobs.

I believe this can be achieved and I will continue to work with the finance committee, the government and, most important, with the input and help of my constituents to reach these important objectives.

[*Translation*]

**Mrs. Monique Guay (Laurentides, BQ):** Mr. Speaker, I welcome the opportunity to speak in this debate on the prebudget consultations.

These consultations, held annually by the Standing Committee on Finance, are an opportunity for Canadian taxpayers to comment on the budget being prepared by the Minister of Finance. Individuals, groups and associations come to testify before this committee which in turn reports on the hearings and

submits a report to the Minister of Finance. The minister is to examine the report and take into account the concerns expressed by the witnesses.

That, in a nutshell, is the normal and transparent process that is supposed to give taxpayers a chance to have some input as the Minister of Finance prepares his budget. Unfortunately, that is not what really happens. Actually, neither the committee nor the minister seem to be really listening to what taxpayers have to say. The minister's budget plans are prepared behind closed doors, in the course of limited and private consultations. In other words, the game is fixed.

• (1535)

Every year in February, the minister pulls out his budget like a rabbit out of a hat. Every February, it becomes increasingly obvious that all these public hearings and consultations held across the country are a sham and just a way to make the federal government look open and transparent.

The committee seems to draw its inspiration from what is said by the minister during his annual visit. In fact, instead of reflecting the comments of a host of witnesses, the committee's reports, from which the Bloc Québécois has always dissociated itself, more or less repeat what was said by the minister. In other words, the committee submits the minister's own recommendations to the minister. How is that for an open and transparent process?

Basically, the sole purpose of this exercise is to legitimize the actions and decisions of the minister. I remember the big show our millionaire minister put on when he was about to bring down his first budget in February 1994. On the news we saw the minister getting out of planes on to a windswept tarmac and telling taxpayers: "You see, I am consulting across the country, and it will all be reflected in my budget". Fat chance. The 1994 budget, the one in 1995 and the one next February are all concocted behind closed doors in those ivory towers, well away from those so-called public consultations.

Only a small group has a say in the process, and it includes the richest taxpayers in this country, who are of course friends of the minister and buddy-buddy with the big decision makers.

We have here a kind of mafia whose members all know each other and have certain mutual obligations. This inner circle controls, decides and leads the way while protecting the assets, money and profits of its members.

This regrettable tendency to give certain interests an edge is obvious from every decision made by the Liberal government and especially by the Minister of Finance. The minister shamelessly attacks the average taxpayer and lets the wealthy and large corporations get off scot free. And yet this government says it wants to act in a way that reflects the principles of justice and fairness. I am not so sure it is prepared to do so. It is clear that this government favours the principle of letting the rich get richer and the poor get poorer.

*Government Orders*

I remember, for instance, the cuts the government made in social housing. As soon as we took our seats in this Parliament, we condemned the federal government's withdrawal from this sector and more specifically, its decision to withdraw from direct financing of the construction of new social housing.

When members opposite were the official opposition, they made a big fuss and condemned the inhumane and immoral policies of the Conservatives.

Despite the pleas of the ordinary folk needing public housing and the most disadvantaged, who, in most instances, are obliged to spend more than half their salary on housing, despite their pleas to the government, the knife continued to cut. The result is that the disadvantaged really need housing, and the provinces are left picking up the pieces left by the federal government's departure. This sort of behaviour is shameful.

The minister's guidelines remain unchanged. They are easily spotted. They are aimed directly at cutting the deficit on the back of the small and medium taxpayer, while the deficit is being dumped in the backyard of the provinces. You do not need to be a specialist to see what the government is up to. The deficit is the bugbear of the Minister of Finance, and he will stop at nothing to get rid of it. One of his preferred ways to reach this goal is to dip into the unemployment insurance fund, which both employees and employers contribute to.

The surplus in this account, called the Unemployment Insurance Account, will help reduce the deficit by \$5 billion. These \$5 billion have come out of the pockets of employees and employers and off the backs of the unemployed, and yet there has been no word about creating steady jobs.

This amount is planned for 1995-96 and for each of the coming years as well. It is a tax, a hidden tax. So now we can call unemployment insurance, deficit insurance. The aim of the plan has been totally changed, indeed twisted, by the Liberals.

• (1540)

In this regard, a task force on unemployment insurance set up by the Canadian Institute of Actuaries wrote in its report that since the UI program is financed entirely through employee and employer contributions, the current formula distorts the government's budget results.

In short, the CIA maintains that the UI account balance should not impact on the federal deficit, as is now the case. The surplus for the 1995-96 fiscal year is \$5 billion. If we adjust the deficit to allow for this surplus, the budget deficit will be \$37.7 billion instead of \$32.7 billion.

The Liberals' decision to take money from this account is unacceptable. Discontent is simmering in several regions of the country. The workers feel that this money belongs to them.

The Minister of Finance himself admitted that the annual surplus was used to reduce his deficit, thus contradicting our dear Minister of Labour who, not so long ago, was denouncing the federal government, who recently told *Le Point* that the government was setting this surplus aside and that it would not be used to reduce the federal deficit. What awareness. What a great demonstration of ignorance by our favourite minister, the Minister of Labour no less.

Another issue that is very much in the news these days is the old age pension. To reach its so-called target of reducing the deficit to \$17 billion by 1997-98, the federal government will have to cut spending by several billion dollars. After presenting his economic and fiscal update, the Minister of Finance clearly expressed his intention of cutting old age pensions as part of the review announced in his last budget. Again, it is the little guys that will pay the price. The Bloc Quebecois is vigorously opposed to these cuts that will affect our seniors' living conditions.

It is clear that workers, the unemployed, seniors and the poorly housed will not be part of this circle of friends I referred to earlier. It is also clear that the federal government is not listening to these people or addressing their concerns. Except, of course, before an election, and especially before a referendum in Quebec. The Minister of Finance deliberately delayed his appearance before the finance committee this year, precisely because he did not want to upset these people. Political courage is certainly not a trademark of this government. There is a lack of backbone on the other side of the House.

Another Liberal strategy to reduce the deficit is simply to dump it into the provinces' backyards. The federal government is reducing its deficit by forcing the provinces to increase theirs. Instead of tackling the total deficit supported by taxpayers, it decentralizes it. The federal government's annual cuts of \$2.4 billion in unemployment insurance have led to an increase in provincial welfare spending. And next year will be worse, with Ottawa making further cuts to UI totalling \$2 billion.

Furthermore, cuts to transfer payments announced in the last budget will translate into a \$2.5 billion shortfall to the provinces in 1996-97 and a \$4.5 billion shortfall in 1997-98. Federal policies are forcing the provinces to either increase their deficit or reduce services provided to the public, because cuts to UI make the provinces' expenditures go up, while cuts to transfers make their revenues go down.

Given how dramatically transfer payments will be reduced, shovelling is hardly the appropriate word to describe what the

*Government Orders*

federal government is doing with its deficit; it is literally blowing it in the provinces' backyards. The government is no longer using a shovel, it is dumping the deficit by the truckload onto the provinces. But this approach does not seem to bother them. Quite the contrary; that is just what they wanted.

On this subject, I should read you a few lines of what Jean-Robert Sansfaçon wrote in last Saturday's edition of *Le Devoir*. Under the headline "How clever", Mr. Sansfaçon says that Ottawa is giving up its role as far as redistributing wealth is concerned. On the issue of budget management, and thus the deficit issue, he writes: "The provincial government's task is never easy. Unlike Ottawa, the provinces cannot just decide what amount they want to put on the UI and pension cheques they write out. The provinces are responsible for most first line services, the main ones being health and education. At this critical stage of the deficit reduction effort, the provinces now see themselves forced to review the very framework of these services, a task the difficulty of which escapes federal mandarins".

• (1545)

And he goes on to say that Pauline Marois was right when she pointed out that the future state of the province's finances is closely linked with cuts to federal transfers. While these cash transfer cuts may not affect Quebec, they will not result in a drop but rather in a shortfall of \$650 million for Quebec next year.

Listen closely to this: "Note the intense lobbying effort carried out by elected representatives from the have provinces, through the federal cabinet, to get Ottawa to abandon its plans to use transfer programs other than equalization for wealth redistribution purposes. If Ottawa should give in to this pressure, budgets earmarked for social assistance and post-secondary education would not only be in free fall, as expected, but they would be distributed on the sole basis of provincial population. The Quebec government and every member from Quebec must oppose this Machiavellian way of redistributing wealth, since the per capita income is generally 25 per cent higher in have provinces than in have not provinces".

According to Mr. Sansfaçon, the UI reform in itself is a breach of the redistribution principle. The have provinces are the ones that stand to benefit the most, at least from a macroeconomic point of view, from the rollback of premiums paid by higher wage earners, who are concentrated mainly in have provinces, the integration of part time workers and the tightening of qualifying conditions.

The editorial writer of *Le Devoir* continues by saying that it is easy to identify the reasons why the federal finance minister is so optimistic in terms of meeting his goal of a \$32 billion deficit for this year. He writes: "Revenues are increasing, the clean-up in the departments has just begun, and most of the cuts were

passed on to the provinces and to the UI account. Later, of course, pensions will also be targeted. The UI surplus alone will allow Ottawa to reduce its annual spending by five or seven billion, between now and the next recession, with no equivalent reduction in the contributions made. This is like a jackpot. This is another way, although certainly not progressive or productive, of collecting taxes".

He continues in the following manner: "The more time goes by, the more the Martin method becomes clear. Ottawa will reach its budget goal without too much difficulty. That goal seems rather modest, considering that the way to meet it consists in forcing the provinces to tighten the belt of their people, forcing the unemployed to work, and forcing small businesses to pay for a UI program whose surplus will primarily be used to reduce the deficit. It was simply a matter of thinking about it".

Do we need to add anything more to an article that so clearly tells us about the intentions and the ways of the finance minister? Social justice and tax fairness are not compatible with the Liberals. Not everyone, and I am referring to the rich and the companies that get away with not paying any taxes, is being asked to contribute to the deficit reduction effort. The deficit is being reduced at the expense of the masses, and that includes the poor, the have nots, as well as the low and middle income workers.

It is the provinces that have to do the dirty work, since they are stuck with the every day reality and must provide the essential services to the public. Yet, in spite of cutting in the transfers to the provinces, the central government continues to impose its guidelines and national standards to the provinces. This becomes unbearable and unacceptable.

To counter the federal way of doing things, Quebec's finance minister, Pauline Marois, suggested two days ago to her federal counterpart that his government withdraw from the social assistance, post-secondary education and health sectors. Under Quebec's proposal, the federal government would give the province tax points instead of an annual cheque, which gets smaller every year.

• (1550)

An interesting suggestion, one I might even call an intelligent one. The Minister of Finance is always being asked for suggestions, and he got one, but unfortunately for Quebec he clammed up afterward. A great pity, for everyone could have learned more about what to expect in coming years in those areas of activity.

Let us keep in mind that this suggestion would have allowed the provinces to do away with much of the overlap and would have given Quebec more leverage for creating an integrated job creation policy. In Quebec alone, duplication accounts for \$3 billion annually, a real waste of money, but a waste that the federal government seems to absolutely insist upon.



*Government Orders*

The federal government's rejection of Quebec's demands is deplorable, since its role in these matters does not make much sense. It collects taxes, then it gives them back to the provinces, but sets certain standards for them. Before the referendum, Quebecers were promised change. Great possibilities were dangled before our eyes. This suggestion by Quebec offers an opportunity to fulfil those promises. But, unfortunately, the promises dwindled into meaningless noise.

The Bloc Québécois has nothing against reorganizing public finances, but we do disagree with the approaches the Liberals are taking to that reorganization.

We have always asked the government to review the entire taxation issue, among others, in order to reach some form of equity. Far from complying, the Liberals are instead heading off in the opposite direction, as I have already shown.

My colleague from Saint-Hyacinthe—Bagot has brought to my attention the fact that, 40 years ago, 50 per cent of the taxes collected by the federal government came from businesses, and 50 per cent from individual taxpayers. Today barely 8 per cent comes from the business sector and the rest, 92 per cent, comes from the pockets of individuals. This is a scandalous and unfair situation, and what is even more scandalous is the federal government's lack of action to correct this totally imbalanced situation.

In addition to the imbalance that exists between the corporate and the individual taxpayers, there are great injustices and inequities within those groups. Where businesses are concerned, the last federal list of those companies who paid no tax came out in 1987. No wonder it was the last one, since it was becoming an embarrassment to the government. The list included the names of more than 90,000 businesses that did not pay a cent in taxes. Not one cent. In 1990, according to the federal Department of Finance, 77,000 businesses that made a profit managed to avoid federal taxes.

The Bloc Québécois has constantly asked the federal government to introduce a real minimum tax on corporate profits. The minimum tax is not aimed at increasing the tax burden of businesses. It is only intended to deal with profitable businesses that manage to avoid paying taxes altogether. It's purpose is also to be fair to businesses that pay taxes and, as good corporate citizens, do not try to evade that responsibility.

We see the same problem with individual taxpayers. The wealthy can take advantage of every loophole in the tax system and legitimate provisions such as tax shelters as well, to evade the obligation to pay their share of the government's revenue requirements. Such opportunities are of course not available to the average wage earner and the middle class.

The Bloc is asking the government to proceed with a complete review of the tax system, the purpose being to simplify and restore equity to the tax system by eliminating tax provisions

that give big corporations and high income taxpayers an unfair advantage. The whole issue of tax conventions with countries that are considered to be tax havens should be reviewed as soon as possible. According to the auditor general, hundreds of millions of dollars in tax revenue are lost to the government as a result of these tax treaties.

These are suggestions the finance minister should act on without further delay. The minister should get rid of all these tax loopholes pronto, but he does not seem to be very anxious to do so. The minister is like Santa Claus, sporting the Liberals' colours and exuding their generosity as he hands out presents in the form of family trusts, tax havens and tax shelters of all kinds.

• (1555)

We have to look at where he comes from. He is not from the North Pole, as people might think, but, rather, from the Power Corporation Pole. I think that has some effect on his intentions and decisions.

We have proposed other avenues to the federal government. We want it to cut the annual budget of the Department of National Defence by an additional \$1.5 billion starting next year. The Bloc, because Quebec receives only 17.4 per cent of national defence expenditures, insists that cuts be made in such a way that Quebec will end up with 25 per cent of defence expenditures.

And what about the Hibernia project, with the government pouring hundreds of millions of dollars into it year after year? We call on the government to withdraw from this financial sinkhole.

Finally, it is vital the federal government and its Minister of Finance listen to the people. Come out of your shell and tune into reality. The provinces, Quebec among others, and the people of Canada are talking to you and making perfectly reasonable requests. Pay attention and get in gear. Stop pretending so stupidly in an effort to keep alive a federal system, which is off track and out of touch.

[English]

**Mr. Maurizio Bevilacqua (Parliamentary Secretary to Minister of Human Resources Development, Lib.):** Mr. Speaker, a budget captures society's priorities. That is why the prebudget consultation process is so important. It is an opportunity for Canadians to share their perspectives with us. From those views and from our principles as a government we can find the path that will work best.

This consultation process has proven to be much better than the old ways of doing business. The road to budget day was once a darkened one. It was full of secrecy. Canadians suspected some special interest groups had ways to get their opinions into the process but that for most of us it was a closed system. Canadians had no way to contribute to this essential part of our democratic process. Gladly that has changed for the better.

*Government Orders*

The budget deserves to be the subject of debate well before the late winter afternoon when the Minister of Finance tables it here. And so it is. The government has used a comprehensive prebudget consultation process. It is open, inclusive and fully in keeping with our commitment to govern with honesty and integrity.

Everybody recognizes we face a fiscal crunch. I hosted several town hall meetings and consultation meetings in my riding on the nation's finances. Hundreds of people came together to talk about economic and fiscal issues facing the nation. Together we discussed the steps the government has taken thus far and made recommendations for future change.

We looked at where the government was going with its fiscal agenda. We considered questions of jobs and growth. We discussed government spending. For all the diversity in the detailed comments there was a surprising degree of consensus on the big picture. People are quite supportive of the steps the government has taken to get our fiscal house in order.

A message that came through loud and clear was that people support budget cutting but not mindless budget cutting. The people who took part in my consultation process felt we all benefit from government programs and services. We all benefit from an activist government, a government present in communities. That is true whether we are rich or poor, young or old.

The people of York North want what most Canadians want, fairness, balance and a government that responds to people, one that can support initiatives that spring from communities.

Let us be clear. We live in a time of immense change in society, in the economy. Canadians are trying hard to adapt to that change but they want to know that if needed, the support of government is there to make it happen. This view is echoed throughout society. I have heard it continuously since I have been a member of Parliament. When I co-chaired the joint House of Commons-Senate task force on youth I heard young people asking for vehicles of opportunity to help them make the transition from school to work. We followed through on the very firm commitment we made in the red book by establishing Youth Service Canada and youth internship programs. Today I am pleased to say over 30,000 young people are benefiting from these programs.

• (1600)

We also kept our word that we would enhance summer employment programs for young people. As a result of the government's policy, the youth employment development services budget has actually been increased to \$236 million, an increase of \$43 million. When we consider we are living in fiscally challenging times, this speaks volumes to the fact that the government does not simply say young people are our future but actually acts by giving young people sound financial support

and programs that not only get them working but make our country work.

As a member of Parliament I have had the opportunity to be a member of the human resources development committee. I travelled throughout the country listening to what Canadians had to say about our social security system. In that role I found Canadians wanted to modernize and restructure our social security system, a system which needs a complete overhaul since we are living in a time quite different from the time when the system was created.

Our goal was to meet three objectives: to help Canadians get jobs and keep jobs; to help the most vulnerable in society; and to make the system sustainable. In large measure this has been achieved. I point to the announcement by the Minister of Human Resources Development a few weeks ago in which he outlined a program of employment insurance which focuses on getting people back to work. The net impact of this program is the creation of approximately 100,000 to 150,000 new jobs for Canadians.

More important, it is not the old income support measures program of the past. It is a program which embodies two very important elements. One is income support, which will give people the security they need in their everyday lives as they face the challenges of unemployment. There is also an active element which speaks to the re-employment measures, the five tools under the \$800 million human resources investment fund. The five tools are the targeted earning supplement, the wage subsidy, skills and loan grants, self-employment assistance and job partnerships which will be done with local governments and organizations. It is a way to empower local communities and individuals to make the type of decisions which better reflect the local reality.

I will talk a bit about the self-employment assistance program initiated a few years ago. It has been extremely effective. Since we formed the government in October 1993, 34,000 people have participated in the program. These formerly unemployed Canadians have created jobs for themselves and have created jobs for an equal number of Canadians. That means 68,000 jobs have been created through this very active program which the Government of Canada instituted.

This is the type of positive change Canadians have been calling for, empowering individuals to make the right decisions which better reflect their reality, their needs and their aspirations as responsible Canadians.

This is where we are turning the corner as a government. We are returning a great deal of faith to the people. We are returning faith and hope to the communities. We are telling people we have faith in them and know they understand what it takes to make things happen as individuals and as communities.

We have taken other measures. We have modernized the delivery of services. We have increased the points of service for Canadians. We have moved from approximately 400 to 700 human resources development centres so that the needs of people at the community level, rural and urban Canada will be better met.

• (1605)

Returning to young people, we have increased funding for the Canada student loans. As institutions increased their tuitions, it is extremely important for the federal government to help our young people attend universities and colleges, to make sure they have an opportunity to acquire the required skills to compete in a very competitive global market.

That was an increase of \$2.5 billion over five years, an increase of approximately 57 per cent in funding. Those are positive measures that speak to the needs of Canadians as they try to adapt to the change I spoke about earlier.

One of the most interesting aspects of being a member of Parliament, whether we are talking about the red book or federal government policies, is to make those things living documents in our communities. I will share with the House some of the initiatives through the partnership of local stakeholders at the community level I have been able to adapt to my community.

My community has been blessed with affluence, good schools, a good educational system. We are also blessed with a vibrant community that understands the new economy really speaks to technology, making sure people have the skills to adapt to the technological change that has occurred.

Therefore we initiated in partnership with local stakeholders, colleges, local schools boards and community organizations the York North technology strategy which has been extremely successful in making sure our local businesses are now on the global web to attract business from abroad, to generate jobs locally and engage in the production of high value added products. At the same time through the investments we have made in human resources investment funds we can provide people with world class skills so they can compete in the global environment.

The people of York North are certainly behind the government to continue on the course it has charted so far.

**Mr. Harbance Singh Dhaliwal (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, it is a pleasure on behalf of my constituents to speak on the budget process.

Just after I was elected I went on a talk show in Vancouver. One of the first things the host asked me was whether I would deal with the budget deficit. He outlined how minister after minister had set targets to deal with the deficit and each time they had failed. I said we would deal with the deficit, that we are

### *Government Orders*

determined to deal with it, and that as time goes by we will meet the targets.

I congratulate the finance minister who has not only met the targets he set but has exceeded them. In the last fiscal year the target in terms of the deficit was \$39.7 billion. The minister was \$2.2 billion below the target he set.

The finance minister has done what many finance ministers in the past have failed to do. He has also done other things which the Liberal Party promised during the election.

• (1610)

For the first time in history a finance minister went to Canadians and consulted with them before introducing a budget to make sure Canadians had an input into the budgetary process to ensure we were able to take the excellent ideas Canadians economists had to ensure their ideas also were reflected in the budget.

There is no doubt Canadians said they want us to deal with the deficit and the debt. During the election we said we would bring down the deficit to 3 per cent of GDP. So far we have that carried out. There is no doubt we will make sure we meet the targets set out in our election platform. We will be able to deliver on one of the fundamental promises of the Liberal Party, to bring the deficit down to 3 per cent of GDP.

We have a further vision which the Minister of Finance has articulated. We will bring the budget to a zero deficit. As we all know, in order to deal with the debt and the deficit problems we must deal with the deficit first. The way to deal with it is to bring it down to zero. That is our vision. Each two years the minister sets the targets to ensure we are working toward that goal.

One of the fundamental reasons it is so important is the targets we meet send a very loud and clear message to the international community. We will not set targets we cannot meet. We are realistic. There is a political will that once we set these targets down we will meet them.

In the international community that develops confidence, the government is willing to do what it says. In creating confidence in the international community we will ensure the fundamentals which help us create jobs and growth will be there. Lower interest rates, which we have seen, and long term interest rates on mortgages have dropped because we have sent a very loud and clear message to the international community that we will work toward a zero deficit.

When the government set those targets it was very important to look at the principles on how we were to achieve our deficit targets. There is a whole variety of ways. Some of our colleagues on the other side have given us their views. We rejected their views when they said we should do it in three years and that we should bulldoze many government programs and destroy some of the infrastructure and some of our industries in the science and cultural areas.

*Government Orders*

We said no. We have to look at the core government, what we should be doing as a government, what we have to build on, what we have to expand. What provinces and the private sector can do we should let them do. They will be more efficient in providing the service. We have to look at what we as a government need to do. There is a role for government in many areas.

We had a comprehensive review from the bottom up. We looked at the services government provides. We looked at what things we need for the future of the country and where we have to be strategic in strengthening our position as a government. Many things that may have been relevant in the past in today's economy, in this day and age, may not be relevant. We looked at boards. Many boards were eliminated. We realized we really did not need them.

This was a grassroots approach, from the bottom up, to evaluate all government services. We went to those people and asked where duplications were. Let us take the duplications out. Where can the municipalities provide the service better? In recreational harbours, in the area of fisheries, it does not make sense for us to manage those from Ottawa.

We are going to the local governments, to the provincial and the municipal governments. If they are not interested we will go to the private sector and say: "Do you want to manage these assets? You can do a much better job". It will create opportunities for small business people and opportunities to further develop that asset.

• (1615)

We have gone through a comprehensive review from the bottom up. At the same time we do not want to forget to restore the fundamentals and provide better core services to ensure that we improve on them.

We also want to look at the infrastructures that make us competitive. One of the reasons we are competitive is because we have strong infrastructures. We do not want to destroy those. We want to develop them. We want to make sure our telecommunication infrastructure is the best in the world. We cannot escape the global economy which is moving very quickly.

As a trading nation where one out of five jobs is created because of trading, we have to be competitive to ensure that the total infrastructure, whether it is telecommunications, transportation or the information highway, is competitive and able to compete with the rest of the economy.

That is why we want to strengthen these areas. The Minister of Industry has done a tremendous amount of work in strengthening our position in the area of information technology. One of the great opportunities that exists around the world is in the environmental industry. There is going to be a tremendous amount of opportunity there. Strategically as a country we must make sure we have the skills, the knowledge and the infrastructure to take advantage of the environmental industry.

The Prime Minister has taken a leadership role in the area of trade to ensure that Canadian businesses have the opportunity to take advantage of all the new opportunities that exist in the global economy by going to different countries. At the same time, we need to develop a trade infrastructure so that we develop an information system which tells our small and medium size businesses that there are certain opportunities that exist in all the different sectors in which we compete.

In meeting with people from many other countries, they have told us that Canadian technology is among the best in the world and that we can compete with anybody out there. However, we need to know the opportunities. We need to ensure that we build a system of information so that right at a computer people will be able to access all the tenders that are coming up and all the opportunities that exist in the rest of the world. We need to develop our trade infrastructure so that we give those opportunities to small and medium sized businesses.

What we have done in this government is fulfilled the promises we made to Canadians by ensuring that we meet our deficit targets and that we have a vision for this country to bring the deficit to zero and to build a country where small and medium sized businesses will take the opportunities that exist in the global economy. That is the way we are going.

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, it is a pleasure to address some of the recommendations that were made in the report from the finance committee as a result of the prebudget hearings.

I want to come at this from the point of view of regular, average, everyday people who may not know a lot about economics but know a lot about what kind of country they want to live in.

It is my view that the real reason for governments, constitutions, laws and all the institutions is for the people. What that says to me is that these institutions and the economy and all of those types of things need to be in alignment with the values of the people. Therefore, when we go about designing these institutions, budgets or laws, we need to know what the values of the people are.

It is a failing of these committees when we travel around that we do not always get input from regular people who express where they are coming from on these things.

• (1620)

It is not just the finance committee but all committees. It is a peculiar problem governments have: the ability to really hear what people are saying. It is something we have to work harder on. Certainly my party will try to help in doing that.

All members go out once in a while to sit in the coffee shops and talk to people about what life is like in the real world. There are some fundamental values that people believe in. I know in my riding they believe in certain values. I would hazard to say that is probably true for most MPs.

One of the values people really believe in is equal treatment. For instance they believe that under the taxation system people should be treated equally and people should be equal before the law. They oppose anything that seems to grant special privilege to anybody.

That certainly applies to politicians when it comes to their pensions. The hon. member who just spoke was one of the MPs who gave up his pension. I appreciate that. I think that MPs have to lead by example because people do not want to see MPs or people in government getting treatment that is not available to everybody. They believe in equal treatment and they want to see that as one of the principles that finds its way into all institutions.

People believe in the merit principle. They feel that if you work hard and produce more, then you should be rewarded. Value should be recognized in all the things we do. People feel very strongly about this. People are tired of getting beaten up for working harder and producing more.

When we have the heavy tax load we have in this country, sometimes people feel that way. This is why people are escaping into the underground economy or leaving the country with their talents and going to other countries where the taxes they pay are not so high. In some cases companies go to tax havens around the world to avoid taxes. The merit principle is a value that needs to find its way into all the legislation that comes out of the finance department.

I also think people believe in prudence. People who are successful in their own lives have to be prudent. They have to spend less than they take in. That is something that the government should be working toward doing. I know the hon. member across the way has said the government is working toward doing that but I would argue it has to go much faster still.

People feel very exposed as a result of how slowly the government is going toward its zero deficit target. It has not even announced when it will get there. It will be sometime in the next millennium I guess. Of course between then and now there

### *Government Orders*

will be an election. There could be another referendum. There could be a peso crisis. There could be a recession. There could be all kinds of things that affect those targets.

If the deficit is not dealt with right away people will be left exposed. Canadians' values are opposed to that. They want to have a government that lives within its means, that is prudent, that ensures any decisions made are dealt with by the current generation and that a large debt is not passed on to the next generation. That is something the average person is very much opposed to.

There is probably a lot more to discuss on values. People in this country are compassionate and they are compassionate in a particular way. They really believe that people who cannot look after themselves need to be looked after. That does not mean a social program for everybody. It means a social program for those people who cannot look after themselves. That is a small minority, not everybody. We do not need to have universal social programs.

I do not think anybody today would deny that universal social programs have not only helped create some of the social problems in this country, where through some of the programs people are actually paid to remain idle. I would also argue that they have really and truly added to the debt problem.

There was a time when people thought money grew on trees. Programs were expanded—

**Mr. Silye:** Can I have one of those trees?

**Mr. Solberg:** The member for Calgary Centre wants one of those trees. We all do. Those days are long gone. We have found that we were not actually even paying for those programs at that point. We were only using borrowed money to pay for them. Now the chickens have come home to roost and the country has a massive debt.

• (1625)

I have talked about some of the values. People want equal treatment. They want the merit principle in all of their legislation and in all of their laws. They believe in prudence. They are compassionate and want those programs directed toward the people who need them the most.

I wish to talk about those values in the context of the current situation. The situation is certainly not ideal. It would be wonderful if we could go back and wipe the slate clean and build new institutions based on some of these principles we have talked about but we cannot do that.

We are in a situation today where we are really in a huge hole. The debate is \$570 billion. Something like 44 per cent of the total federal and provincial debt is foreign owned. In a very real way a great deal of our sovereignty as a nation has been lost as a result of that.

*Government Orders*

The deficit will be somewhere around \$32 billion this year. In other words, we are going to go into the hole another \$32 billion. By the end of its mandate the government will have gone into the hole by another \$100 billion.

If interest rates are 6 per cent or 7 per cent, it means it is going to be \$6 billion or \$7 billion, but that is only at the end of it. Over that period interest has also been accumulating and it will probably be much higher than that, say \$11 billion or \$12 billion.

Because we have waited so long, it means we are going to have to cut a lot deeper into our social programs. It means we cannot hold out any hope for tax relief for Canadians for a long time. People are crying for some relief from taxes.

If I may touch on our current situation, by the end of the mandate Canadians will be paying \$51 billion a year in interest on the debt, about 37 cents of every tax dollar. That is a tremendous amount of money to devote just to paying interest.

Furthermore, we are mired in an unemployment rut. Unemployment now is about 9.4 per cent. A lot of people would argue that the biggest single reason for that high unemployment rate is the tremendous drag on the economy because of that massive debt and deficit.

Hon. members across the way say we should have a job creation program. The auditor general has slagged the government for these job creation programs because they do not work. All they do is add to the debt and that makes the situation worse.

All of these problems have to be looked at. We have to figure out how we can address them, using some of the values I have talked about just a minute ago.

I wish to talk a little more about our current situation. The Canada pension plan is in serious trouble, about \$500 billion in debt. Taxes are rocketing up. In fact, they have gone up more in this country than in any other G-7 nation over the last several years. The situation is very serious.

I will conclude by pointing out that as members go home for Christmas and sit down with their families, with their children and grandchildren, they should remember exactly why we are in this place. We are here not to serve only our generation, but also to right all the wrongs that we are loading on to the shoulders of the next generation.

May I suggest that down the road what people really want is not a budget. What they want is some confidence that they will be able to retire some day, that they will be able to find a job, that they will be able to have enough money in their pockets after taxes so that they can put their kids through university. It is those human things that ordinary people desire every day. When you talk to people around the country this is what they tell you they want. This is my recommendation to the finance minister.

As we close, may I wish all the members in this place a very merry Christmas and all the best in the new year.

• (1630)

**The Acting Speaker (Mr. Kilger):** I thought for a moment the hon. member for Medicine Hat was going to begin borrowing on the time of the member for Calgary Centre. I am sure he wants to speak about the trees and the other matters that were raised earlier.

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I have bad news. As of one o'clock yesterday the doomsday clock which registers the national debt was \$570,947,551,591.35. The second bit of bad news is that we cannot continue to borrow indefinitely. The third bit of bad news is that the public has lost confidence in the government's ability to manage money and resources and to live within its means as taxpayers have to do.

The greatest single impediment to job creation today is the plethora of taxes Canadians face. Governments must reduce the tax burden on individual Canadians and businesses alike. The debt and the interest expense to service the debt are jeopardizing the viability and flexibility of existing programs. That is why we need a balanced budget.

Instead we have a finance minister who mocks the Reform Party for presenting a balanced budget over three years as if the value and the merits of a balanced budget are insignificant and irrelevant.

When the finance minister talks about rolling deficit targets as a percentage of GDP and meeting those soft targets, he brags about bringing in a deficit of \$37.5 billion. I would really be proud of that. That is exactly what the Conservatives projected two years ago, which of course ended up being \$42 billion or \$43 billion.

As a businessman I am astonished to find that even when the country is facing a debt of close to \$600 billion reality has not set in with the government. Government overspending is the number one problem facing the country and the finance minister will not act decisively. He had his opportunity two years ago. He had his opportunity last year. He would rather concentrate on deficit financing, continually spending more money than we bring in. People are tired of this.

In 1968 the great and wonderful Liberal leader by the name of Pierre Elliott Trudeau ran across the country and got everybody to vote for him. That is when the Liberals started to run deficits. He ran a deficit. He came in at \$17 billion. When he left it was close to \$200 billion. Then Mulroney came in and left the country with a debt of about \$508 billion.

Now we have this Liberal government. After four or five years, when it leaves two years from now, its legacy to the people of Canada will be to leave a debt over \$600 billion. I hope the government can be proud of that.

*Government Orders*

As the member for Medicine Hat said earlier, the debt and interest costs are hurting the country. They are the drag and the slag that will put us into receivership somewhere down the road. Our grandchildren will have to pay off this huge debt. We have a responsibility to do something about it.

Having been in the Standing Committee on Finance I listened to a number of witnesses who attended the prebudget consultations, which is what we are really debating today, and some interesting comments were made. I am looking forward to the budget to see if the minister listened to the submissions.

One day 10 leading economists appeared. I heard a number of them say—and it was consistent across the spectrum—that it was good a target had been set and achieved. That sends a good message to the financial community. There is nothing wrong with that. We needed some confidence. We needed to restore some credibility in the finances of the country. To that degree the finance minister has done that.

However the hole is dug and it is deep. Now he will continue to dig it deeper but just dig slower. To solve the problem he has to stop digging. That is what a balanced budget means. Somewhere we will stop digging in two years, three years or whatever.

This year a number of economists suggested a 3 per cent target next year in terms of the deficit as a percentage of GDP, 1.5 per cent the year after and zero in the third year. That is what they suggested.

Another economist suggested that we should get off of the treadmill of deficit as a percentage of GDP and talk about debt as a percentage of GDP. Overall as a nation it is over 100 per cent. As a federal government we are at a 73 per cent debt to GDP ratio. Even the Governor of the Bank of Canada at a public accounts meeting said it was too high and we had to get it down.

• (1635)

For two years we have had economic growth. The wonderful targets the minister has been achieving have not been through spending cuts. Ninety per cent of them have been through growth. He is deceiving the Canadian public by taking all the credit for it. The businesses and the people of Canada should take credit for it.

The minister is playing games with the people. The projections by the economists were 2 per cent or maybe 2.5 per cent in the short term. That is not very much. If the inflation rate is close to or higher than the growth rate, the economists say that what is needed is a surplus budget. That is what the Governor of the Bank of Canada says, but the government will not do that.

I recommend a balanced budget. Yes, we will have a deficit. The finance minister should tell the Canadian public when he will have a balanced budget and when he will address the real problem in Canada, the high levels of taxation. Then he can start promising Canadians tax relief. Then he can start promising

Canadians a break in their pocketbooks. Then we can start looking at ways to stimulate the economy which will lead to money in the hands of the people and will let them do it, rather than the government.

I recommend the three, 1.5 and zero scenarios, versus the four, three and two which the finance minister is now proposing. When the finance minister introduces his budget he will use the same principle he used before: selective hearing.

The business community was also at the standing committee hearings and stated the same thing. It stated that government targets were too soft and that it was moving too slowly. The finance minister has a tough job. It is difficult to predict and I respect the job he has to do. However, the business community said that if the finance minister was to err, he should err on the fast side and not on the slow side. It is better to err by cutting quicker than by cutting slower.

He is cutting slower. He is trying to ensure that he keeps his support in Ontario. He is not telling the truth to Ontarians. We cannot afford to make the payments for the programs that we are delivering at their current levels. We have to reduce them. We have to help the truly needy. We have to start helping people to become more responsible for themselves. The way to do that is to be honest with them. We must tell them that somewhere down the road, if we bite the bullet now and learn to live with less, we can lower spending and then we can begin to lower taxes. That is what we have to achieve.

The finance minister also promised in the election campaign that he would get rid of the GST. The Prime Minister said they would kill it and that they hated it. The Deputy Prime Minister said she would quit if the Liberals did not get rid of the GST. That was addressed at the hearings as well. People were saying: "Let us do something about the GST". Two years ago the recommendation was to harmonize with the provinces: combine it, have it at one rate, hide it and the people would forget about it.

No. Any tax should be visible. As a matter of fact, not only should taxes be visible but our spending should be visible. We use income tax too much to deliver social and economic benefits when we should be taking those tax breaks out of income tax and putting them in a spending envelope under direct spending as they did in New Zealand.

We would then have politicians and bureaucrats who could be held accountable. We would have a politician saying: "This is what we will spend on welfare. Here is my envelope. It is a \$5 billion program". The deputy minister and the bureaucracy could help the politician do that. It would create an incentive for bureaucrats to succeed. They could actually receive a bonus if they helped the politician achieve the objective. The morale in the public service is very low. I critique the departments of Revenue Canada and Customs and Excise and I could tell stories that would scare people.

*Government Orders*

In the next budget I would like to see a solution to the GST that is better and different from harmonization.

The finance minister is doing a disservice to the country if he will not accept complete responsibility, present a balanced budget and tell Canadians when they can expect tax relief. I hope in the next budget he will not be accused by opposition members of having selective hearing in committee.

• (1640)

He should have listened in that committee the way I listened. I know what he has to do. We know what he has to do. Let us hope he has the courage and the conviction to be honest with the Canadian people and deliver a budget that is tough but fair and that he cuts out this crap about draconian reform measures.

Compliments of the season to everyone in the House.

[Translation]

**Mr. Ronald J. Duhamel (Parliamentary Secretary to President of the Treasury Board, Lib.):** Mr. Speaker, first off, I wanted to wish you, Mr. Speaker, and my colleagues a merry Christmas and a happy New Year on behalf of my constituents.

[English]

The people from St. Boniface wish everyone a merry Christmas, a happy New Year and the best of the holiday season.

[Translation]

As the member for St. Boniface, I am pleased to speak on this prebudget consultation initiated by the Minister of Finance. This is something new, it has worked for quite a while now and it yields results.

I met business people in my riding to ask them questions and get their opinions and viewpoints. Groups of advisers, young people, women, adults also keep me informed on such matters. I will share a number of their observations with you and my colleagues this afternoon.

Before I begin, I would perhaps briefly describe the political context we find ourselves in at the moment. In one corner, we have the official opposition, the Bloc Québécois, which is trying to separate Quebec from Canada. This is their grand mandate, their top priority. In the same corner, however, and this is part of the political context, we have the Reform Party, often described as Darth Vader's party.

[English]

It is described as the Darth Vader party, the slash and burn, the fear, the gloom and doom party. I would like to attend one of its Christmas lunches. I expect its members would be talking about what they do in New Zealand. They would be telling their grandchildren that they had better enjoy the turkey on the table as there may not be one later as a result of the debt. It must be quite a get-together.

This is the same party that is lusting for power. It wants power so badly that it is prepared to do virtually anything to get it. I would suggest it is losing. Why? It was in the same corner as the Bloc on the national unity question. It is the first time in the history of Canada that a supposed federalist party has not co-operated with the government. Why? It is quite simple.

Reformers thought that was it. They thought there was no other way to go in terms of their own personal objectives than to try to be seen as a viable party. Therefore they abandoned the people of Canada. That is really very unfortunate.

The finance minister has hit every target he has set and has gone beyond. Have they ever admitted it? No, of course not. Why not? It is because it is a desperate party. The most recent poll shows the Liberals have over 50 per cent popularity in the polls. The Progressive Conservatives are next at 15 per cent. Then the Reform and the Bloc are tied. The Bloc in Quebec has the same percentage of support from Canadians as does the Reform Party. That is why it is a desperate party.

We have talked about new politics. In one article the leader of the third party referred to the Prime Minister as having a screw loose. That is the new politics. Rather than talking about creating jobs, national unity or the deficit and debt, they asked several questions in the House of Commons about the coat of arms because we added a ribbon that enhanced it. Those are the kinds of priorities they have set.

This is the kind of political context within which we find ourselves as the Minister of Finance prepares to bring forth the budget. When the Minister of Human Resources Development brought forth a policy and a meaningful initiative in terms of child care, what did they do? About 10 days ago they thought it was a great idea. Today they tried to score political points and it was not a good idea.

I have a final example of this contexte politique of which I speak. Some 11 members of the Reform Party voted for a veto for British Columbia. The others did not want it for British Columbia. However they did not vote for the veto in the main amendment. That party is having some real difficulties getting its act together.

• (1645)

When I talked to the people in my constituency most of them talked about a lot of taxes. Many felt that they were overtaxed. There is not much surprise there. Virtually everyone believed that a wealthy person could avoid paying his or her fair share and wanted me to bring that to Parliament. Most felt that rich Canadians should not be allowed to pay little or no tax. That comment was made frequently. Most felt that rich corporations should not be allowed to pay little or no tax. There were many comments about banks, from their perspective, not paying their fair share. If banks are paying their fair share, they had better get out there and do some work because very few people I met thought that was so.



There was little agreement with respect to what was meant by a rich person. I indicated that they felt rich corporations and rich people should pay their fair share and they indicated perhaps those with an income in the neighbourhood of \$55,000. They did not define that with respect to corporations but are in the process of doing so.

There was a unanimous feeling that people earning profits on their investments in Canada could avoid all or some Canadian taxes. They wanted that perception brought to the House of Commons.

Over 75 per cent of the people who responded to my question felt that those who had student loans and were now working but had not paid back the loans should be pursued by every single means available to the government. This was a point which really grated on them. They felt strongly that if someone owes the government money and is in a position to pay it back, then they should.

They were pleased with some of the actions the government has taken with respect to family trusts. They want to make sure that continues, that there is no way for those who have a lot to be shielded from fair taxation and that they contribute to the Canadian economy.

All participants believe there is a significant black market economy in Canada that should be stamped out. Some people thought it was probably large enough that if those people started to pay taxes according to the rules then we would not need further tax increases and we might be able to have tax decreases and at the same time eliminate the deficit. That is how strongly they felt. I understand this is a contentious issue. I also accept and appreciate that it is poorly quantified and we are not sure how large it is.

They were concerned as well that elected representatives receive a just remuneration, but that it be just and not overly generous. They feel it is time for everyone to tighten their belts.

Another interesting point is that they wondered whether or not inheritance taxes were something the government should take a look at. Again, I share what they said with the House.

The auditor general has a great deal of credibility. Therefore whenever the auditor general raises any issue with respect to wastage or other similar matters they believe that governments must follow that up very carefully.

### *Government Orders*

[*Translation*]

I would now like to share with you another point they have often made, the whole issue of the GST.

During the election campaign, the government promised major changes. The people I spoke to clearly indicated that they wanted these changes to be made. Some of them agree with the chartered accountants, who favour a single national sales tax. According to them and to my constituents, there would still be significant advantages. They claim, for example, that Canadian businesses would save at least \$400 million a year on regulatory compliance costs. They also maintain that provincial governments would save \$100 million a year on administration costs. That is a lot of money.

They mention other benefits as well. They feel that the time has come to implement a national sales tax because, and I quote: "The federal government is committed to replacing the GST; several provincial governments have come out in favour of harmonizing the sales tax so that they can reduce their own costs—the business community, in particular small and medium size businesses, would benefit from a much simpler tax system; and the public wants governments to eliminate overlap and duplication".

• (1650)

This organization made these comments, which are supported, I must add, by my constituents.

I have some final remarks.

[*English*]

My advisers, the people with whom I talked, pointed out that large organizations no longer are involved in growth in terms of employment. They believe that small and medium size businesses create jobs and that therefore they have to be favoured.

[*Translation*]

They claim that "the system" is promoting job cuts because there is no incentive to keep those who are working. They think that exemptions and tax reductions are required, perhaps mostly in the early days of a venture, when setting up a business. They think that incentives—not so much tax incentives as grants, because these are supposedly more practical and easier to manage—are needed.

They add that research and development ventures should be encouraged because they promote the development and production of unique products sold not only in Canada but also abroad. They argue that this activity should be facilitated through tax measures. They would want us to cut through government red tape—too much paperwork, too many forms to fill out. They want us to promote the idea that it is a good thing to create your own job.

*Government Orders**[English]*

They talked about grow bonds and asked: What about mentors for entrepreneurs? Do banks lend enough to small and medium size businesses? They pointed out that in service to entrepreneurs those kinds of programs that are available are not always the most relevant or the best. They asked whether or not cuts in training, if they were to occur, would hurt the Canadian economy. They made the same point with respect to research and development.

They want to make sure we protect the current successful businesses. They want to make sure they are able to transfer their businesses to their families without significant loss or difficulty. They point out that the U.S. and other countries are providing great tax breaks to Canadian companies that want to go there.

Finally, they want us to talk to influential people in the business sectors who are creating jobs to see how they are doing it so that we can do it.

I could speak about this for hours because my constituents gave me a lot of good advice but unfortunately I have to share my time.

Mr. Speaker, I wish you the very best of the holiday season.

**Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.):** Mr. Speaker, it gives me great pleasure to speak on this prebudget debate and provide some input on what I believe we should see in the minister's budget come next February. May I start by indicating there are four principles that the government and the minister should follow in formulating this budget.

First, there is a recognition by most members of this House and by most Canadians that the deficit is too large, that it is not sustainable in the long run and it must be reduced and eventually eliminated as quickly as possible. That is the first principle.

Second, the fiscal actions undertaken by the government should concentrate on the expenditure side and should not entail general tax increases.

Third, in the formulation of the budget the government has to remember that it has a dual responsibility. Yes, it has a fiscal responsibility, but it also has a social responsibility to individual Canadians and to society at large.

The fourth principle that should be followed is that the actions undertaken in the budget, as are many of the actions taken by this government overall, must have as their primary focus economic growth and job creation.

Our government clearly recognizes the need to act on the deficit. Looking at the record, it is very clear. When we took over government the deficit was almost 6 per cent of our gross domestic product. The following year it went down to 5 per cent; the following year it is going down to 4.2 per cent; the year after that it is going to 3 per cent. As the minister announced in his

testimony to the finance committee, he has set the target for 2 per cent in the fiscal year after that.

• (1655)

That is a 66 per cent reduction in the short period that we have had an opportunity to control this government. It is not the slash and burn the Reform Party would want to see us undertake. It is responsible economic management and the emphasis is on the word responsible.

An important point, as the minister pointed out in his budget presentation, is that in fiscal year 1997–98 our borrowing needs as a government will have been reduced to \$7 billion, the lowest borrowing needs of any government since 1969. We are going to be accomplishing something that has not been accomplished in almost 30 years.

As far as reducing the deficit, as I mentioned earlier, there are two tracks to take: a reduction on the expenditure side and an increase on the revenue side without increasing the tax rate. This would be done by bringing growth to the economy so that no individual taxpayer is paying more but that there are more taxpayers. That is the key to eventually controlling our deficit, economic growth and ensuring that there are more Canadians working and more taxpayers.

Obviously our goal is to bring the deficit to zero. As I said earlier we are going to do it in a responsible way and not in a slash and burn scenario that members of the third party would like to see us undertake.

Our actions in the last two years have certainly indicated our commitment to this. The minister in his February budget last year announced a 19 per cent decrease in government operating expenditures. He announced a 14 per cent reduction in the civil service. These are real fiscal measures that are leading to a reduced deficit.

To arbitrarily slash and burn when we are dealing with our budget is not appropriate. There are things we spend money on that are important, that are investments in the future and things that we have to continue. For instance, there is the expenditure on the research and development tax deduction. Sure, the government can save money by totally eliminating that but those savings are false savings. It might save us something for the first year or the second year. If we stop research and development it is going to have a very negative impact on our ability to compete and a negative impact on our ability to generate jobs and income in the future. We have to be careful that we do not simply slash and burn but that we remember there are important things that government undertakes that we need to continue to spend money on.

There is something this government and I know the minister will not do. They will not follow the advice of the Reform Party or the advice or actions of the Conservative government in Ontario to substantially reduce expenditures on social programs to control the deficit or so that tax decreases can be passed on to the most wealthy in society. That is something we will not do as

a government. That is not responsible control of our deficit. It is not responsible fiscal management.

As I said at the beginning of my speech, the government has a fiscal responsibility. We do have an obligation to bring the deficit under control. However, we have to remember that we also have a social responsibility to individual Canadians. It is important to remember that behind every line on the federal budget there are real Canadians, real people who are impacted by those changes.

To simply do as the third party has suggested, to slash and burn without any consideration for what the impact on those people is going to be, is not acceptable. It is not responsible fiscal management. It is quite easy to go down the list of expenditures and look at an arbitrary number and simply strike it out. We cannot do that.

We spend money on medicare. We spend money on our old age security system. We spend money on an employment insurance system. We do it because it is right. We do it because it is important. The suggestion that we should just simply slash and burn is not acceptable.

• (1700)

Another principle is that we have to work toward job creation. As the minister has said on many occasions, it is not a contradictory concept. Bringing the deficit under control, bringing fiscal management to the country will help in job creation. A lower deficit will lead to lower interest rates. Lower interest rates will lead to more business investment. It will lead to more consumer confidence. It will lead to more consumer spending. It will lead to more jobs. It will create a climate in which small business men and women can create jobs. It is important for job creation that we control the deficit.

Our policies for job creation work. Since the government came into power it has created 450,000 new full time jobs. The unemployment rate has dropped by 1.7 per cent. We are making progress. There is much to be done, but it is important for Canadians to realize we are making progress.

If we compare that progress with the previous government, which stated during the election campaign that there would be absolutely no opportunity to increase employment until some time in the next century, we realize how well this government is doing. However, as I said, we still have much to do.

I will repeat the four principles which I believe the minister must take into account when formulating the budget. First, the deficit must be reduced as quickly as possible. Second, the actions he undertakes should emphasize growth strategies, expense reductions and he should stay away from across the board tax increases. Third, we must act in a manner which fulfils

### *Government Orders*

our fiscal responsibility but also fulfils our social responsibility. Fourth, our actions must encourage economic growth and job creation.

We have a long term vision of economic prosperity. We do not have a vision which simply slashes and burns without any kind of responsibility for expenditures. We will ensure the deficit is brought under control. We will also ensure we invest in Canada, in our children and in our children's children.

[Translation]

**The Acting Speaker (Mr. Kilger):** Before leaving the Chair, I would like to take this opportunity to wish you all a merry Christmas and a happy New Year.

**Mr. Richard Bélisle (La Prairie, BQ):** Mr. Speaker, I am pleased to take part in this debate on prebudget consultations and to draw the attention of this House to certain statements made by the Minister of Finance in tabling his economic and financial update this past December 6.

In tabling the document, the minister said "Our fundamental problem is still a debt that is growing faster than our economy. Twenty years ago, the federal government's debt to GDP ratio was 19 per cent. Ten years ago it was 50 and today it is close to 75 per cent".

This spiralling rise in the debt began, as we all know, during the long Liberal reign between 1968 and 1984. In 1970, Liberal finance minister Edgar Benson reported an annual deficit of \$800 million. In 1976 the figure was \$6.3 billion, and at that time the Liberal finance minister was Donald Macdonald.

When the present Prime Minister took over the finance portfolio in 1978, the annual Canadian deficit reached \$12.6 billion, or 5.2 per cent of that year's GDP.

But the record for catastrophic management, leading the country to the brink of bankruptcy, goes to the ineffable Marc Lalonde, who was then Prime Minister Trudeau's right hand man. When he was Minister of Finance in 1983, Mr. Lalonde chalked up a deficit of \$32.4 billion, or 8 per cent of the GDP, while the next year he hit a record high of \$38.3 billion, or 8.6 per cent of the GDP. That year the deficit exceeded 50 per cent of the government's fiscal receipts of \$75 billion.

• (1705)

After that, the Conservatives tried to put the brakes on the relative size of the annual deficit, but were unable to reverse the trend toward indebtedness year after year that had been started by the Liberals.

The Minister of Finance has today given us a sermon on the virtues of thrift, telling us "Yes, we will reach a zero deficit".

*Government Orders*

How can the people of this country trust a Minister of Finance whose party made its name by starting Canada on this downward slide of successive annual deficits, this vicious circle of endless debt? It is a bit like putting a professional safecracker in charge of a vault, and giving him the keys to boot. How can one believe a minister whose party has led this country to the brink of social and political ruin?

The minister promises us a deficit of 2 per cent of the GDP in 1997–98. The federal deficit has never been less than that since 1974, one might well point out. What is more, the Government of Quebec's deficit was already 2.4 per cent of the GDP in 1994, \$4 billion—far too high.

Quebec's deficit was still under the 2 per cent level in 1988, 1989 and 1990, but even that resulted in far too great a debt. In other words, the federal government's efforts to get its deficit down below that 2 per cent of GDP figure will still leave it far too high, given the accumulated debt to date.

This promise to get the deficit down to \$17 billion by 1997–98 comes from the mouth of a Liberal minister. When we look at his party's record on government administration for the past 25 years, we might as well kiss that promise goodbye.

Recent economic trends do not coincide with the picture painted by the Minister of Finance. After a strong increase in 1994, economic activity in Canada has been stagnating since early 1995. As Statistics Canada pointed out: "Except for increased exports, the economy remains weak. Domestic demand continues to languish for the third consecutive quarter".

The weaknesses in Canada's domestic economy are visible everywhere: business investment, housing starts and so forth. When the latest economic and financial update was presented, the finance minister also announced that he would meet his pseudo-target of a \$32.7 billion budget deficit for 1995–96 and \$24.3 billion for 1996–97. He even talks about bringing the federal deficit down to \$17 billion in 1997–98, when the next federal election is due.

The Unemployment Insurance account will show an annual surplus of about \$5 billion for 1995–96 and each subsequent year. As was pointed out by my Bloc Québécois colleagues who spoke previously, by including this surplus in its consolidated revenue fund, the federal government is in fact using it to artificially reduce its annual deficit.

Without this surplus, the actual deficit for 1995–96 would be \$37.7 billion instead of \$32.7 billion, as forecast. With \$37.7 billion, the federal deficit is not that far away from the historic highs of \$40 billion and more we saw all too frequently in the past.

To defend the minister's decision to use the surplus in the unemployment insurance account to balance the budget, the Liberals claim that in 1986 the auditor general had already

suggested including the unemployment insurance account in the federal government's revenues and expenditures.

What the Liberals failed to say is that since 1990, in other words, after the auditor general made his recommendation, the government has no longer contributed towards the financing of the unemployment insurance account which is now fully funded by employers and workers. And in that case, what justification is there for the federal government to grab a surplus that, in fact, belongs to the workers and their employers and should be used to alleviate the impact of unemployment? The government could reduce premiums and increase unemployment insurance benefits instead.

• (1710)

Not so. The government is using this surplus as a source of revenue to hide the true level of its deficit and its failure to govern responsibly. The unemployment insurance account's surplus belongs to the middle class, to the workers and employers who are the heart and soul of our economy. At a time when the government is cutting assistance to the unemployed, it turns around and attacks those who still have jobs by taking even more of their hard earned money in a desperate attempt to clean up the federal government's finances.

This cowardly trick masquerades as a new tax that the average taxpayer has trouble understanding or even calculating. This looks more like another of the government's clever accounting strategies. Meanwhile, the government talks about openness and balanced budgets while it is doing everything to keep the truth from the taxpayers.

To meet its pseudo-target of \$17 billion in 1997–98, the government will make cuts totalling several billion dollars. The finance minister was not coy about his plans to cut old age security in a review already announced in the budget last February. With my party colleagues, I want to make it clear that we strenuously object to such cuts in old age security pensions. We favour other ways to fight the deficit, and I will elaborate later on.

After attacking the middle class which is already overtaxed, the Liberal government is going after those who have worked all their lives to enjoy a well earned rest in the twilight of their lives. Where is the compassion the Minister of Finance crows so much about?

The third part of this failed deficit struggle focuses on the provincial governments. The federal government is reducing its deficit at the cost of increasing provincial deficits. It is not really going at the total deficit, which continues to be borne by the same taxpayers, it is shifting it to each of the provinces.

It is the old policy of dumping on the neighbour, who in turn dumps on his neighbour, and so on. The latest budget cuts in transfers to the provinces will mean a shortfall for the provinces of \$2.5 billion in 1996–97 and of \$4.5 billion in 1997–98. The provinces will have to look for money elsewhere. Federal policies will force these same provinces to increase their deficit

or to cut services to the public, since the cuts to the transfer payments will reduce their revenues precipitously.

During the referendum campaign, the Liberal big guns tried to link a no victory to political uncertainty and its negative effect on financial markets. They were wrong, since, in his recent testimony before the Standing Committee on Finance, the Governor of the Bank of Canada confirmed there was uncertainty, expressed in the difference in the long term interest rates in the United States and Canada, and said it was related to Canada's excessive debt.

Allow me to quote the Governor of the Bank of Canada, who said the following on October 12, 1994: "Had Canada not had a big debt, the uncertainty over Quebec would have caused concern socially, but not financially for investors. The political uncertainty adds a cause for concern only because of the size of the debt and the deficit". The political uncertainty is due much more to the Liberal government's inability to limit the country's debt than to Quebecers deciding on their political future.

Canada's Prime Minister should not forget that, following the unilateral patriation of the Constitution in 1982, and the scuttling of the Meech Lake accord, Canada's political uncertainty will not be resolved through the passing of a motion vaguely recognizing Quebec as a distinct society, a purely symbolic, even folkloric, recognition without either value or scope.

Everything with this Liberal government smells of improvisation, both the behaviour of the Prime Minister in the final hours of the Quebec referendum campaign and the tabling of the Minister of Finance's financial and economic update on December 6.

By way of conclusion, I would add that the official opposition absolutely does not share the opinion of the Liberal majority on the progress made in deficit reduction.

• (1715)

The official opposition dissociates itself completely from the approach of the Liberal government, which consists in cutting its aid on the backs of the unemployed and dumping its deficit into the backyard of the provinces.

We in the Bloc Québécois believe that the fight against the deficit must be based on the following conditions. The federal government must: cut the annual budget of the Department of National Defence by an additional \$1.5 billion, starting this year; review all tax conventions signed with countries considered to be tax havens; completely review of the tax system and eliminate tax inequities favouring big business and high income taxpayers; establish a real minimum income tax on business, which is intended only for profitable businesses that avoid

### *Government Orders*

paying one cent of income tax and, finally, stop funding the Hibernia project and turn its share over to the private sector.

No real and serious attack on the deficit can start without this price being paid.

[English]

**Ms. Shaughnessy Cohen (Windsor—St. Clair, Lib.):** Madam Speaker, I take this opportunity to wish the people of Canada the best for the season from the constituents of Windsor—St. Clair. I congratulate my colleagues on the end of the term and thank them for their co-operation over the year. I wish them the very best and of course yourself as well.

Election day 1993 gave us a tremendous majority and with that came a mandate for change. Windsor and Essex County is one area in which there was a tremendous Liberal vote. The ridings of Essex—Windsor, Windsor West, Essex—Kent and my own riding of Windsor—St. Clair voted overwhelmingly Liberal and remain overwhelmingly supportive today of the Liberal government.

That is not to say there is not room here in a prebudget debate for us to set out a little shopping list of things we are concerned about, that there is not room to say the people of Windsor have concerns they want to communicate to the Minister of Finance and to the government.

Windsor is a special place. It is the centre of my universe. It is special because of the way its people relate to one another, try to take care of one another and relate to the rest of the nation. People who do not know the community tend to think of Windsor as a blue collar town, as perhaps a kind of rough, tough and ready border city. They are right, it is, but it is also a very sophisticated and very beautiful community.

**Ms. Clancy:** Sophisticated?

**Ms. Cohen:** I hear noise from the member from Halifax—Holt Renfrew. I could put Windsor up against Halifax any time.

Windsor has a tremendous industrial base which has brought us out of the recession ahead of many other communities. The big three in the auto industry, Ford, General Motors and Chrysler, have provided us with a stable base of jobs over the last little while. The products we produce in Windsor, ancillary to and which feed the auto industry, have resulted in a tremendous tool and die industry and a tremendous mould industry which now exports a large percentage of its products.

In addition to the big three, other industries thrive in Windsor. Our newest, the Northern Belle Riverboat Casino, which opened yesterday morning as an extra venue, has been a tremendous boon to us and a real jump start for the diversification of our economy.

*Government Orders*

Windsor used to be a pass through on the way to the rest of Canada. It is the biggest border crossing in North America. People would nod at Windsor and keep going. Now Windsor is a destination. This means a lot of change in the way we do business, change in the other kinds of attractions that many creative entrepreneurs in Windsor are developing and change in many aspects of the hospitality industry.

The casino is worth hundreds of millions of dollars a year to Ontario and millions to the federal government as well. To put it in perspective, the casino attracts a minimum of 17,000 people a day to our city. Of those 17,000, roughly 80 per cent to 85 per cent come from the United States. That is offshore money coming to Canada, being spent in Canada and employing thousands of well paid union workers, all of whom are paying income tax, property tax, provincial sales tax and GST to government coffers. Funds are being generated for all three levels of government in order to reduce deficits and in order to give all three levels of government another source of revenue.

• (1720)

In terms of the casino and its operation in Windsor, I cannot urge strongly enough upon the Minister of Finance and the government to stay away from the impulse to tax the proceeds of casino gambling. This is foreign money coming into the country. Essentially we have discovered a way to tax Americans. We have to stick with it and keep this money here and keep those people coming to the biggest single tourist destination in North America.

Another industry in Windsor that needs looking at by our government is the distillery industry. Within the city of Windsor, in the township of Maidstone in the riding of Essex—Windsor, and in the town of Amherstburg, also in Essex—Windsor, we have two distilleries. Hiram Walker operates a plant in my riding of Windsor—St. Clair, which used to be called Windsor—Walkerville after Mr. Walker. It operates a storage area in Maidstone township where it is the biggest municipal taxpayer.

The Seagram company operates a distillery in Amherstburg. The beverage alcohol industry produces hundreds of jobs in our communities. Yet this is a commodity which is so heavily taxed by the provincial government and to a certain extent by the federal government that it is not operating any more on a level playing field with other forms of beverage alcohol such as beer and wine.

In addition, because the taxation level is so high, the problem of smuggling has increased in terms of beverage alcohol, particularly in terms of distilled spirits. The federal government needs to take a hard look at this, as do all the provincial governments, in an effort to reduce crime, in an effort to increase revenues from excise tax by actually being able to

collect it and to equalizing the playing field among all forms of spirits so they can compete adequately.

Another major employer in the city of Windsor that could use a look at by our government is our university. The University of Windsor is a major employer in our community, again employing hundreds of people. It is a major contributor to the skills level in our community. Our community, fast becoming a place of high tech industry, requires high tech jobs.

The university has worked in partnership with the federal and provincial governments and with private industry to produce research and development facilities and to produce good, well trained employees in order to benefit and promote the economy of not only our community but of the entire country.

Small business in Windsor has always been entrepreneurial. It has been exciting and forward looking. It employs thousands and thousands of people. I urge my colleagues in the government to take a hard look at what we can do for these types of industries, for these types of workplaces, for these creators of jobs.

The city of Windsor, the town of Tecumseh and the village of St. Clair Beach, all of which are in my riding, are successful right now. They are not selfish places. We are not a community that begrudges help to other communities. We are vitally interested in the unity of the country, vitally interested in the well-being of the entire country, every province, every region from sea to sea.

• (1725)

We are not perfect. We need help. We are concerned about social problems, as are other Canadians. I will outline a few of those.

Windsor, like every other community in Canada, needs help with child care. We all need to move forward in this area. Child care needs to be a part of the basic social fabric of the country. Single mothers are out of work. Child care would allow them the opportunity to get training and to get back to work while they know their children are in a safe and healthy environment.

It takes the activity of government to do that. Unfortunately in Ontario we do not have a provincial government which will do that now. However, we do have a forward thinking federal government which made some announcements yesterday that should help this situation. I hope the budget will also stress the need for child care.

Windsor has always had a tremendous record in terms of charity and in terms of charitable giving. Windsor likes to share its good fortune with others. However, Windsor lives in the shadow of the United States. Perhaps the most stunning landscape for visitors to Windsor is the city of Detroit which looms on our horizon.

It is important as we consider the broadcast industry over the next year in Canada to remember that communities like Windsor will suffer if we do not take good care of both private and public broadcasting.

These are a few things which concern my constituents. I am pleased to have had the opportunity to bring these concerns to the attention of the government.

**Ms. Marlene Catterall (Ottawa West, Lib.):** Madam Speaker, I appreciate the opportunity which has been given to all members of the House to speak freely on their concerns about the upcoming budget and to provide advice to the Minister of Finance as he works toward bringing down a budget for 1996–97.

Clearly the concerns of my constituents, like those of people throughout Canada, are on the tremendous debt and deficit and the kind of future we are leaving to our children if we do not deal with the debt and deficit.

Having sat in Parliament since 1988, having listened to budget after budget in which targets were set for deficit reduction and for bringing the debt under control, and having never seen those targets met while the deficit and debt increased, I am pleased to note the success our government has had in meeting and exceeding its targets for deficit reduction.

Some argue we should be going faster and doing more. They advocate in the name of deficit reduction destroying many of the programs which reflect Canadian values, many of the programs we regard as defining ourselves as a nation; our commitment to look after those in need, our commitment to sharing as a society with our fellow citizens and among the different regions of the country.

Canada has never looked only to its own self-interests. We have recognized that a child in a small poor community in Newfoundland has as much right to be educated and fed as a child growing up in a well-off neighbourhood in downtown Toronto.

What we have tried to do and what my constituents continue to urge me to do is balance deficit reduction with societal values. We need to continue to develop a country which is concerned about its human resources as well as its fiscal resources. While we do not want to leave our children a debt that they cannot manage, neither do we want to leave them a meaner society that they will not want to live in. That is the difference between us and some of the measures advocated by others, notably by the Reform Party in this House.

I want to speak about a couple of other issues. The government has been committed to pension reform, to ensuring that in the future we will be able to meet the commitments to pensions for seniors, to pensions working Canadians have built up over their years of work so that they do not enter retirement in poverty. I want to urge the government to take into account, as it

does that, the need for fairness and for equity among different groups in society, between men and women and to start correcting some of those economic inequities that have marked western society.

I want to mention the CBC which ties our nation together and gives us a sense of identity and a better understanding of ourselves. My constituents are concerned about the cuts which have been, in their view, diminishing the ability of the CBC to fulfil its mandate to the nation.

Above all I want to refer to the continuing importance my constituents put on the need for jobs, for the kind of economy that will allow young people to use their talents. I also want to refer to the importance of the announcement made in terms of keeping our commitment to child care so that women with children and families with children are not prevented by the interests of their children and the interests of providing good care for their children from participating in the economy.

**The Acting Speaker (Mrs. Maheu):** Should I ask the member to continue once we have gone on with our other business?

**Ms. Catterall:** Madam Speaker, I would be pleased to.

**The Acting Speaker (Mrs. Maheu):** It being 5.30 p.m. the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

**Ms. Meredith:** Madam Speaker, a point of order. I would like to rise to present a bill from the Senate. I believe there is unanimous consent to allow me to present this. If I may, I will continue.

**The Acting Speaker (Mrs. Maheu):** Does the hon. member have the unanimous consent of the House?

**Some hon. members:** Agreed.

---

## PRIVATE MEMBERS' BUSINESS

[English]

### EVANGELICAL MISSIONARY CHURCH

**Ms. Val Meredith (for Mrs. Ablonczy)** moved that Bill S-12, an act to amalgamate the Alberta corporation known as the Missionary Church with the Canada corporation known as the Evangelical Missionary Church, Canada West District, be read the second time and, by unanimous consent, referred to a committee of the whole.

She said: Madam Speaker, I rise on this occasion on behalf of my hon. colleague from Calgary North.

The Evangelical Missionary Church, Canada West District is a federal corporation incorporated in 1928 under a private act of the Parliament of Canada.

*Private Members' Business*

• (1735)

The Missionary Church is an Alberta corporation incorporated in 1927 by the Government of Alberta.

The purpose of the bill is to merge the two churches into one corporation under the name Evangelical Missionary Church, Canada West District. This merger would amalgamate the two churches as one corporation under the laws of Canada and would set out the power, status and administrative terms of reference of the new corporation. A de facto amalgamation has already taken place and the church is now functioning under the name of the federally incorporated church as provided for in the bill.

The merger of the two corporations would result in both groups combining the resources of the ministries to better meet mutual goals. It would have a positive impact on the members of the churches involved as well as the larger public in which they serve and minister. With this background information I believe the bill can be dealt with expeditiously to permit the amalgamation to go forward immediately.

**The Acting Speaker (Mrs. Maheu):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mrs. Maheu):** Is the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to, bill read the second time, considered in committee, reported, concurred in and, by unanimous consent, read the third time and passed.)

\* \* \*

• (1740)

**BILL C-101**

**Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Madam Speaker, a point of order.

I understand that some members of the opposition wish to file amendments to Bill C-101.

[*Translation*]

Pursuant to Standing Order 76(1), if this bill is the first order of the day when we return on February 5, it is now too late to move amendments. I can, however, tell the House that the government has no objections to receiving amendments now that would be deemed to have been received yesterday pursuant to Standing Order 76(1).

I think, Madam Speaker, that you will find that this suggestion has the unanimous consent of the House.

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

**Some hon. members:** Agreed.

[*English*]

**IMMIGRATION AND REFUGEE BOARD**

**Mr. Art Hanger (Calgary Northeast, Ref.)** moved:

That, in the opinion of this House, the Immigration and Refugee Board should be dismantled and its functions subsumed into the Department of Citizenship and Immigration where refugee claims would be heard and decided by well trained and accountable immigration officers.

He said: Madam Speaker, I stand today to address private members' motion No. 389, calling for the dismantling of the Immigration and Refugee Board, which I will refer to as the IRB.

This motion is my response to more than two years of inaction on the part of the Minister of Citizenship and Immigration, two years where he has skirted issues, avoided questions and refused to take responsibility for the inadequacies which exist within his portfolio. He has brought forward legislation which has juggled the status quo and made minuscule changes. However, he has not addressed the legitimate concerns of Canadians who want the system fixed.

It must be hard for old style political parties and old style ministers to see past the trough of political patronage and grasp the concept of popular opinion. Since the time of Confederation the political machine in Canada has been rife with corruption and a harbour of patronage. The latest Liberal instalment is yet another chapter in this patronage book. Many initiatives are undertaken to accommodate campaign contributors regardless of the cost of public funds or public safety. This minister is out of touch with the average Canadian so I want to take this opportunity to tell him about them.

Canadians are remarkable people. Our selfless commitment to helping those less fortunate has gained us the admiration of the world. Canadians want to provide a safe refuge for those who through no fault of their own are in legitimate danger of persecution. This is our home and we are happy to share it with those in need. However, this hospitality has its limits.

No one likes being taken advantage of and that is exactly what is occurring today. Many of those who have come to our land seeking asylum are fugitives, some are war criminals and others have not been straightforward in disclosing their present situation. Our current system does not allow for a thorough scrutiny resulting in a heightened risk to Canadians.

• (1745)

We did not arrive at this situation overnight. There has been a long stream of inept decision making which has brought our humanitarian efforts to the disastrous state that exists today. Contrary to the routine embellishments of the immigration minister, there is plenty that can be done to rectify the situation. It involves some creativity, hard work and may upset some of those who have been getting fat off the overburdened taxpayer. This criteria alone would cause the minister to run away in fear.



Yet we with the Reform backbone are willing to make the changes in the interests of Canadians.

Let us look at the function and make-up of the IRB. The IRB was created in response to the Supreme Court of Canada 1985 ruling in the case of *Singh v. the Minister of Employment and Immigration*. The supreme court had ruled in *Singh* that all refugee claimants were to be granted oral hearings in accordance with standards of fundamental justice and that the prior practice violated those standards. This board was also empowered to hear the appeals of those who had been ordered removed from Canada.

These terms of reference were honourable at the time. In theory, the IRB would be a determining body able to sort out those seeking asylum under the United Nations definition of convention refugees from those simply seeking entrance to Canada. From this point on the trouble starts.

Let me start by addressing the make-up of the board. The IRB which is comprised of approximately 235 amply remunerated appointees is both larger and better paid than is appropriate. This body incurs an operating cost of almost \$80 million a year, not including the cost of legal aid and social services which result from its decisions. By dismantling the IRB and subsuming this function into the Department of Citizenship and Immigration, the system would become more accountable, more cost effective, more ethical and would fulfil our humanitarian obligations.

Like all other appointed quasi-judicial bodies, the IRB is autonomous in its decision making practices. The minister of immigration has stated that his only means of recourse for incompetent members is not to renew their appointment. This is not an acceptable form of recall. This process could take as long as five years and falls outside the mandate of an elected government. Those making decisions on behalf of Canadians should be directly accountable for their actions.

Without the direction of the House of Commons, the IRB is pursuing its own mandate regardless of the wants and needs of Canadians. Many of those who land in Canada as refugees should have been considered as immigrants; others should have been denied entry altogether. We as Canadians have an obligation to accommodate only those who qualify as convention refugees under the definition outlined by the United Nations.

The United Nations definition of a convention refugee is one who, because of membership in a particular political or social group, religion, race or nationality cannot return to his or her home country for fear of serious persecution. The UN estimates that as of 1993 there are 20 million displaced persons in the world. Of these, only 60,000 are genuine convention refugees. The UN reports that 25,000 of the 60,000 who were in need of

### *Private Members' Business*

immediate resettlement were settled worldwide. Thirty-five thousand were not settled.

Canada accepted 25,000 refugee claimants in 1993. That number is the same in 1994 and it will even be higher in 1995. Therefore, either we settle every single refugee in the world, or the formula for determining status in Canada is flawed. I believe it is the latter.

We have a clear definition laid down by the UN. Unfortunately, the IRB interpretation of that definition has created considerable uncertainty regarding the determination of refugee status. The average acceptance rate for the industrialized countries has traditionally hovered at about 14 per cent. Canada's acceptance rate is presently hovering between 70 per cent to 90 per cent. Clearly the definition of refugee has undergone a radical expansion in Canada.

• (1750 )

Some may argue the merits of having such a high approval rate. However the ramifications of these practices are far reaching and not as noble as one may think. I will address this issue later in my speech.

The IRB has redefined its mandate and practices outside of that in its inception and that of any other practice exercised by signatories of the UN convention. There must be a clear formula for refugee determination. It must be followed in all cases.

Unless a nation has proven itself to be a systematic violator of the terms of the UN treaty, then that nation should be considered a safe third country for the purposes of refugee determination. Right now with this minister of immigration we are accepting refugees from the United States, from England, from Germany and even from Israel. It is absolute absurdity. Yet that is what is happening in this country.

Currently the majority of cases heard by the IRB involve inland claimants. Those are people who enter Canada and seek refugee status. Many of these people have paid their way to Canada and only seek refugee status because of Canada's liberal practices. Canada operates under the legal fiction that there are no safe third countries. As such, virtually all migrants regardless of their previous country of residence are granted refugee hearings upon request.

I believe that it is entirely appropriate and does not contravene the *Singh* decision to deny claimants refugee hearings who come from safe third countries. This is in accordance with the definition of the UN. This opinion is shared by Canadians but not by the IRB.

The practices of the IRB have caused two streams of immigration into Canada: those who qualify as immigrants and those who slip through as refugees. There are two losers in this scenario: the legitimate refugee who is not granted access to Canada and the taxpayer who is forced to support huge bills which result from appeals, legal aid and social assistance.

*Private Members' Business*

These claimants who do not have a legitimate claim to seek asylum in Canada carry a huge price tag. The average cost to the taxpayer per claimant in terms of legal aid, court time and social assistance is between \$30,000 and \$60,000. Multiplied by the 25,000 refugees accepted annually, and as I pointed out it could be as high as 32,000 this year, the bill is well over \$1 billion.

That amount comes close to matching the total budget of the United Nations High Commissioner for Refugees. With that budget the UNHCR manages to care for, settle and repatriate five million displaced persons a year. In other words, Canada spends the same amount of money on a few thousand cases as the UN does on five million. There is definitely a problem here.

The primary goal of Canada's refugee system is to provide humanitarian relief. Therefore a reduced emphasis on inland processing is needed in order to focus a greater reliance on overseas selection. Overseas claimants are confined to refugee camps surrounded by barbed wire and armed soldiers. These people have been denied the most basic of human needs and yet their plight is forsaken by those who abuse the Canadian refugee system.

In addition to the humanitarian gains inherent in this approach, the cost to the taxpayer would be substantially reduced. Contrary to the exorbitant costs attributed to inland claimants, the cost of resettling overseas claimants averages between \$2,500 and \$3,000 per claimant. This is fair. It is ethical. It is what the IRB was established to do: help those most in need. But the IRB is not doing that.

One may ask: Why dismantle the IRB? Why not just change the mandate? It is not that simple. The IRB is a hotbed for political patronage appointments. Merit is not always a factor, nor is it a motive. The IRB is unresponsive to the interests of Canadians and has become a representative of special interests from the immigration industry, perpetuating a system which drains public moneys for its own gain.

The Liberal government, specifically the immigration minister and the parliamentary secretary have been supporting that patronage system and certainly support the drain. The more the merrier as long as the taxpayer is paying. This is accomplished by broadening the definition of refugee beyond either what the people of Canada or the United Nations for that matter has ever proposed.

• (1755)

In many instances the IRB members have been confused about the terms "persecution" and "prosecution" by allowing fugitives, terrorists, outlaws and political dissidents into Canada under the guise of refugees. Some of these undesirables are believed to channel Canadian social assistance funds back to political regimes which perpetuate violence, genocide and

drugs, not the elements which tug at the heart strings of generous Canadians.

Under current guidelines, refugee hearings conducted by the IRB are to be non-confrontational. In other words, board members and staff must take pains to avoid engaging in questioning, introducing evidence or employing a tone that would suggest to the claimant that the onus of providing proof of legitimacy lies with them.

It is a privilege to be granted access to the best country in the world. There needs to be a system of determining refugee status which is thorough, efficient, cost effective and fair. The IRB is not. Hence the fact is that it must be dismantled.

Madam Speaker, you may ask what will serve in its place. I am glad you asked that because no responsible piece of legislation should ever be presented unless it is well researched and includes a plan of implementation. I appreciate being asked that question. I assure you that this motion includes both. I am proposing that the IRB be entirely dismantled and replaced by a body of well trained immigration officers who have the ability individually to determine refugee claims. These officers would receive intensive training in refugee acceptance guidelines.

This measure would establish government policies and procedures which would need to be followed in each and every case. The performance of these officers would be scrutinized and regularly reviewed by departmental officials under the jurisdiction of the deputy minister of citizenship and immigration, thereby implementing the element of accountability which has been absent from the present model.

Some may argue that replacing the IRB with a body of trained immigration officials directly accountable to the deputy minister will lead to political intervention in the determination process. Let me concede that this could be a valid argument. However, Reform proposes that members of the United Nations High Commissioner for Refugees would monitor refugee acceptance guidelines in Canada and would act as a check and balance in the process.

As I mentioned before, our mandate to accept and resettle convention refugees is obligatory as a signatory to the treaty. The UNHCR would be able to inform the minister and Canadians about questionable trends in refugee processing. This intervention would end the pandering of the immigration industry interests which is so prevalent thus far. Immigration officers would be empowered to investigate and question the legitimacy of all claimants in the interests of Canadians.

The decision of verifying and accepting a claim would be rendered by individual hearing officers rather than by an IRB board member. This method of intervention would ensure a full disclosure of information, including that which is incriminating.

*Private Members' Business*

Why should we provide asylum for those who have committed crimes in other lands? There are far too many needy claimants in the world to take risks on those with checkered pasts. By empowering the immigration officials with fact finding abilities, there is a greater chance of weeding out those who are not deserving of asylum here in Canada.

Let me take a moment to recap. The IRB is ineffective in determining refugee claimants as described in the United Nations definition of a convention refugee. The IRB has a history of catering to the immigration industry, lining the pockets of immigration lawyers, advocacy groups and organizations with taxpayer dollars.

The IRB has broadened the Canadian definition of a refugee to the point that anyone entering Canada has a nine out of ten shot at being a refugee. Of those who reach Canada, only 1 per cent are ever deported. This is a joke. It undermines the immigration and refugee system in the eyes of Canadians. The IRB has routinely cost the Canadian taxpayer \$80 million a year. This is a disgusting display of partisan patronage and it must stop now.

One would think that the Minister of Citizenship and Immigration would embrace a plan such as this. It would restore integrity and accountability to a portfolio where it is severely lacking. It would demonstrate to the Canadian public that he cares about its situation and is responsible with its hard earned tax dollars.

• (1800)

It would portray him as a minister concerned with the safety of Canadians and dedicated to Canada's humanitarian obligations. There is only one problem. He would have to fire all his friends. That is a serious obstacle for the minister and indeed the entire Liberal Party.

The only jobs, jobs, jobs they care about are the patronage jobs. We on this side of the House see things a whole lot differently. We want to make the immigration system effective, accountable and ethical. We want governments to implement programs which serve Canadians without the added expense of patronage jobs. We want the refugee determination process to be conducted by well trained, non-partisan immigration officials.

This is not a Christmas wish list. It is the bare minimum to be expected from a responsible government. Our refugee determination plan would result in the following. The number of persons accepted as convention refugees through the inland determination process would be sharply reduced. The number of self-declared refugees arriving at our ports of entry would be sharply reduced.

The Government of Canada would work closely with the UN to identify and bring to Canada substantial numbers of convention refugees from around the world who are in most need of immediately resettlement. These refugees would be determined by overseas Canadian officers and would undergo medical and criminal checks before being transported to Canada.

This system would restore the ethical characteristics which are part and parcel of the humanitarian efforts. Bureaucrats and their friends would no longer profit from policies meant to aid the politically oppressed.

I am bringing forth a motion which is in the best interests of Canadians by implementing a more effective system of refugee determination without the pomp and circumstance of bloated patronage appointments and pandering to special interest demands.

I urge my colleagues on both sides of the House to listen to their constituents, to use common sense and support this motion.

**Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.):** Madam Speaker, it gives me great delight to take part in the debate.

To the hon. member for Calgary Northeast, it appears from his comments he is almost as familiar with his material as he is with the facts. It warms me greatly to think of all those briefing sessions I attended with the hon. member in which clearly he did not get it.

It gives me great pleasure to stand in the House today and do something. It is always good when one gets to do the job one was born for. It is a delight for me to stand in the House today and attempt to cast a little light into the darkness that is the Reform Party policy in the whole area of immigration, in particular with regard to refugees and the Immigration and Refugee Board.

With regard to the board, it interests me that the hon. member and all in his party who can get their heads around the immigration question seem to think everything is supposed to be perfect. Never on this side do we claim it is perfect. We do, however, claim it is a very good system and it works well.

I am not sure, and I would never attempt to get into the so-called minds of my colleagues on the other side, what their actual thoughts are with regard to this.

**An hon. member:** That is insulting

**Ms. Clancy:** Someone said that is insulting. It was intended to be. I am glad the member grasped the intent as it was thrown across the floor.

That the IRB is not perfect does not mean we should close the doors and begin experimenting with alternative and very expensive forms of status determination. We do not throw out something without dealing with it. That is what we are doing. We are dealing with it and we are dealing with it well.

*Private Members' Business*

Since it was created in 1989, the board has evolved and grown to meet the changing needs of the times. Evolution and growth to meet changing needs of times I realize are things our hon. friends in the third party have a little difficulty with.

• (1805 )

The challenge has been to maintain objectivity and efficiency in the system in the face of changing world conditions. We have made a lot of progress and we continue to do so.

Before I talk about what the government has done it might be best to remind my hon. colleague why we have an IRB in the first place. It was not an arbitrary invention. It evolved in response to some very concrete and important needs and concerns. This may come as an overwhelming flash to some of my friends in the House, but evolving in response to concrete needs and concerns is all in the process of good government.

First and foremost there were serious charter concerns raised about how we previously ran our refugee determination system. The charter of rights and freedoms provides that everyone has the right to life, liberty and security of the person, and the right not to be deprived thereof except in accordance with the principles of fundamental justice. This is where we get serious, because those are magnificent words. They are words I am very proud of in the Canadian context.

In 1985 the supreme court ruled that refugee claimants are entitled to a hearing on the merits of their claim in accordance with the charter right to fundamental justice. The court pointed out in the Singh case that claimants had a right to an oral hearing before a decision maker where questions of credibility were at stake.

The opportunity to be heard is only one element of fundamental justice. Another is the importance of ensuring the decision maker is both unbiased and impartial; called rights of natural justice.

**An hon. member:** And Liberal.

**Ms. Clancy:** Perhaps the word Liberal might rub off on the member yelling it, although I doubt it. To be Liberal is to be honourable and to care and to be open minded.

While the government has no interest in denying protection to those who need it, there is a requirement for justice to be done and for justice to be seen to be done. This means the possibility that decision makers are seen as simply doing the will of the government of the day must be avoided. That is why the creation of an independent body was seen to be so important. It reinforces both the reality and the perception of impartiality.

There is another compelling reason for having an independent body devoted to refugee determination status. This work calls for particular skills, for particular expertise. It requires a knowledge and understanding of refugee issues.

**An hon. member:** Which they do not have.

**Ms. Clancy:** The hon. member, is yelling "which they do not have". I am thinking of some of the members of the IRB whom I have come in contact with at consultations and at meetings and whom I have seen both in my years as a member of Parliament and before. I am thinking of the expertise, the knowledge and the hard work. I am thinking of some of their constituents and of people across the country who work hard. It is really unfortunate that duly elected members of Parliament will say the kinds of things this crew is saying about very good members of the Immigration and Refugee Board. I say shame.

Departmental officials could be trained to do the job but current members are specifically selected because they already have the qualities the job calls for. By having an independent body we can specifically recruit the best people for the job.

I presented the reasons for having an Immigration and Refugee Board but now I would like to turn to recent changes we have made in the refugee system. My early assertion that we are fixing the system is no idle boast. Canada does not turn her back on those in need. That is a tradition we are proud of, a tradition the government is working to preserve.

We are not alone. The world forces of migration affect all countries. It is unfortunate again that the hon. members opposite do not take the opportunity from time to time to travel as members of Parliament, as representatives of Canada, and see why the United Nations has called this the greatest country in the world and to see what can only be described as a horror in certain parts of the world.

• (1810 )

If they take that opportunity, as I hope they will in the limited time they have here, they will understand why we are so justly proud in Canada of our immigration and refugee programs.

The forces of world migration affect all countries. European nations are confronted with the same challenges we face. That is why the government is working hand in hand with foreign governments to find ways to address the root causes of migration.

International groups like the international organization on migration are an important vehicle for co-operation and for positive change. However, if we are to continue to be a welcoming country, and we will, a haven in a dark and oppressive world, we need a system that is efficient, fair and affordable.

Over the past few years we have heard concerns over the methods of appointment to the board and to some extent over the quality and consistency of decisions. We also realize the in Canada refugee determination system has to be streamlined to keep pace with world developments. It is with this in mind that the Department of Citizenship and Immigration reviewed its

policies over the last year and the minister introduced important changes.

Planned changes to the Immigration Act reduced the number of people on refugee hearing panels from two to one. The annual savings from this measure alone will be \$5.7 million. This money will be targeted for the selection and settlement of refugees from abroad, and that is something of which I am proud.

The minister announced the creation of an advisory committee to assist in the selection of all IRB members. This advisory committee will be chaired by Gordon Fairweather, a man whose name rings with integrity in this country.

These are only a few of the things we have done to change and improve the IRB. In Canada we are proud that we are generous. We are proud we have a full and fair refugee and immigration system.

I would like to say to you, Madam Speaker, to the members of the IRB and, in the spirit of generosity and the season, even to that lovely clack on the other side, and also to my good friend the hon. member for Bourassa, Merry Christmas.

[*Translation*]

**Mr. Osvaldo Nunez (Bourassa, BQ):** Madam Speaker, I am pleased to participate in the debate on Motion M-389, tabled by the hon. member for Calgary Northeast and proposing the dismantling of the Immigration and Refugee Board. The Reform Party member is proposing that the IRB be dismantled and that refugee claims be heard and decided by immigration officers.

Thus, the refugee determination process would become the responsibility of the Department of Citizenship and Immigration. The IRB was established on January 1, 1989, following a 1985 Supreme Court ruling in the Singh matter. The highest court in the country then ruled that all refugee claimants had the right to an impartial hearing according to the principles of natural justice. In other words, a purely administrative hearing process for refugee claimants was found to have violated the standards of natural justice and the Canadian Charter of Rights and Freedoms.

In becoming a signatory to the Geneva Convention on refugees, Canada pledged to protect people in distress and not send them back to a country where their lives or their freedom would be in danger. As regards refugees, the Immigration Act recognizes the need to fulfil Canada's legal obligations on the international scene, and to maintain our traditional humanitarian attitude towards displaced and persecuted persons.

### *Private Members' Business*

Contrary to what happens in the case of immigrants, when Canada rules that a claimant is indeed a refugee, it does not grant a privilege: it recognizes a right. The refugee determination process must remain separate from the immigration policy. The decision to grant refugee status or to refuse it must be taken by an independent body. The process must be objective and non political. The asylum seeker has the right to be judged by a fair and impartial tribunal.

• (1815)

The rules of natural justice stipulate that those who make the decision must be neutral and impartial. The principle of equity must also be applied. I believe the IRB meets that requirement. However, I have strong criticisms to make regarding this administrative tribunal. I will mention two.

On numerous occasions, the IRB was accused, rightly so, of being a haven for patronage appointments. I myself asked questions in the House regarding that problem. At the request of the Bloc Québécois, the Standing committee on Citizenship and Immigration reviewed the appointment of several board members. We have found that the Liberal government mimics almost exactly the patronage style of the Conservatives they criticized at the time. This erodes the credibility of the IRB still further.

The other serious problem within the board relates to the length of time it takes for a case to be heard. The process ought to be a rapid one, but I recently visited the Montreal IRB where people have to wait more than six months until their hearing. Last September, in Quebec, close to 11,000 claimants were waiting for their IRB hearing, nearly half of the total 23,000 claimants in all of Canada, not to mention that this past October alone, another 1,200 new claimants were added to that figure in Quebec.

This problem must be solved. The turnaround time must be shortened, and must include a proper hearing and the possibility of a review. The flaw in the present system lies precisely with the appeal process, or rather the lack of it.

In Quebec, there are currently some 16,000 refugee claimants. The total figure is decreasing in Canada, but has risen 40 per cent in Quebec. Quebec has no jurisdiction over refugee matters; it is the federal authorities who control entry and the refugee determination process. It generally takes between 18 and 24 months, although sometimes it may drag on for several years—far too long.

The Canada-Quebec agreement calls for the transfer of federal funds to the province for immigrants and permanent residents. As long as refugee claimants have not been accepted, Quebec foots the bill.

I might add that some 15 per cent of recognized refugees cannot get permanent resident status because they cannot afford

*Private Members' Business*

the \$975 immigration fee required for each application, or because they cannot obtain official identity papers from their country of origin. In the meantime, they receive help from Quebec social services.

The cost of the various public services provided to refugee claimants by the Government of Quebec is over \$200 million just for this current year.

I believe that Ottawa ought to reimburse that amount to Quebec, indeed all costs relating to those seeking asylum, since it is the federal government that controls this process. This is a necessary measure if Quebec is to continue its humanitarian tradition of welcoming refugees.

I add that, in the medium and long term, immigrants and refugees contribute much more than they receive at the start.

I would like to say a few words about the draft agreement on asylum seekers initialled November 27, 1995 by representatives of the American and Canadian governments. The document is causing a lot of controversy among NGOs involved with refugees. It fails to properly protect the rights of those seeking asylum. The United States interprets the definition of refugee more narrowly than does Canada.

I have tabled a motion whereby the Standing Committee on Citizenship and Immigration would hear witnesses and prepare a report on this agreement.

• (1820)

I therefore ask the Government of Canada to delay the final signing of this agreement, planned for February, to enable the committee to conclude its hearings. In any case, the agreement is not supposed to come into effect until the end of 1996.

The Bloc Québécois opposes the abolition of the IRB. Despite its shortcomings, which we have criticized on a number of occasions, it has an important job to do in connection with the international obligations provided in the Geneva convention on refugees, of which Canada is a signatory. It is the highest administrative tribunal in the country deciding on applications for asylum in Canada.

For all these reasons, we will vote against Motion No. 389.

Finally, I would like to wish a merry Christmas and a happy New Year to all my colleagues in this House and to all members of staff.

**Mrs. Eleni Bakopanos (Saint-Denis, Lib.):** Madam Speaker, during the past 50 years, Canada has welcomed more than 200,000 refugees.

[*English*]

**Mr. Thompson:** Madam Speaker, are we not going in rotation?

**The Acting Speaker (Mrs. Maheu):** We are doing what the list dictates and it is government, opposition, government, opposition.

**Mr. Thompson:** When it is our motion? Is that correct?

**The Acting Speaker (Mrs. Maheu):** Returning to debate, the hon. member for Saint-Denis.

[*Translation*]

**Mrs. Bakopanos:** I am sure we are all proud of that. There are people in this House today who have experienced the privation and dangers to which claimants of refugee status testify they have been exposed. I am referring to persecution, sorrow and fear.

There are places in this world where the mere fact of saying what you think can land you directly in prison, without due process, or even worse.

There are places where the colour of a person's skin or the ethnic origin of his parents may sign his death warrant. Today we live in an age where the terms ethnic cleansing and genocide have unfortunately become part of our vocabulary.

Every day, regional conflicts and political and social confrontations continue to force whole communities to flee their country. The challenges created on a world scale by the increase in massive migrations are still with us, and there will be further challenges.

[*English*]

I am proud to say that in Canada we have chosen to confront these issues head on. It has long been recognized both here and abroad that Canadians care and take their responsibilities as good citizens of the world very seriously. That is why we accept the international obligations we took on when we signed the 1951 Geneva convention relating to the status of refugees and the 1967 protocol.

By signing those agreements we promised to protect those in need, to open our arms and hearts to victims of oppression and misery. A key element of our strategy to deal with refugees was the creation of the immigration refugee board in 1989.

The IRB on behalf of Canadians reflects our commitment to promote a peaceful and humanitarian response to global issues of conflict, mass migration and human rights violations. The board's goals and challenges have remained constant: to identify those in need of Canada's protection and to adjudicate fairly and efficiently all immigration appeals, inquiries and detention reviews. I am happy to say that over the last six years the IRB has been up to the challenge it has undertaken.

Yes, there have been problems. There have been times when the judgment of the IRB has been questioned. There have been times when the integrity of the system has been placed in doubt. But does that mean we should scrap the whole thing and start again with something new and untested? No. That is the key word these days. No.

This type of haphazard tearing down is inefficient and uncalled for. It is also typical of the style of argument which members opposite advocate. They are always trying to tear down but are never willing to build up. This kind of negativity does not accomplish anything. Instead of saying there are some things we do not like so let us destroy it, why not say there are some very good things about the system, now let us make it better.

• (1825)

Since coming to Ottawa the Reform Party has tried to discredit an immigration program which has made Canada what is it today. They have made a practice of fearmongering and creating the impression that immigrants and refugees come to this country to take advantage of our social programs and wreak havoc on our justice system.

I wish to state for the record that these accusations and insinuations are an insult to the immigrants that have built this country, including myself. Canada's refugee determination system is renowned the world over. Countries ask for our advice based on our experience and leadership in the refugee determination system. However, I suppose the hon. members are not looking at that at all. The hon. member prefers to focus on the sensationalist cases that hit the front pages of the newspapers and serve to justify his reasons for dismantling the IRB.

The government believes in upholding the institutions that distinguish Canada from other countries and we will continue to do just that.

[*Translation*]

There were excellent reasons to justify the existence of the Immigration and Refugee Board.

The Supreme Court of Canada has ruled that the charter of rights and freedoms guarantees refugee claimants the right to a hearing. Consequently, we need an authority that is in a position to hear claims for refugee status in a manner that is fair and balanced.

When it was proposed to create this authority several years ago, Parliament opted for setting up a tribunal that would operate at arm's length from the government. The aim was to put in place a professional body that would not be influenced by political or ideological considerations.

To guarantee the objectivity and impartiality of the hearing process, it is necessary to have a tribunal that is impervious to political partisanship.

Furthermore, appointees to the board must be professionals with the requisite training to grasp all the nuances and particular circumstances that are a factor in refugee cases. We have already said that determining refugee status is one of the most difficult forms of arbitration. This is a task that is emotionally extremely

### *Private Members' Business*

demanding and which requires an overriding concern for justice and fairness on the part of the appointee.

IRB commissioners are selected on the basis of the qualifications they will need to carry out this important and often demanding task. Each commissioner brings to his or her job a different perspective and a special knowledge of the international community.

In the past, the process for appointing commissioners has raised a number of concerns. Aware of this, the government has decided to form an independent advisory committee that will check the qualifications of all aspiring commissioners.

Mr. Gordon Fairweather will chair this advisory committee, whose members are to ensure that only qualified candidates are presented to the government. Furthermore, committee members will have to ensure that they strike a balance between the objective criteria of the commission and increasingly strong public pressures for increased political responsibility.

Another recent event which the Minister of Citizenship and Immigration announced on March 1 this year was the decision to drop one of the two commissioners at hearings for refugee status.

The reduction in the number of employees at the Refugee Status Section, from 175 to 112, will represent annual savings of \$5.7 million. The money saved will be used to assist refugees.

These are only a few examples of our government's commitment to improving a system that has already produced good results. Unlike our critics, we believe that past successes should be considered when seeking solutions to today's problems, instead of complaining and taking drastic measures.

[*English*]

In order to maintain its relevance and efficiency, the board continually assesses its performance and examines ways to improve. The IRB has willingly undertaken an ongoing process of critical self-examination of policies, practices and procedures.

• (1830)

Contrary to what the hon. member would like us to believe, the IRB is an accountable organization and strives to improve its operations in order to meet its goals. In recent years the board has concentrated on developing and identifying best practices.

An example of the best practices is the adjudication division's use of video conferencing in certain cases. Another example of this positive development was the introduction of guidelines to examine claims from women refugees fearing gender related persecution. Canada was the first country in the world to undertake such an initiative. This reinforces our image as a world leader in upholding the rights of women.

*Adjournment Debate*

We have a system which is continually evolving and developing. It is a system which builds on its successes and learns from its mistakes. It is a system which will continue to serve the interests of Canadians and Canada both now and in the years to come. For all those reasons, I cannot support the hon. member's motion.

I would also like to take this opportunity to wish everyone listening to us tonight and all hon. members a merry Christmas and a happy new year.

**The Acting Speaker (Mrs. Maheu):** The time provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 93 the order is dropped to the bottom of the order of precedence on the Order Paper.

Is there unanimous consent to proceed with the late show question now?

**Some hon. members:** Agreed.

---

## ADJOURNMENT PROCEEDINGS

[Translation]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

### IMMIGRATION

**Mr. Osvaldo Nunez (Bourassa, BQ):** Madam Speaker, on November 20, I asked the Minister of Citizenship and Immigration a question regarding the fate of the family of Romanian refugees Carmen and Alexander Dima, who had been expelled by Canada to the United States, where they filed a proper application to immigrate.

Since April 5, 1995, this family has been awaiting a response in Plattsburgh, where it lives with the Christian Brothers, thanks to the financial support of the parish of Notre-Dame-de-Grâce in Montreal. Before they left, immigration officials had assured the Dimas that their case would be handled with sympathy and promptness.

Eight months later, the Dima couple and their children are still awaiting the response of immigration authorities, even though the Quebec government acted expeditiously by issuing a certificate of selection on June 14. Once again, I wish to denounce vigorously all the red tape and unjustified delays in processing this application.

• (1835)

Because of these endless delays, the Dima family may also be deported from the United States. This red tape is a major problem in the processing of immigrant applications and refugee claims.

The minister and immigration authorities should realize that behind these applications are people, families, children, and that it is cruel to make them wait for months and years.

I ask the minister to show some compassion for refugees during this holiday season. Christmas is a time for compassion and generosity.

If I may, I would also like to mention the case of Victor Regalado, who has been awaiting a response to his refugee claim for 13 years. This is a record. In the meantime, this Salvadorian refugee has studied and worked here and obtained grants from the Canada Council. He is now living with a Canadian citizen, with whom he has two children, and making an important contribution to Quebec society, particularly in the area of film-making. I ask the minister to grant him permanent resident status as soon as possible.

Finally, I would like to give my best wishes to all immigrants and refugees in Quebec and Canada, as well as to the hon. member for Halifax and the Minister of Immigration, for good health, peace and happiness during this holiday season and in the New Year.

[English]

**Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.):** Madam Speaker, the Dima family, as the hon. member well knows, has co-operated with immigration officials by returning to the United States where they have applied through the normal channels.

It is very important for the hon. member to note that at visa offices in the U.S., 83 per cent of independent applications are completed within 10 months. In particular, in the visa office in New York, 80 per cent of these visas are processed within eight months.

As a matter of course, all legal requirements associated with the processing of an independent application must be met before a visa is issued. This means the necessary medical and security checks. I know the hon. member knows this. In this specific case, some of these requirements are still outstanding. Once all pertinent information has been received, visa officials will be in a position to make a final decision.

I am sure it will be one merry Christmas to all and to all a good night.

**The Acting Speaker (Mrs. Maheu):** Pursuant to the order made earlier this day, by unanimous consent the motion is deemed withdrawn.



## GOVERNMENT ORDERS

[English]

### FINANCE

#### INTERIM REPORT OF STANDING COMMITTEE

The House resumed consideration of the motion.

**Mr. David Chatters (Athabasca, Ref.):** Madam Speaker, I am pleased to join in this prebudget debate. I wish to take a somewhat different direction and discuss a topic of great concern to me in light of today's tabling of the report of the Standing Committee on the Environment and Sustainable Development.

The recommendations contained in the report, if adopted in whole or in part by the finance department, represent the most blatant attack on the energy sector since the national energy program was introduced by the Liberal government of Pierre Trudeau. The national energy program was sold to Canadians as necessary to preserve Canada's energy self-sufficiency, a priority of the Liberal government at that time.

Should the finance minister accept these recommendations, this report would guarantee the dependency of Canada on unreliable imported oil by stifling future energy development.

In Canada we presently have enough developed reserves to supply Canada's energy requirements for only another 12 years. There is currently no other more environmentally friendly source of energy capable of replacing fossil fuel energy.

I support the committee's recommendation to maintain or enhance support for research into more environmentally friendly sources of energy, such as fusion or hydrogen or others, that have the potential to eventually become our primary source of energy. However, experts wiser than I, or even wiser than the members of the environment committee, predict that for at least the next half a century fossil fuels will remain our primary source of energy.

• (1840)

Clearly, if we have any hope of maintaining Canada's self-sufficiency, it makes good sense to do so because of the economic stability it provides. And it is no less environmentally friendly to develop domestic supplies than it is to use imported oil. The only known remaining energy reserve capable of not only replacing declining conventional production but assuring Canada's self-sufficiency is the tar sands of northern Alberta. This is where the recommendations of the environment committee would be catastrophic.

In order to meet this challenge, the now well-known tar sands task force says that the industry must over the next 25 years attract private sector investment of between \$20 billion and \$25

### *Government Orders*

billion in order to triple the light sweet crude oil production from the tar sands' estimated 1.7 billion barrel reserve. This reserve is similar in size to Saudi Arabia's reserves and is capable of supplying Canada's energy requirements for the next 100 years.

The task force is not, as stated in the report, asking for any additional tax assistance or any direct participation by any government. It is simply requesting from the finance department a generic fiscal regime that will apply to all developers with tax and royalty terms that divide revenues and costs fairly between investors and government and which are stable and predictable. I will not pretend that there is no cost to the taxpayer in the existing and proposed tax regimes. However, when one examines the benefits of this development both to governments and Canadians, the cost is truly insignificant.

The proposed development would add directly to federal, provincial and municipal balances, namely increased taxes and royalties, and revenues to hospitals and government pension plans an astonishing \$97 billion and would create 44,000 full time, well paid jobs by the year 2025. These are not the fictitious imaginary jobs the Liberals talk about and the auditor general referred to in his recent report. These are real jobs with almost one million person years over the period of direct, indirect and induced employment. The government constantly talks about job creation. Here lies an opportunity to create 44,000 new jobs without investing anything like the \$6 billion infrastructure program.

I take great exception to the painting of the resource industry as an environmental bogeyman. If one cares to examine facts and keep things in reasonable perspective, the industry and the tar sands in particular are good environmental citizens having over the last 20 years made tremendous strides in technology to reduce emissions and improve reclamation techniques.

In spite of the fact that Canada is such a vast country and has one of the world's coldest climates which requires a higher per capita energy demand, we produce only 2 per cent of the world's CO<sub>2</sub>. The industry is also a full participant in the minister's voluntary CO<sub>2</sub> reduction program.

Tar sands industries have demonstrated a strong commitment to achieve environmentally sustainable development and regulatory compliance that incorporates the continuous reduction of environmental imports and the assurance that development today does not impair the resource legacy of future generations, including their access to clean air, water and land. To attack Canada's resource industries to the degree that this report does, considering these industries are currently the major contributors to Canada's GDP and are solely responsible for Canada's recovery from the recent recession is nothing short of irresponsible.

*Government Orders*

This draconian report also irresponsibly attacks other sectors of our economy such as agriculture, atomic energy and transportation. However, I think the other single most offensive recommendation is the suggested further two cent a litre increase in gasoline tax to be funnelled into a fund to improve the sustainability of Canada's transportation.

We emphatically oppose the use of the government's taxing power to impose behavioural changes upon Canadians because it robs Canadian industry of our natural advantage which allows us to compete in the global marketplace in spite of the great distances we have to transport goods to market.

In conclusion, I urge the finance minister to reject these recommendations from this committee of environmental extremists and instead look at the list of those supporting tar sands development. The list includes the Canadian Chamber of Commerce, the Canadian Association of Urban Municipalities, the Canadian Labour Movement and the Canadian Manufacturers Association. It goes on and on. Clearly the mayor of the city of Hamilton, Mayor Morrow, has more sense than his own member of Parliament.

• (1845)

I urge the minister to reject the recommendations of the environment committee and adopt the recommendations of the task force on tar sands development.

**Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.):** Mr. Speaker, I am happy to have the opportunity to present on behalf of the people of Okanagan—Similkameen—Merritt thoughts, ideas and constructive suggestions for the Liberals before they bring down our federal government's next budget.

My constituents and I feel incredibly lucky to be able to state our case. My constituents and I, indeed everyone in British Columbia and in western Canada, know that the Liberals do not listen to Canadians. Today I have a few short, golden moments to share with the Liberal Party of Canada. I would like the Liberals to sit there like wicked little children on a detention in grade school and listen to me.

My files are full of thoughts, views and opinions Canadians would have me suggest to the Liberals in the prebudget forum. However I only have a few minutes. As I have seen in the last few months since coming to Ottawa to represent the good people of Okanagan—Similkameen—Merritt, the Liberals will not listen to me anyway. They do not listen to anyone.

Yesterday the Liberals should have listened to the Canadian people. We said: "Give Canadians the veto". The Liberals did not listen and gave the separatist government leader the veto.

I know the Minister of National Defence will not listen to what I have to say about his mismanagement of his cabinet portfolio. Since the balmy days of this past summer I have uncovered over \$100 million in questionable spending of taxpayers' money by the minister and his senior management team.

The auditor general states in his report that the recommendations made to this minister are not acted upon. The 1994 report of the auditor general declared that DND takes about five years to address something the auditor general says, if DND does anything at all about the auditor general's report.

The Minister of National Defence ignores the auditor general. He sends our troops to Bosnia. The present Liberal government and previous governments have been consistently increasing demands on our Canadian Armed Forces. At the same time they have cut the budget for those very armed forces.

Recent reports from the auditor general and the 12th report of the Standing Committee on Public Accounts point to hundreds of millions of dollars of waste and inefficiency in the Department of National Defence. That is how the Minister of National Defence runs his department.

In my view the most outrageous fact that I have found recently is the Canadian aerospace training project where defence department estimates concerning the cost of training a single student were miscalculated, undervalued by \$500,000. This is the kind of thing the Liberal Minister of National Defence has coming across his desk. This information is also on my desk. Canadians know this kind of mismanagement exists and they want something done about it.

I would like to ask the minister, and I will not beg today, to pay some attention to his department, to get hold of his senior management team and find some money to send with the Canadians who are going to Bosnia.

Our military engineers from Chilliwack, British Columbia, need flashlights. They are in the business of defusing mines. They are issued with big, cumbersome flashlights. They use pen lights to view through tiny cracks in very small places to detect mines or see them more clearly in order to defuse them. They need to hold a small flashlight between their teeth. What do they do? They go to Home Hardware, Canadian Tire or Army Surplus and buy with their own money the small, pen size flashlights they need.

• (1850)

When I was in Bosnia the most common thing I heard were kit problems. The soldiers were not complaining. They were having problems because the kit they were issued lacked the things they needed. Meanwhile, the Minister of National Defence tells the House and the Canadian public that our troops have everything they need.

*Government Orders*

Let us give our soldiers, these brave Canadians going to enforce the peace in Bosnia, the equipment they need. Let us give it to them now. The money exists in the national defence budget. The minister can find the money hidden in wasteful and questionable spending of taxpayers' funds by himself and his senior management team. The cost savings and efficiencies alone would provide that money.

Why does the Minister of National Defence not give each of our soldiers one of his quill tipped, gold letter engraved pens so we can be sure that each one of them can write home? The Minister of National Defence is concerned about special pens for his special friends to sign special multilateral agreements, such as those in NATO, NORAD and the United Nations. At least that is what he told Lowell Green, Ottawa's radio talk show host.

He is not concerned about saving money and getting the best bang for the buck. The Minister of National Defence could get rid of management levels at NDHQ and send that money to the armoury floor or to the training establishment so that our soldiers get the training and the help they need to do their jobs. That is what our Canadian troops deserve.

The bloated bureaucracy at NDHQ is eating up the money before it reaches the armoury floor or the training establishment. There are efficiencies to be found in the Department of National Defence, particularly at NDHQ. The minister knows it. I know it. All Canada knows it.

The Minister of National Defence so mismanages his cabinet portfolio that he will be unable to defend and justify the national defence budget in front of the finance minister. The Minister of National Defence cannot speak up for our soldiers, sailors and air crew. He does not speak their language. He does not know the problems they face. He just does not get it.

Besides, the Liberal finance minister will not listen to him. The finance minister, when he is confronted with a problem, simply cuts federal funding. That is what he will do with the defence department again. Then he will vote in favour of sending Canadian troops to remote parts of the world. That is the Liberal way.

They will forget that the Liberal Prime Minister from Quebec sent Canadian soldiers to Bosnia. They will forget that news reports say it is one of the coldest winters in Bosnia. I wonder if the defence minister has checked to see if our troops have enough sweaters and boots.

I have so much information here that the defence minister could put a stop to the wasteful spending in areas such as information technology, military command and control information systems, program management, project management, operations management, defence information services, infrastructure reductions, infrastructure management and many other areas.

The report of the special commission on the restructuring of the reserves has been published. Using the numbers cited in the report, which are inflated due to the regular force capital and operational costs being allocated to the reserves, there is ample money to employ and train more reserves, not fewer.

The defence white paper had flawed numbers. It declared that \$1.028 billion was what the reserve force cost. After the white paper DND said that the reserves cost only about \$875 million. The reserves are the most cost effective part of our Canadian Armed Forces. The militia, for instances, consumes only 4 per cent of the defence budget. However it is interesting to note that 20 per cent of the troops sent to the former Yugoslavia were reservists. That is cost effective. The reserves are cost effective. However the Liberals are planning on cutting the reserves.

• (1855)

When the Liberal Minister of National Defence submitted his white paper on defence it was seriously flawed. The numbers were wrong. He was off by hundreds of millions of dollars. The defence minister was advocating cuts based on a document that was seriously inflating the cost of our reserves. Maybe the minister should buy calculators instead of gold plated pens.

The Canadian Armed Forces is a complex organization which would be very difficult to recreate. We have heard Liberal members in the House today say that the present strength of our forces does not need to be maintained. They claim that in our post cold war era, which seems to them to lack a threat, we do not need to maintain our modest military capability.

Are the Liberals quite sure? I would say it would be a pity to be wrong.

**Mr. Barry Campbell (St. Paul's, Lib.):** Madam Speaker, I am pleased to rise on this occasion to participate in the debate on the interim report of the finance committee following the conclusion of its prebudget consultations.

We will have a final report for the House to address in mid-January. However I wanted to take the opportunity to say a few words about the process of prebudget consultation.

In the past budgets were made for the most part behind closed doors, with a finance minister consulting in private with select groups of individuals and interest groups. Today, the government for the third year in a row has taken the budget making process out from behind closed doors and to Canadians across the country.

Through consultations held in Ottawa and in various centres across the country, Canadians have had a chance to provide their input this year, as they have in years past since we formed the government, about the upcoming federal budget. I want Canadians to know the prebudget consultations are now a permanent feature of the budget making process in the country.

*Government Orders*

Canadians should expect that every fall the Standing Committee on Finance of the House of Commons will be travelling in the country and available in Ottawa to hear from individual Canadians and groups their views about the budget.

This year most of our consultations were held in the format of a round table, which provides an opportunity for many stakeholders to discuss together the issues we confront in making the tough decisions involved in budget making.

In the past individual groups have appeared before us, made their case and have been disappointed or not, depending on the reaction of the committee and ultimately the finance minister in the budget. Now representatives of various groups appear together and discuss with each other how to resolve problems facing us in a way that is equitable and fair.

It is clear from our consultations that there remains great consensus that the deficit is a problem which must be addressed. The government is doing just that. We are on target to reach our goal of reducing the deficit to 3 per cent of GDP for 1996–97. The minister has announced a further goal beyond that of reaching 2 per cent of GDP in 1997–98.

The direction is right. The goal is correct. We are meeting goals. We are doing something few governments in recent memory have done, setting deficit reduction targets and meeting them. Going in the right direction and meeting those targets go a long way toward restoring our credibility on the vital matters of managing Canada's fiscal challenges.

While there is much agreement about dealing with the deficit, about addressing the deficit, there remains much disagreement about how to meet those targets and how to get there. Regrettably there is a lot of wishful thinking. Many people are searching, not surprisingly, for magic solutions. They want an easy and painless way to deal with the deficit problem. There are no easy and painless ways.

We simply cannot run the deficit and the debt up in one way and pay them off in another. We cannot invent solutions that do not exist and do not work. Voodoo economics does not work. Deciding to separate to deal with the debt and deficit does not work either. We ran up this debt together. We create these deficits together and have been doing so for 20 years. We are responsible together for dealing with this problem.

Some suggest that the problem lies in interest rates. However, high interest rates did not create the debt and are not responsible for the deficit. They did not cause the problem. The problem was caused by spending. Clearly interest rates contribute to the extent that the money borrowed to fund deficits is related to interest rates, but high interest rates did not create the debt or the

deficit. They create only a small portion of it. It is spending that did it, spending with deficit financing.

● (1900)

Some have suggested in this discussion about interest that we should just declare lower interest rates. Canada surely must have the power to simply create lower interest rates and that would cut our debt servicing costs. It does not work that way. We have limited control over interest rates and those who buy and hold Canadian debt abroad compare the opportunity presented in holding Canadian debt with opportunities presented abroad. They look very carefully at rates. In any event, we simply do not have the control over them beyond the very short term.

Others have suggested the problem could be solved if only the Bank of Canada would hold more debt. No one is quite sure how that would come about. I suppose one possibility is the bank might print more money and repatriate that debt, pay for it, but at what cost and with what impact on inflation and the value of the dollar? There are no magic solutions and no solutions without impact.

However solutions, nonetheless, are in our control. The question is quite simply which cuts or which revenue measures or what mix of spending cuts and revenue measures will help us attain these vital goals. We will be judged as a nation by how we deal with this challenge, not just whether we eliminate the deficit and go beyond that one day to attack the debt, but the way we do it, the manner in which we do it.

Some in the House have suggested we simply slash and burn; cut everything with deep, dramatic, urgent cuts. In my view that would have an awful impact on the country and perhaps have the opposite effect of what those who propose it would have.

The Reform Party proposed an alternate budget last year which called for just that. Among the few areas where they called for increases in spending would be police and prisons which might be what we would need if we engaged in that kind of slash and burn cutting.

Whatever we do in the nature of cuts has to be done in a measured fashion, having in mind the impact. Nothing can be done without impact and similarly we must bear in mind that cuts have an impact as well. We have seen it only too well as we have travelled the country as the cuts from last year's budgets start to take effect and have an impact. We are seeing in a very real way how this affects Canadians across the country.

We have to be very careful that in meeting the challenge of reducing the deficit we have in mind those in the country who need our help and our assistance and who are least able to deal with these cuts we often talk about in the abstract in the House.

*Government Orders*

There has been much discussion on the other side of the equation about taxes, that maybe the answers lie entirely in revenue measures, in increasing corporate taxes or taxes on wealthy Canadians or on the banks. We read much about bank profits, and people express outrage. They say surely if banks are making those kinds of profits they can solve our deficit problem.

Let us look at corporate taxes for a moment. We hear many arguments made to the effect that corporate taxes are too low. They certainly could be higher. One could set any rate one wanted but again, everything has an impact. What is the appropriate comparison when looking at corporate taxes? Is it the OECD countries? No, it is the United States, our major trading partner. When we compare corporate taxes in this country with those in the United States we find we are not out of whack, especially when we compare not just corporate income tax rates but all manner of taxes paid by corporations.

If we raise corporate taxes we will have an impact affecting jobs and growth in the economy. Similarly, people assert that we should raise individual taxes, that wealthy Canadians are not paying their fair share. However, the top 10 per cent of tax filers already pay 50 per cent of all income tax. Again, we could suggest raising those rates but it would not be without impact on people who invest in the country.

We talk about banks and their huge profits. Who owns the banks? Fifty per cent of the shares of the major chartered banks are owned by the large pensions in the country, not to mention the interest in banks held by ordinary Canadians through their RRSPs.

• (1905)

When we talk about an attack on profits we are hurting individual Canadians. A better approach with the banks would be perhaps to applaud the profits they make but urge them to do more in local communities, to stimulate lending more to small business and to do more in communities rather than discouraging them, as some would.

If the rich, the well off Canadians, the banks and individuals were doing so well Canadians would see an influx of corporations and individuals from all over the world. Canada would be seen as a tax haven, which it is not.

We will be judged by how we solve the problem. We will solve it in a typical Liberal way with a measured response which all Canadians expect from us.

We look forward to discussing it further when the final report is made public.

**Ms. Maria Minna (Beaches—Woodbine, Lib.):** Madam Speaker, I want to talk about three main things with respect to the budget.

We have been discussing the deficit for some time. However, I want to talk about the human deficit we also have in Canada. This is an area we talk about but which most of the time is covered over, overpowered by the discussion of our financial deficit.

I believe very strongly that we have accumulated a huge human deficit and if we continue to do so it will be at our peril. The financial deficit will never be overcome in the next couple of years if we do not address the area of the human deficit as well.

In the last couple of years we have addressed the financial deficit and we have also addressed the problem of jobs. We have dealt with youth unemployment, although it is still much too high. We have brought in some very important services and programs in areas of youth services, youth apprenticeships, youth training. We have dealt with small business loans, the Canada Mortgage and Housing Act with respect to expanding the loans ability to start construction and infrastructure, and a great many other things in the area of economics. These are good tools to help in the area of employment.

We still have huge unemployment and people who are under employed, people who work part time, people who work short term. Youth unemployment is still very high. There are three main areas in the budget we must address in a very aggressive way. We must declare war on three areas in Canada: employment and the availability of work for people, child care, and probably the most important which the other two feed into, child poverty.

If we do not address the problem of employment and the issue of child care we will never eradicate the problem of child poverty. The have and the have nots will continue to polarize, the gap will get bigger and the country will face enormous problems.

In the area of child care I commend the minister of HRD who announced \$750 million for child care this year which he will be negotiating with the provinces. I encourage the provinces to work with the minister to develop proper program infrastructures.

I challenge the government further. I would like us to reach beyond this year and look into the 21st century. We talk about a brave new world of a highly educated, highly skilled population that will work in all the new highly skilled new industries, new business, new work we hopefully will be creating.

If we do not have well adjusted children with good quality child care we will have serious problems. Child care is not just minding children, it is child development, especially if it is good, regulated child care. It needs to be affordable and accessible right across the country for all children, including special children.

*Government Orders*

• (1910)

The minister in his announcement said working parents, especially single parents and those trying to move off social assistance back into the workplace, need better access to affordable quality child care. This support is essential if we are to meet our national employment objectives. He went on to say helping to ensure children receive the quality care they need also promotes child development and contributes to the employability of the next generation.

That is quite a statement. If that is true and if we truly believe that, we have to ensure child care is something we work on this year, something negotiated now. We must make a commitment to develop a proper national child care infrastructure program in partnership with the provinces so that children across the country, whether in rural areas, in small towns or in large urban centres, have access to quality, affordable and accessible child care and that the parents have a choice whether they work part time or full time. Otherwise the children will not have the opportunities and the developmental assistance they require.

The United Nations says Canada has one of the worst records of child poverty, second only to the United States, in the OECD countries. That is quite a statement. Normally we like to think of Canada as being well above the United States in most areas. In this case we are only second to the United States.

We know from research and from experts who have told us over and over again that nutrition plays a major role in the development of children from the time of pregnancy to three years. Those are three very important, fundamental years. If good nutrition is not provided to the child, the child will likely have problems. Knowing these things, understanding them and accepting this information, which no one has challenged, we still continue not to address the most important and horrible problem Canada has, the horrendous level of child poverty.

We address things such as youth crime. We talk about it all the time. We strengthen the Young Offenders Act but we do not talk about child poverty, which would prevent some of those things. We talk about a great many things but not about the human deficit we are creating if child care and child poverty are not dealt with.

I would like to see a commitment that the first and foremost priority for the next budget will be to address child poverty. We should immediately introduce an income supplement for the working poor. We should negotiate with the provinces for an enhanced child tax benefit. We must deal directly with the issue of child poverty as well as child care. Those two things are not separate. Poor parents cannot work if they do not have child care. It makes their lives that much more difficult and their children that much poorer.

I believe strongly that if we as a nation cannot make a collective commitment to the children of Canada, and make that our foremost priority, the brave new world of the 21st century we talk about so much will be worse than the world we have today. That generation, our young people of today, will be the adults of that brave new world which will create and develop the economy but they will not be able to take on the challenges they will face.

We have a collective responsibility, just as we had with education. We said everyone should have an education in Canada. It is mandatory to age 16 in most provinces. Why is child care any different? Why is child development any different or any less important? It is more important. A badly prepared and ill nourished child cannot study.

• (1915)

My appeal to the government and to all the members of the House is that in the next year we commit ourselves to making the biggest priority in the budget addressing the issue of work, child care and child poverty. If we do that, I believe strongly that this country will hold together and will meet the next century in a much better way than it is now.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ):** Madam Speaker, I am very pleased to participate in this debate, this evening, as the session ends, on the eve of the Christmas recess. I would like to remind the House that the theme of this debate is prebudget consultation. I have taken a particular interest in this practice over the past year because last year's budget surprised us with the closure of the experimental farm in La Pocatière. This information was hidden in an appendix to the budget. Never had that possibility been raised in any prebudget consultation.

I challenge anyone to find any mention of it in anywhere in the consultation papers that were produced. I told myself: "Next year, I will at least check how this whole thing works, see for myself, to make sure that they would not pull another one like that on us". This year, I had the privilege of travelling with the finance sub-committee across western Canada. I noticed that the consultation process is still not broken in properly. It is not perfect. From one place to the next, many of the lobby groups that we meet tell us pretty much the same thing. National themes are repeated over and over. As worthwhile as they may be, they are not necessarily new to us, as we travel from place to place.

On one occasion however, we had groups come to us with very practical suggestions. There is one in particular that I would like to put forward. A Manitoba foundation for local development explained and justified to us an amendment to the Income Tax Act whereby this foundation could assign funds for the development of local communities, rural communities, in Manitoba. They also suggested that this practice be extended to the rest of Canada. I personally found this suggestion very interesting for

*Government Orders*

rural areas from coast to coast. I hope that the Government of Canada will act upon the suggestion that came out of this consultation process; it would make our meeting with these people worthwhile.

The other thing I noticed about this process is the fact that the round tables reflect to some extent the make-up of our society. We heard various stakeholders, members of chambers of commerce, as well as representatives from social, community and economic groups. These people did not necessarily share the same values, far from it, but we tried to reconcile them. The challenge, which has yet to be met by the government, is to include that in its budget.

How can it follow up on that consultation process? How can it take concrete action? The government has yet to show that it listens. For example, no one told us that cuts should be made to the UI program. Yet, the reform that was just proposed does include such cuts and they are significant ones. In any case, these are not the cuts suggested by the participants during this consultation exercise.

Following that tour, we made some findings which are quite telling and which should be told to Quebecers and Canadians. The first one is that as soon as you get away from Ottawa and Ontario in general, decentralization is often proposed as a solution. People in Manitoba, Alberta, Quebec and the Maritimes were well aware that, in order to be able to control the debt and the deficit in the future, the decision making power has to be as close to the citizens as possible. That way, we will know on what basis to assess the performance of a government, and we will avoid not knowing exactly where the money comes from, as is somewhat the case with the transfer payments made by the federal government.

• (1920)

The second finding is that this vague sharing of powers generates some mistrust toward provincial governments among Canada's progressive groups. Why? Because provincial governments have a power to levy taxes, which is rather limited, while the federal government has the power to levy taxes and to spend in every sector in Canada.

Consequently, this gives the federal government a very positive image as a government that put in place all kinds of programs over the years. The problem is that there is only one taxpayer. Whether it is at the municipal, provincial or federal level, there is only one taxpayer.

In recent years, we discovered that the financial reserve was no longer there. We have to find ways to do things more cheaply. The federal government is having trouble being less visible these days. The Prime Minister said it again this week during question period. The reason why tax points will not be transferred, and transfer payments are maintained instead, is to make

sure that people know that their cheque comes from the federal government.

I would tell the Prime Minister that I agree that if the federal government redistributes among citizens the taxes they paid, they should know where it comes from. But this is not the best, most practical way to do it. The solution might be what Quebec is proposing, to transfer tax points for which the Quebec government would be held accountable; its performance would be judged on the basis of how wisely it spends this money. Right now, people are having trouble figuring out which level of government is responsible for which part of the budget, and why things are done this way; as a result, they cannot assess governments' efficiency.

This is the second point regarding prebudget consultations which I think is important to stress.

Another point is that I firmly believe that these prebudget consultations should go even further. All stakeholders in the social sector should be gathered in a national forum. After my tour of Canada, last year, with the Committee of Human Resources Development, and after listening to the member for Beaches—Woodbine talking about significant and interesting values, stressing the human aspect and raising the whole issue of how we deal with our children, I believe that it would be important for this kind of discourse to be made in the same forum as people who have a much more economically orientated discourse. Their economic discourse talks about cuts and deals strictly in hard financial terms.

When one is a member of both the finance committee and the human resources development committee, one finds the same dichotomy as here in the House between the Minister of Finance and the Minister of Human Resources Development. Each one protects his own bailiwick, and they never meet on common grounds to establish common objectives for society.

If prebudget consultations are to go further in the future, we will have to find a way to bring these people together in some kind of a national forum.

A forum is just one idea I am proposing here; it could gather all the main stakeholders we can find in Canada, but the condition for a group to be represented would be for it to state clearly what its contribution would be. For example, how it would contribute to reducing the deficit.

To sit at that table, the federal government would say for example: One of the efforts we must make next year will be to cut \$1.5 billion in supplementary expenditures or in national defense expenditures.

There is a new exclusive club among banks now, the Billionaire Club. Some banks, and the Royal Bank is first among them, made profits exceeding one billion dollars this year in Canada. Why would they not participate in that national forum and say, for example, that they will create a social job fund and jointly contribute \$500 million so that we can meet the needs of poor

*Government Orders*

children, as someone mentioned earlier. The same would apply to all other sectors of what we call the social economy, an economy which is essential if a society is to function adequately.

We realize that an economy based solely on profit creates two categories of people in our society: those that perform well under the system, and those that have a hard time following and that we try to help survive with what I would call financial valium, compensation funds. Clearly, some people need social assistance in order to continue living, eating, and so on. However, I believe that we should aim higher than that, we should use the human potential of everybody and institute yearly evaluations of the government, or evaluations at the end of the mandate, based not only on financial performance, on the amount of money saved, but also on the way it has managed to use the potential of its citizens.

● (1925)

It would be a different societal choice. However, we would need to have the guts to put such an objective on the table. The role of government is to initiate this kind of debate. I would suggest something like a national forum. It would generate a very interesting discussion.

We clearly agreed on another matter, which is the need to cut spending. Everywhere in Canada, we share the view that the country has been living beyond its means for quite some time. The problem is to cut in the right place. There is a very traditional war of influence going on, whereby the best organized people manage to avoid having their services cut, while the less organized see them reduced year after year.

We saw that in the tabling of the unemployment insurance reform. Clearly, the government is attacking seasonal workers, when it says that a seasonal worker, after three years, after having used more than 100 weeks of UI, will see his benefits reduced by 5 per cent. It is clear in my mind that it is attacking people who are not as well organized in society, while there are very powerful lobbies that manage to pull through much more easily.

I believe that a government has the responsibility to ensure that these things do not happen and we have the responsibility, as parliamentarians, to look at budgetary issues from that perspective.

The Bloc Québécois has brought forward some aspects that it would be interesting to submit, especially in this prebudget period. One of these is to review all tax conventions that were signed with countries considered as tax havens. There are known examples, such as several hundreds of millions of dollars that escape Canadian tax authorities because of these conventions. This is the time, while we are preparing for the budget, to examine these things.

Another aspect would be to proceed with a comprehensive review of taxation in order to streamline the system and re-establish equity, through eliminating tax inequities that may benefit large businesses and high income taxpayers. We find everywhere, at all the doors we are knocking on in our ridings, the need for people to see that there is equity. For example, there are some 77,000 profitable businesses that did not pay one cent of tax in a given year of the tax cycle. This number must disappear so that a business that makes profits pays taxes.

Prebudget consultations have also brought to light the fact that all taxpayers are not on the same footing, as far as interpreting the Income Tax Act is concerned. Not everybody can afford an accountant or a tax lawyer, but big corporations can, and they find each and every loophole in the legislation. Maybe it is time for a major clean-up in our tax system to prevent such things. I think Quebecers and Canadians are ready for a major overhaul of the tax system.

We should never forget that all of this is meant to give more fairness in our society, more opportunities for all to make use of their skills, experience happiness, earn a decent living for their family, and contribute to society.

If we kept that goal in mind and if we systematically and relentlessly tailored government policies to that goal, we would bring about significant changes. Attitudes would change, and we no longer consider economic viability and social issues as some of our major problems.

● (1930)

I think any society should have criteria by which it can assess both its economic performance and its treatment of people. Mr. Lévesque used to say that a society should be judged by the way it treats its most disadvantaged members. This is a rule we should always keep in mind to be able to know whether we deliver and whether people are proud of what we do as parliamentarians.

Today, they are not. Clearly, there is a cleavage. Our constituency offices receive letters saying: "What are you waiting for? Why do you not do something to make people with a big income and who avoid taxes pay their fair share?"

To conclude, I think it is important to keep this in mind in the choices that have to be made. We should ensure that, with the next set of budget cuts, everybody feels that equity has prevailed and that all taxpayers are doing their share and contributing, so that in the end, nobody will get the impression that some abuse the system while others are shortchanged.

That way, consultations from year to year will be profitable if suggestions are taken into consideration and influence budgetary choices and if, after a few years, all taxpayers are on a more equal footing.



*Government Orders*

[English]

**Mr. Ed Harper (Simcoe Centre, Ref.):** Madam Speaker, I am pleased to speak to the preliminary report of the finance committee on the prebudget hearings that was tabled today.

I am pleased to do so because it deals with the deficit and the debt. This is the major reason that I am standing here as the member of Parliament for Simcoe Centre. I felt so strongly about the issue that three years ago I put my retirement on hold to see if I could win the election, come to Ottawa and hopefully restore some fiscal sanity to this place.

I think back to what my generation has done. We have accumulated this horrendous debt and it is a bill that, unfortunately, we are not going to pay. The bill is going to be left with our children and our grandchildren.

I was not very happy about that and I wanted to go to Ottawa to hopefully do something about it. I am sure this is a feeling that is shared by most of the members in this House, that the debt has to be dealt with. This coming budget will give us an opportunity to deal with it in a very meaningful way.

In 1970, when I moved to Barrie to open up my business, the federal debt was only \$20 billion, about half of what the interest payments are on the debt today. As I stand here, the debt is about \$570 billion and is heading for \$600 billion.

It is the number one issue for all Canadians. I am talking about Canadians both inside and outside of Quebec. It is the reason there is such an oppressive tax burden. It is the reason there is such unacceptable high levels of unemployment and it is a threat to our social programs.

My concern in preparing for the government's third budget is that the target is too low and the pace of achieving a balanced budget is too slow. When I think about that slowness, I recall as a youngster taking band-aid off a sore. If you took it off slowly, it pulled on the hairs on your arm and was very painful. But if you had the courage to take hold of it and rip it off, you got through that pain very quickly and went on to healing. That is very much what we are dealing with here. We have to deal with the pain very quickly and get on with restoring employment and getting our economy moving again.

The finance minister has talked several times in the House about his countdown. He says he is going after the deficit on a 5, 4, 3, 2 per cent, dealing with just tens of billions of dollars. The finance minister does not talk about the count up. He does not talk about the \$400 billion, \$500 billion, \$600 billion of debt. That hardly qualifies as justification for a 5, 4, 3, 2 drop in the deficit while we have the debt increasing by those hundreds of billions of dollars until it is approaching the \$600 billion figure.

● (1935)

Also, what he does not mention is the 3, 4, 5 increase of \$30 billion, \$40 billion and \$50 billion in interest payments to service that debt. That \$40 billion and \$50 billion in interest payments is the killer of jobs. It is the reason taxes are so high. It is a threat to social programs. That \$50 billion does not create one job in the country, does not do anything for health care and does not do anything for child poverty. It goes up in smoke. It leaves the country and does not do a thing for Canadians. As a matter of fact it worsens the situation.

I was appalled by a quote reported in the Ottawa *Sun* on December 12 made by the Prime Minister. He made this statement while he was taking part in an electronic town hall meeting. It was an answer concerning our huge debt. The question was raised by a concerned taxpayer who was in the audience. The response was: "Of course we have a debt, but we can pay off our interest. We have no problem at all".

Imagine how that sounds to overburdened taxpayers, to the unemployed who are struggling to make ends meet. The Prime Minister says: "We have no problem at all". That reflects the mindset of the finance minister when he is attempting to deal with our problems.

While I am reading quotes I will read another by Mr. Gordon Gibson. I went to a meeting which was held in Barrie where Mr. Gibson was promoting a book that he had just written entitled *Thirty Million Musketeers*. He said in that meeting that in doing research for his book he projected the government's budgets beyond the two years that the finance minister is currently working under. He said that he knows now why the finance minister only goes two years down the road. It is because when you go beyond that point and look at dealing with \$50 billion of interest payments, the problem becomes a staggering one. It would take severe draconian cutting to deal with that kind of interest payment.

There are three ways to balance a budget: increase taxes, have a healthy growth in the economy and reduce spending. Of those three choices the only one we have complete control over is government spending. The first one, taxes, I would suggest that avenue has been cut off. There are no more tax dollars in the pockets of the Canadian people to give to governments. They are taxed to the limit. Therefore, that avenue is not open.

While it is very nice to hope for growth in the economy, we do not control it. Would it not be nice if we projected low growth in the economy and had a pleasant surprise for a change instead of the terrible consequences of it not growing fast enough and in fact our deficit is larger than we projected and unfortunately our debt will grow correspondingly.

Spending is the only thing we have complete control over and something we must address. The government has a spending problem not a revenue problem.

*Government Orders*

The other concern I have is that the government has an aversion to what I call the what ifs or the realities of the future. That aversion to dealing with the realities was demonstrated very vividly when the Prime Minister failed to deal with the consequences of separation and make sure that the people in Quebec understood the what if you decide to leave this great country of ours. The same scenario could develop here in dealing with the next budget. What if the economy has a downturn? We know a downturn is coming, it is only a matter of when. We are not prepared for that.

• (1940)

What if there is an increase in interest rates that we cannot control? A lot of Canadians think that we control the interest rates. We do not. Because of this huge debt our interest rates are dictated by the people to whom we owe this huge amount of money. What about an increase in interest rates? It has a dramatic effect on our ability to meet the interest payments.

And of course there is the third what if out there which is a very real one: the next referendum. Are we prepared to deal with the consequences of the next referendum?

The third budget which is coming is the most critical of any budget that has been brought into the House. Unfortunately, we wasted the first year. The first budget that was brought down did not deal with the problem. We were told: "Do not worry, be happy. It is not serious".

Precious little was done in the second budget. Largely because of the Reform Party we did move the finance minister to acknowledge that it was a serious problem and that it might be life threatening and something must be done about it. He was beginning to make the association between this high level of government spending and interest rates with job creation. He finally made the connection.

The thing that always amazed me about that second budget was that the finance minister did not take advantage of using a reduction in the pensions of members of Parliament to be the jewel, to show the people of Canada that the government understood the problem and was prepared to deal with it by showing leadership by example. I suggest it was not in the budget because the budget did not deal with realities. Certainly, the changes that were made to the pension plan did not deal with the reality of our financial situation.

I remind the Prime Minister again of the message that came from Moody's prior to the second budget. Moody's told the finance minister in advance of the budget that it had some concerns it wanted to share with him. He could ignore those concerns but Moody's felt obligated to bring them to his attention. Of course those concerns were that the target of 3 per cent GDP was far too low. It was easy and was not a challenge. The second part of the message was that Moody's wanted a date for the zero target. It wanted a commitment from the finance

minister that he was serious about the problem and that he would get to a balanced budget.

Moody's is not Liberal. It is not Conservative and it is not Reform. It was doing us a favour by issuing that warning. It was issued to the finance minister to be ignored at his peril. He chose to ignore it in the budget and we were downgraded. The consequences of that downgrade can come home to roost in a very big way.

Let me also share with the House something that was said by the chamber of commerce in a letter signed by the president and chairman of the board. It was written to all members of Parliament and senators, again in advance of the second budget. I quote from the letter: "The finance minister's promise to meet his target of a deficit that is 3 per cent of GDP by 1996-97 is simply not good enough. The deficit must be reduced to zero by 1997-98. The consequences of the government not following through on this are unthinkable". That was as a result of a survey of 6,000 entrepreneurs, businessmen who day after day put their money where their mouths are and create jobs.

Let me also share with you the voices of the people from Simcoe Centre. In my spring 1995 householder I asked: Do you think the finance minister went far enough with cuts in his second budget? There were 1,645 constituents who responded to that questionnaire. Seventy-nine per cent said no, the finance minister did not go far enough. The message is that the people understand the problem and are ready for the consequences of dealing with it.

I am also pleased to say that Reformers did something in the House that has never been done before. We offered the government constructive criticism in the form of our taxpayers' budget. We presented a budget in the House in advance of the finance minister's budget. It outlined by department and in dollars how we could balance the books in three years with no new or increased taxes and by reducing spending only. It can be done.

• (1945)

These were fair cuts. These were cuts which were going to be made right across the board. Of course the cuts cannot be made in any one area, it is not any one area which has contributed to the problem we are facing today.

However, the focus from the government has been that we are going to attack the social programs. That was not the case. We were going to have to get into the social programs because they represent such a huge part of the total spending envelope. Going back to 1970, we were spending \$6.6 billion. In 1990 that had ballooned to \$60 billion. In 1995 it has gone from \$60 billion to \$75 billion. I do not recall people lying in the streets in 1970. I do not recall it in 1990. To suggest that by taking \$15 billion out of that envelope to return us to the 1990 level will destroy social programs is absurd in the extreme.

*Government Orders*

I hear about the opposition coming back with slash and burn. That is hyperbole. We are cutting with care, care for the taxpayers, care for the unemployed and care for our social programs. That is the kind of cutting we are doing. The suggestion is they are the only ones with any compassion. There is just as much compassion and just as much heartfelt concern for our citizens on this side of the House.

I hear the doublespeak, lean but not mean. That is nothing but feel good doublespeak. It makes them feel warm and fuzzy because they are doing something but they are not being mean.

I ran a small business and I encountered tough times. I had to be mean. I had to lay off a couple of employees. I felt bad about that, but I thought about the 23 other employees for whom I was responsible. I was concerned about them. I had to be lean and I had to be mean to a couple of people. If I did not do that I would have had to have been a lot meaner to my entire staff facing unemployment.

Two years of tinkering around the edges have been a failure. In 1994 our unemployment level was 9.6 per cent. In November of 1995 it was 9.4 per cent. It has not budged. Millions of Canadians are unemployed and under employed today. So much for jobs, jobs, jobs. For two years it has been a complete and utter failure.

There is little Christmas cheer this year for those millions of people unemployed. Unfortunately unless we make a dramatic change in the thinking of the government there will be little hope for Christmas cheer in 1996. There can be hope if we commit to balancing the budget in the government's term of office. By doing that we can offer some hope for a merrier Christmas next year for those Canadians.

We can restore investor confidence in this great country of ours. If we do that they will come in and create the jobs which we need. Governments do not create jobs; the private sector will create the jobs we so badly need. That is the answer to tax relief. The only way we will get tax relief is if we get people back to work and get the economy moving.

It is the decision of the finance minister. The decision he makes in the next budget will determine whether he will be the grinch in 1996 or Santa Claus. Do not miss the opportunity. Commit in the next budget to a happier holiday season for millions of Canadians in 1996.

Madam Speaker, I wish you and all members of the House a merry Christmas and all the best in the new year.

[*Translation*]

**Mr. André Caron (Jonquière, BQ):** Madam Speaker, as a member of the Bloc Québécois, I am very pleased to speak on the interim report of the Standing Committee on Finance.

As you know, it is the Standing Committee on Finance's prerogative to consider the fiscal policy of the government, to make inquiries, to hear witnesses and to draw a number of conclusions. I have here the two-page preliminary report of the committee.

• (1950)

I think Canadians and Quebecers have good reason to be a bit disappointed and concerned. Not that the committee did not do some good work. It met with a lot of Canadians, held forums and seminars, heard witnesses and, as my colleague from Kamouraska—Rivière-du-Loup said earlier, people made some valid representations before the committee. The result however is not all that serious and conclusive.

What does this report really say? It says, first of all, that Canada's major problem is its debt, as evidenced by a quote from the 1995 report of the Auditor General of Canada. After consulting the Canadian population, after touring Canada, the committee came to the very same conclusions as the auditor general did in his report. It may not have been necessary to hold dozens of hearings to come to that conclusion.

The report also says that the Minister of Finance's objective is to see the deficit reduced to \$17 billion in 1997-98. According to the minister, this year, the deficit will be reduced to \$32 billion, next year, it will go down to \$24 billion, and in two years, it will be down to \$17 billion. That is basically what the report says.

It also states that the minister will ensure that the deficit is reduced to 2 per cent of GDP in 1997-98. That is what we are told.

First, this report is sinning by omission. When the finance minister talks of a \$32 billion deficit this year, I do not think he is telling the whole truth. I was disappointed to see that the Standing Committee on Finance did not pick up on that. It is well known that the deficit would be \$5 billion more if the finance minister had not used the UI account surplus to reduce it.

We could add that \$5 billion to this year's \$32 billion deficit according to the minister, the real deficit would then amount to \$37 billion.

I do not want to blame the minister for using this amount. This money comes from Canadians and it might be in the finance minister's interest to use it to reduce the deficit. But the finance minister should be honest about it. First of all, he should say so and, second, he should perhaps give his reasons why.

*Government Orders*

For example, the minister could tell Canadians how good and fair it is to make workers and employers help reduce the national debt through their excess contributions to the unemployment insurance account.

But the finance minister did not tell them so and the Standing Committee on Finance did not mention it either. This lack of candour may be disturbing for the Canadian taxpayers who are listening to us.

The other thing the minister did not say and the Standing Committee on Finance did not pick up on is that, by cutting social transfers, the government off-loaded its debt onto the provinces.

We know that the federal government transfers money to the provinces for education, health and social services. These transfers have been reduced over the past few years.

• (1955)

So the federal government is obviously spending less money, but Canadian taxpayers and Quebec taxpayers are not seeing their contributions reduced because the provinces have to do the dirty job of raising taxes or cutting spending and reducing services. I think that the minister should have been straightforward and said: "Yes, in the expense estimates and forecasts for the reduction of the deficit over the next few years, I should add that I will give less money for health, education and social services".

To be perfectly honest with Canadians, the Standing Committee on Finance, which has to review the minister's policies, should have mentioned it in its report, but it has not. But this is not the most serious aspect of this whole issue. Neither the Minister of Finance nor the Standing Committee on Finance, which was supposed to review these policies, has put this public debt issue in a global context. The public debt, which is obviously too high and a cause for concern, is often presented in the perspective of our friends from the Reform Party, who think of it as a private debt.

It is often said that we spend too much, just like a private citizen who spends more money than he earns and who should therefore cut his spending and things like that. We should cut social services, we should cut services, we should cut old age pensions, we should cut unemployment insurance benefits. We should cut everything. Then we realize that even if we cut everything, we would probably still have a deficit. If we cut the whole federal public service or all the federal government operating budgets, we would still be in debt.

I think that the committee should have broadened the perspective a little and presented the issue in a global context. We know that public indebtedness is not a problem that is unique to Canada or Quebec; it is a global problem. I will give you some

figures. Last year, OECD countries had a total debt of \$13,000 billion, whereas the foreign debt of developing countries was \$1,900 billion.

You see, whether it is France, England, Germany or the United States, every country is in debt. The United States have a huge debt. It is reported to be as high as \$4,900 billion. This debt, like the debt of Canada, increased these last few years, in particular under the administrations of Mr. Reagan and Mr. Bush who were known to support the same ideas as our friends of the Reform Party and others who said: "Let us cut social services and public financial support to the poorest. Let us cut taxes for the rich who will have more money to invest".

Actually, all those slogans that Reform members keep throwing at us week after week were tried in the United States during the Reagan and Bush administrations—they both supported them—and the government debt increased fivefold. It increased from 1 000 billion dollars to about 5 000 billion. Therefore, we can see that the problem is not specific to Canada or Quebec. I am surprised that the minister of Finance and the finance committee did not consider the international dimension of the problem. It is false to say that we will solve the problem simply by saying that we are spending too much on such and such a part of the population and that we must cut these expenditures.

Indeed, the problem exists in Canada and it also does in Quebec. In order to maintain our living standard and our programs and services our governments were forced to go into debt. This was not the case only in Canada and Quebec, but all over the world.

• (2000)

That is what we did and now we face an economic crisis as a result. We realize that at the heart of the economic crisis lies the public debt. It is very complex. I often think that some members put forward simplistic solutions. Yes, measures must be taken. Measures must be taken in Canada, but also elsewhere in the world. This problem must be examined and at least be mentioned in a report such as that of the Standing Committee on Finance. The committee should indicate that it is a Canadian problem, a Quebec problem, but that its causes are also global.

We are aware today of the globalization of financial and economical issues. We hear often enough about the globalization of the economy. Hundreds of billions of dollars are traded every day. I noticed lately that, every day, foreign currency transactions amount to one billion dollars. Every day, hundreds of billions of dollars in Treasury bonds are traded all over the world. We are facing a large world market where there are winners and losers. Some people invest, some trade, buy, sell. Some can in one day flood the markets with hundreds of millions of dollars in order to destabilize economies or currencies.

*Government Orders*

It is as if governments no longer recognized the responsibility they have to put some order in world trade, in international finances. They let things go. They say we are in an era of globalization, that ultraliberalism is the best thing and that free markets must prevail. But letting markets set the rules means letting the strongest, the most experienced, the best equipped control the markets. I think that, nowadays, governments are evading their responsibilities, whether it is Canada or Quebec or, above all, the United States and countries of the European common market. I think they should do whatever is needed to regulate transactions on international markets in such a way that users will know what to expect within a specific framework.

Governments have always recognized the need to control the markets. Why have they given up now that a new philosophy has been developing for the last 10 or 15 years?

Here is one proof that governments have given up. It is now common practice to check how the governments view their central banks. These days, governments are not held responsible for the central banks' decisions. The banks are independent. Who else could then be responsible for them? The markets, those who have lent money to the government, those who can put up huge sums.

It seems that governments withdrew from money issues. But who is paying the price for that? It is employers or workers, those who need the government's protection to be able to compete on the markets and make the rules.

Today, there are no more rules. The rule is to have no rules.

I think that in the coming years, we will have, at the international level, to take that situation into account, do the necessary analysis, make the necessary representations and the necessary proposals to major international bodies, and most of all explain it to the population. Let us not just say to it: "We spend too much and we have to cut expenses". Let us say to it: "True, spending must be reduced in some areas, and maybe in important ones".

However, that reduction in spending must be matched by measures taken by governments at the international level to monitor the market, to regulate it and ensure that we do not become a society where the law of the jungle prevails.

In my view, it would have been important for the finance committee report to reflect the views of people who are able to analyze the international economic system and international finance and who know how that works, so that the finance minister would have been informed—even though he does not seem too keen on it—as would Canadian taxpayers, that the efforts they make will be matched by the Canadian government's efforts at the international level to see to it that markets are properly monitored. Because, if we put our house in order, whether in Quebec or in Canada, and take the necessary measures to get our economy straightened out, the international market's shortcomings should not jeopardize all of our efforts.

I thank you, Madam Speaker, for the opportunity to speak on this issue. I think that next year we will have to ask the Standing Committee on Finance to work extra hard to better explain the fiscal situation of Quebec and Canada to the Minister of Finance.

*[English]*

**The Acting Speaker (Mrs. Maheu):** Shall I see it as being nine o'clock?

**Some hon. members:** Agreed.

**The Acting Speaker (Mrs. Maheu):** Prior to leaving the Chair and this Chamber I would like to wish all of my colleagues a very happy holiday season and to all Canadians a peaceful, prosperous and united 1996.

Pursuant to order made Tuesday, December 12, 1995, the House stands adjourned until Monday, February 5, 1996 at 11 a.m., pursuant to Standing Orders 28(2) and 24(1).

(The House adjourned at 8.05 p.m.)

# CONTENTS

Thursday, December 14, 1995

## ROUTINE PROCEEDINGS

### Government Response to Petitions

Mr. Milliken ..... 17665

### Transportation

Mr. Young ..... 17665

Mr. Guimond ..... 17666

Mr. Gouk ..... 17667

### Interparliamentary Delegations

Mr. Boudria ..... 17669

### Committees of the House

#### Aboriginal Affairs and Northern Development

Mr. Bonin ..... 17669

#### Justice and Legal Affairs

Mr. Knutson ..... 17669

#### Finance

Mr. Peterson ..... 17669

#### Environment and Sustainable Development

Mrs. Kraft Sloan ..... 17669

#### Natural Resources

Mr. Kirkby ..... 17669

### Criminal Code

Bill C-118. Motions for introduction and first reading deemed adopted ..... 17669

Mr. Rock ..... 17669

### Criminal Code

Bill C-119. Motions for introduction and first reading deemed adopted ..... 17670

Mr. Rock ..... 17670

### Yukon Quartz Mining Act

Bill C-120. Motions for introduction and first reading deemed adopted ..... 17670

Mr. Irwin ..... 17670

### Parliament of Canada Act

Bill C-366. Motions for introduction and first reading deemed adopted ..... 17670

Mr. Hermanson ..... 17670

### Black Canadians

Ms. Augustine ..... 17670

Motion ..... 17670

(Motion agreed to.) ..... 17670

### Business of the House

Mr. Milliken ..... 17670

### Petitions

#### Canadian Human Rights Commission

Mr. Robinson ..... 17671

#### The Senate

Mr. Robinson ..... 17671

#### Human Rights

Mr. Robinson ..... 17671

#### Assisted Suicide

Mr. Robinson ..... 17671

#### Tax System

Mrs. Gagnon (Québec) ..... 17671

### Grandparents Rights

Mrs. Jennings ..... 17671

### Questions on the Order Paper

Mr. Milliken ..... 17672

### Points of Order

#### Official Opposition

The Speaker ..... 17672

Mr. Speaker (Lethbridge) ..... 17672

Mr. Gauthier ..... 17674

Mr. Boudria ..... 17674

Mr. Hermanson ..... 17675

Mr. Milliken ..... 17675

Mr. McClelland ..... 17676

Mr. Epp ..... 17676

Mr. White (Fraser Valley West) ..... 17677

Mr. Duceppe ..... 17677

The Speaker ..... 17677

## GOVERNMENT ORDERS

### Finance

#### Interim Report of Standing Committee

Mr. Gagliano ..... 17677

Motion No. 28 ..... 17677

Mr. Walker ..... 17677

Mr. Loubier ..... 17680

Mr. Grubel ..... 17684

Mr. Easter ..... 17687

Mrs. Stewart (Brant) ..... 17688

Mr. Brien ..... 17690

Mrs. Brushett ..... 17693

Mrs. Kraft Sloan ..... 17695

Mr. Speaker (Lethbridge) ..... 17696

Mr. Williams ..... 17697

Mr. Knutson ..... 17699

## STATEMENTS BY MEMBERS

### Drug Abuse

Mr. Graham ..... 17700

### Same Sex Spouses

Mr. Ménard ..... 17700

### The Constitution

Mr. Hill (Prince George—Peace River) ..... 17700

### Lunenburg

Mr. Wells ..... 17701

### Nuclear Testing

Mr. Harb ..... 17701

### Pornography

Mr. Regan ..... 17701

### Minister of Health

Mrs. Picard ..... 17701

### Canadian Unity

Mr. Martin (Esquimalt—Juan de Fuca) ..... 17701

### Child Care

Mr. Axworthy (Saskatoon—Clark's Crossing) ..... 17702

<b>Leader of the Reform Party</b>	
Mr. Gallaway .....	17702
<b>Reform Party</b>	
Ms. Fry .....	17702
<b>Canadian Unity</b>	
Mr. Paradis .....	17702
<b>Transfer Payments</b>	
Mr. Fillion .....	17703
<b>Athabasca Tar Sands</b>	
Mr. Chatters .....	17703
<b>Reform Party</b>	
Mr. Bonin .....	17703
<b>Reform Party</b>	
Mr. Boudria .....	17703

### ORAL QUESTION PERIOD

<b>Child Care</b>	
Mr. Gauthier .....	17704
Mr. Martin (LaSalle—Émard) .....	17704
Mr. Gauthier .....	17704
Mr. Axworthy (Winnipeg South Centre) .....	17704
Mr. Gauthier .....	17704
Mr. Axworthy (Winnipeg South Centre) .....	17704
Mrs. Gagnon (Québec) .....	17705
Mr. Axworthy (Winnipeg South Centre) .....	17705
Mrs. Gagnon (Québec) .....	17705
Mr. Axworthy (Winnipeg South Centre) .....	17705
<b>The Constitution</b>	
Mr. Manning .....	17705
Mr. Massé .....	17705
Mr. Manning .....	17706
Mr. Gray .....	17706
Mr. Manning .....	17706
Mr. Gray .....	17706
<b>Canadian Federation</b>	
Mr. Duceppe .....	17706
Mr. Goodale .....	17706
Mr. Duceppe .....	17706
Mr. Goodale .....	17706
<b>Child care</b>	
Mrs. Brown (Calgary Southeast) .....	17707
Mr. Axworthy (Winnipeg South Centre) .....	17707
Mrs. Brown (Calgary Southeast) .....	17707
Mr. Axworthy (Winnipeg South Centre) .....	17707
<b>Radio Canada International</b>	
Mr. Bergeron .....	17707
Mr. Dupuy .....	17707
Mr. Bergeron .....	17707
Mr. Dupuy .....	17708
<b>Transfer Payments</b>	
Mr. Solberg .....	17708
Mr. Martin (LaSalle—Émard) .....	17708
Mr. Solberg .....	17708
Mr. Martin (LaSalle—Émard) .....	17708
<b>Tax Point Transfers</b>	
Mr. Loubier .....	17708
Mr. Martin (LaSalle—Émard) .....	17708

Mr. Loubier .....	17708
Mr. Martin (LaSalle—Émard) .....	17708
<b>Radio-Canada International</b>	
Mr. Allmand .....	17709
Mr. Dupuy .....	17709
<b>Immigration</b>	
Ms. Meredith .....	17709
Mr. Marchi .....	17709
Ms. Meredith .....	17709
Mr. Marchi .....	17709
<b>Telecommunications</b>	
Ms. Tremblay (Rimouski—Témiscouata) .....	17709
Mr. Manley .....	17710
Mrs. Tremblay (Rimouski—Témiscouata) .....	17710
Mr. Manley .....	17710
<b>Correctional Service Canada</b>	
Mr. White (Fraser Valley West) .....	17710
Mr. Gray .....	17710
Mr. White (Fraser Valley West) .....	17710
Mr. Gray .....	17710
<b>Employment Insurance</b>	
Mr. Arseneault .....	17711
Mr. Axworthy (Winnipeg South Centre) .....	17711
<b>Transfer payments</b>	
Ms. McLaughlin .....	17711
Mr. Martin (LaSalle—Émard) .....	17711
The Speaker .....	17711
<b>Business of the House</b>	
Mr. Gauthier .....	17712
Mr. Gray .....	17712
<b>Privilege</b>	
<b>Comment during Debate</b>	
Ms. Catterall .....	17712
Mr. Boudria .....	17713
The Speaker .....	17713
Mr. Boudria .....	17713
<b>ROUTINE PROCEEDINGS</b>	
<b>Interparliamentary Delegations</b>	
Mr. Bonin .....	17713
<b>GOVERNMENT ORDERS</b>	
<b>Finance</b>	
<b>Interim report of standing committee</b>	
Consideration resumed of motion .....	17713
<b>ROUTINE PROCEEDINGS</b>	
<b>Petitions</b>	
<b>Sri Lanka</b>	
Mr. Peterson .....	17714
<b>GOVERNMENT ORDERS</b>	
<b>Finance</b>	
<b>Interim report of standing committee</b>	
Consideration resumed of motion .....	17714
Mr. Pillitteri .....	17714
Mrs. Guay .....	17716
Mr. Bevilacqua .....	17719

Mr. Dhaliwal .....	17721
Mr. Solberg .....	17722
Mr. Silye .....	17724
Mr. Duhamel .....	17726
Mr. Mitchell .....	17728
Mr. Bélisle .....	17729
Ms. Cohen .....	17731
Ms. Catterall .....	17733

**PRIVATE MEMBERS' BUSINESS**

**Evangelical Missionary Church**

Bill S-12. Motion for second reading .....	17733
Ms. Meredith .....	17733
(Motion agreed to, bill read the second time, considered in committee, reported, concurred in and, by unanimous consent, read the third time and passed. ....	17734

**Bill C-101**

Mr. Milliken .....	17734
--------------------	-------

**Immigration and Refugee Board**

Mr. Hanger .....	17734
------------------	-------

Ms. Clancy .....	17737
Mr. Nunez .....	17739
Mrs. Bakopanos .....	17740

**ADJOURNMENT PROCEEDINGS**

**Immigration**

Mr. Nunez .....	17742
Ms. Clancy .....	17742

**GOVERNMENT ORDERS**

**Finance**

**Interim Report of Standing Committee**

Consideration resumed of motion. ....	17743
Mr. Chatters .....	17743
Mr. Hart .....	17744
Mr. Campbell .....	17745
Ms. Minna .....	17747
Mr. Crête .....	17748
Mr. Harper (Simcoe Centre) .....	17751
Mr. Caron .....	17753



**MAIL  POSTE**

Canada Post Corporation/Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste – lettre**

**8801320  
Ottawa**

*If undelivered, return COVER ONLY to:*

Canada Communication Group — Publishing  
45 Sacré–Coeur Boulevard,  
Hull, Québec, Canada, K1A 0S9

*En cas de non – livraison,*

*retourner cette COUVERTURE SEULEMENT à:*  
Groupe Communication Canada — Édition  
45 boulevard Sacré–Coeur,  
Hull, Québec, Canada, K1A 0S9

**Published under the authority of the Speaker of the House of Commons by the Queen’s Printer for Canada.**

**Publié en conformité de l’autorité du Président de la Chambre des communes par l’Imprimeur de la Reine pour le Canada.**

---

**The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.**

**Additional copies may be obtained from the Canada Communication Group — Publishing, Public Works and Government Services Canada, Ottawa, Canada K1A 0S9, at \$1.75 per copy or \$286 per year.**

**Le Président de la Chambre des communes accorde, par la présente, l’autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d’étude privée, de recherche, de critique, de compte rendu ou en vue d’en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l’obtention au préalable d’une autorisation écrite du Président.**

**On peut obtenir la version française de cette publication en écrivant au Groupe Communication Canada — Édition, Travaux publics et Services gouvernementaux Canada, Ottawa, Canada K1A 0S9, à 1.75 \$ l’exemplaire ou 286 \$ par année.**